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# TEXAS PUBLIC FINANCE AUTHORITY

## WORKFORCE PLAN

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### **I. Agency Overview**

The Texas Public Finance Authority (the "Authority") was initially created by the Legislature in 1983 as the Texas Public Building Authority (Art. 601d, VTCS, now codified as Chapter 1232, Texas Government Code). Its original purpose was to issue revenue bonds to provide funds for the construction and renovation of office buildings in Travis County in order to relieve the State's reliance on leased space. The agency's mission was expanded in 1987 in response to the State's need to rapidly increase its prison, youth correction, and mental health facilities through the issuance of general obligation bonds. Also in 1987, the Legislature authorized the use of revenue bonds to purchase existing office buildings in recognition of the statewide surplus in office space, if the cost of purchase was found to be less than comparable construction costs. The name of the agency was changed in 1987 to reflect the enlarged charter.

Since its inception, the scope of the Authority's functions has increased significantly. In 1987, forty-two State agencies were authorized to issue bonds. There was little or no coordination among these various issuers regarding market access, structuring of documents or standards regarding the hiring of professional consultants. Consolidation of bond issuance authority was first mandated by the Legislature in 1991. Further consolidation of debt issuance, much of it through the Authority, has continued since that time and currently there are approximately sixteen state agencies and institutions of higher education authorized to issue bonds, including the Authority.

The size of the Authority's staff has changed with its scope, from only one employee upon inception to a peak of 15 FTEs. Nonetheless, the Texas Public Finance Authority is a small state agency, currently comprised of thirteen full-time and one part-time employee. All agency personnel are located in the William P. Clements State Office Building in Austin. A copy of the Authority's organizational chart illustrating the agency's size and structure is included as Appendix A.

#### ***A. Agency Mission***

*The mission of the Texas Public Finance Authority is to provide the most cost-effective financing services available to fund capital projects and equipment acquisitions as designated and authorized by the Texas Legislature.*

#### ***B. Strategic Goals and Objectives***

The primary functions of the agency are identified in three strategies. **Analyze Financings and Issue Debt** includes the issuance of debt to satisfy financing requests from client agencies. This measure is supported by the Executive Director, General Counsel, Deputy Director, Master Lease Purchase Program Coordinator, Financial Analyst, and certain administrative staff. **Manage Bond Proceeds** includes ongoing debt administration such as payment of debt service and monitoring bond proceeds for IRS tax compliance. This measure is supported by all Authority staff. **Bond Debt Service Payments** involves no personnel, but is directly administered through the bond management function.

Below are the Authority's goals and objectives.

	<b>Analyze Financings and Issue Debt</b>
<b>Objective A.1.</b>	<ul style="list-style-type: none"> <li>To provide timely and cost effective funding for client agencies at the lowest possible cost.</li> </ul>
<b>Strategy A.1.1.</b>	<ul style="list-style-type: none"> <li>Analyze and process applications for debt financing submitted by client agencies and issue debt to provide financing in an efficient and cost-effective manner.</li> </ul>
	<b>Manage Bond Proceeds</b>
<b>Objective A.2.</b>	<ul style="list-style-type: none"> <li>To manage and monitor 100% of bond proceeds and covenants and to pay 100% of the outstanding debt service which is due, on time.</li> </ul>
<b>Strategy A.2.1</b>	<ul style="list-style-type: none"> <li>Manage bond proceeds and monitor covenants to ensure compliance.</li> </ul>
	<b>Bond Debt Service Payments</b>
<b>Strategy A.2.2.</b>	<ul style="list-style-type: none"> <li>Make general obligation bond debt service payments on time.</li> </ul>

**C. Anticipated Changes in Strategies**

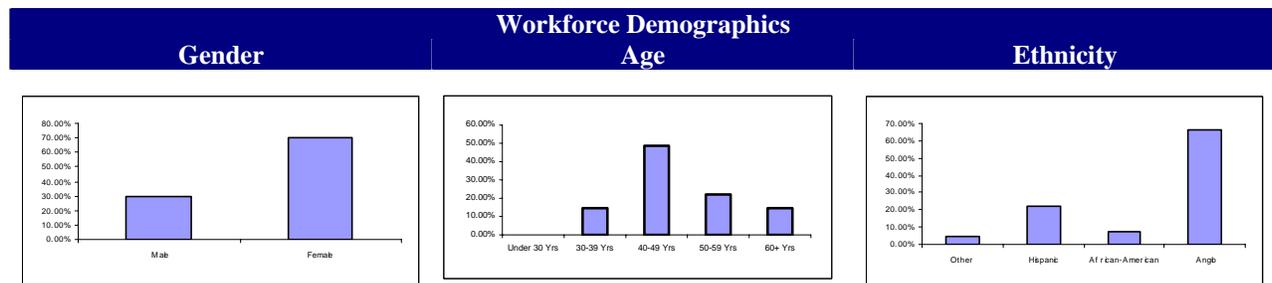
The Authority does not anticipate a change in strategies unless dictated by actions taken in future Legislative Sessions. The Authority has experienced an increase in the number and total dollar amount of requests for financing as a result of new debt authorized the Legislature, particularly since 2001, and has staffed accordingly to administer the requests for financings, subsequent payment of debt service and ongoing debt administration these financings will require.

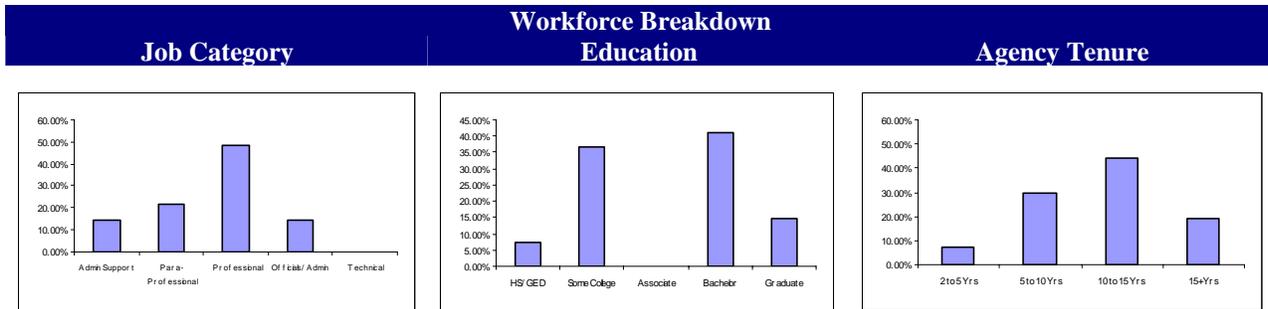
**II. Current Workforce Profile (Supply Analysis)**

**A. Critical Workforce Skills**

The Authority is fortunate to have personnel with extensive expertise in finance, accounting, budgeting, information systems and legal issues such as contract administration and employment law. It is important for the agency to maintain this expertise through training and continuing education, and to develop staff expertise in capital finance to meet the challenges created by a broader scope and larger number of client agencies. As information technology plays an ever-increasing roll in the Authority's day-to-day operations and major enhancements are implemented, training and resources will need to continue to be dedicated to this area.

The charts below illustrate the agency's workforce demographics consisting of classified full-time, part-time and exempt employees. The Authority currently has 14 employees, including 2 officials, 6.625 professionals, 3 para-professional and 2 administrative support positions. The agency's workforce is diverse, as indicated by its ethnic composition of three Hispanics, one African-American, nine Anglos and one Asian, of which, 29.36 percent are male and 70.64 percent are female. Currently, 85.32 percent of agency staff is over forty and the remaining 14.68 percent is between thirty to thirty-nine years of age. Approximately 93 percent of the workforce has at least five years of tenure with the agency, of which, 29.4 percent have between five to ten years tenure while another 44 percent have been with the agency more than ten years. Another 19.3 percent of the current workforce has fifteen plus years and only one employee, or 7.3 percent, has less than five years of service with the Authority.





The Authority is committed to recruiting and retaining qualified candidates to fill technical, administrative support, para-professional and professional positions from all available resources.

### *C. Education*

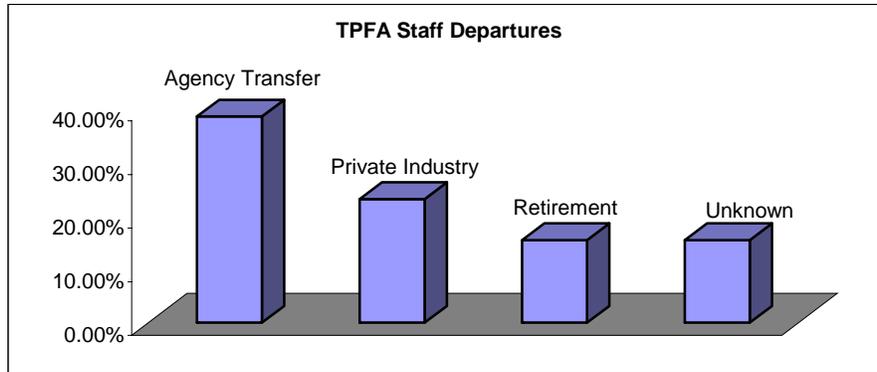
As the workforce demographic analysis indicate, 56 percent of the Authority’s workforce have college degrees with approximately 14 percent of these holding graduate degrees. Many of the professional, para-professional and administrative support positions recommend a college degree; however, these positions also permit substituting work experience for education and are often filled by individuals with some college. Currently, 44 percent of the agency’s workforce do not have college degrees, of which, 36.7 percent have some level of college education. The agency has offered tuition reimbursement and flexible work schedules to encourage employees to complete their degree program. In addition to the tuition reimbursement program, the Authority also endeavors to provide employees with opportunities for continuing professional education and on the job training by attending seminars and conferences, as time and budget allows.

### *D. Employee Turnover*

Turnover is an important issue in any organization, but can be critical in a small agency where staff perform multiple responsibilities across many functional areas. It will be especially crucial to the Authority in the next five to ten years when the agency has the potential to lose some of its most experienced and tenured employees through retirement. Employee turnover at the agency is currently low, but when it does occur it often provides an opportunity to reorganize and streamline agency operations, provide additional challenge and motivation to existing employees, and maximize limited financial resources for salaries and compensation.. For example, in May 2007 the Master Lease Program Coordinator resigned and the integrated accounting system had been fully implemented. As a result, existing responsibilities were reassigned so that a part time accounting related position was eliminated and a full time position was converted to part-time. These duties were reallocated by transferring the part-time employee to a new job function and assigning additional duties to two other employees via promotions.

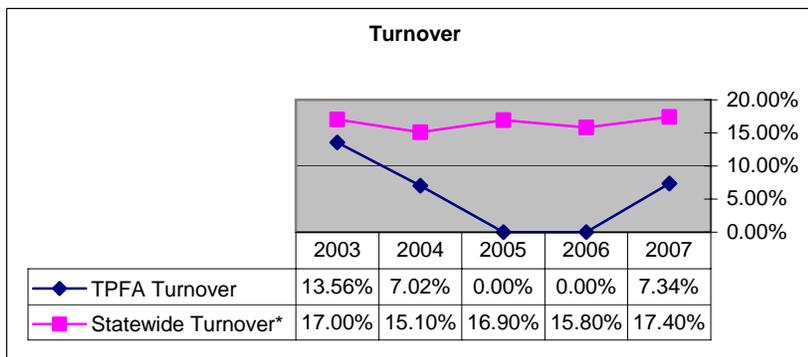
Since the agency began tracking staff departures in 1998, a total of thirteen individuals have terminated employment with the Authority for a variety of reasons. As the following graph indicates, 38.5 percent of these employees separating from employment do so to take positions at other state agencies and, although this is a loss for the agency, it is considered an overall benefit to the state because the initial training investment is preserved. In 2003, one of the agency’s employees retired, returning to the same position following the required separation period. Another individual was rehired on a part-time basis following their departure from the Authority several years earlier upon the birth of a child. Through these rehires, individuals were able to transition into familiar job responsibilities following their return to employment with the Authority with minimal interruption of agency operations.

As a small agency, the Authority must remain flexible in its staffing and organizational structure to provide staff development, fulfill the needs of its client agencies and respond to legislative authorization, all within limited resources. Several factors may result in further organizational and staffing changes in the next biennium, including: legislative initiatives that consolidate or outsource information technology or human resource functions, and retirement eligibility within the existing workforce.



Note: Includes full-time and part-time classified and exempt position departures

The graph below provides comparative results of the Authority’s turnover trends to that of the State over a five-year period. The Authority’s turnover data is based on an average annual headcount of all employees, including part-time and exempt employees, compared to the statewide average of full-time classified employees only. The Authority’s turnover peaked to a high of 13.6 percent in FY 2003, remaining below the statewide rate of 17.4 percent, and has remained below the statewide average for the last five years. Insert corrected Table.



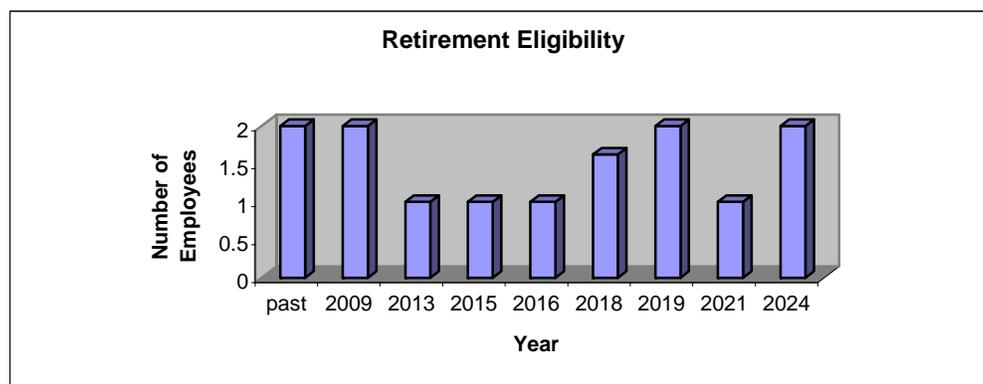
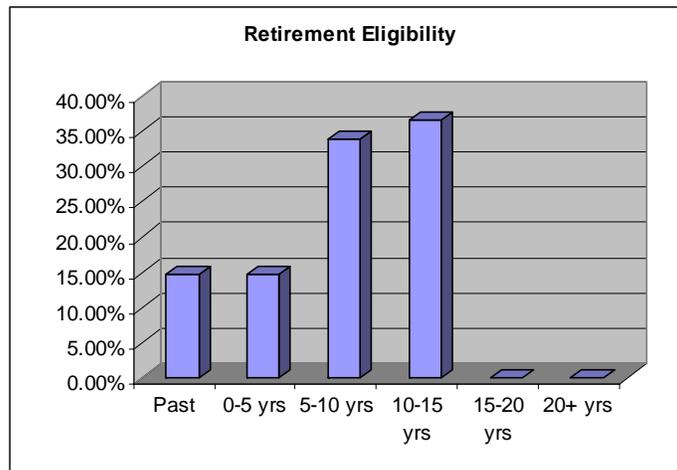
Note: Statewide turnover includes only full-time classified employees as compared to TPFA turnover, which reflects full-time, part-time, classified or exempt.

When evaluating the agency’s turnover data, it is important to note that prior to FY 2005, the information technology position was a half-time position, resulting in higher turnover rate in this position alone over the last decade. The position was typically been filled by a university student or individual with a consulting practice or other form of employment, and therefore was often vacated every 12 to 18 months. The agency increased the position from part-time to fulltime in FY2005 and, through additional funding provided for the 2008-2009 biennium, the agency has been able to achieve some level of consistency in this position and in turn, decreased its turnover.

**E. Retirement Eligibility**

Since the agency’s creation over two decades ago, only three employment separations are the result of retirement, including one employee retiring in 2003 and returning to work in the same capacity a month later. Currently, retirement does not account for many separations, but this trend will change if the agency continues to experience low turnover through natural attrition and as the tenure of existing staff increases. Two employees are currently eligible for retirement and two more will become eligible in the next year, either under the rule of 80 or by reaching age 60 with 5 years service. Of these four employees, one is an executive position with industry specific experience and the other three are administrative or para-professional positions. In the next ten years, over half of the Authority’s current workforce will become eligible to retire including three executive staff members and other

senior level positions. Therefore, it will be important to ensure that institutional knowledge and expertise is passed on through cross-training and mentoring efforts and not lost when separation occurs. The following charts examine the potential loss of Authority employees due to retirement.



Note: Agency retirement data is estimated based on USPS employment history and does not include available leave balances or future leave accruals.

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

An ever increasing use of technology in all aspects of the workplace, including the trend to replace paper document filing with electronic media, increase security measures for data protection, and the state’s focus on an Enterprise Resource Planning solution, will require the agency to provide adequate employee training and continue to revise business processes or reorganize business units. Not only will these initiatives increase future workload of the information technology staff, but functional staff performing these responsibilities must also be flexible and capable of performing their duties in a more technical environment. This trend may also require the agency to fill vacated positions with individuals having technical rather than functional backgrounds, particularly in administrative and para-professional positions, to meet this growing demand in the future.

#### ***A. Critical Functions***

- Major change in debt issuance authority could be approved by future Legislatures.
- Possible use of sophisticated financial products such as interest rate swaps and derivatives will require increased knowledge of executive staff, and additional skills, training and workload for staff involved in ongoing debt administration.
- Technological advancement will continue to change the way work is performed.

### ***B. Expected Workforce Changes***

- Increased use of technology to revise and streamline work processes.
- Employees cross-trained in functional areas.
- Future implementation of the State's Enterprise Resource Planning solution may change how the agency fills vacancies.
- Employee retention will result in an aging workforce.

### ***C. Anticipated Increase/Decrease in Number of Employees Needed to Do the Work***

- Future technological enhancements to general ledger, budgeting and electronic procurement systems could lead to efficiencies and decreased FTE requirements.

### ***D. Future Workforce Skills Needed***

To fully exploit potential technological changes, TPFPA will need staff with the ability to identify, develop and implement technology, as well as the ability to fully utilize the technology and streamline operations. These developments, in addition to the Authority's core finance functions will require the following skills:

- Finance
- Accounting
- Budgeting
- Legal, including securities law, contract administration, and employment law
- Information Resources
- Database design and management
- Project management
- Business process analysis and re-engineering

## **IV. Gap Analysis/Strategy Development**

### ***A. Anticipated Surplus or Shortage of Workers or Skills***

The workforce analysis indicates that the agency has a competent, well-trained workforce that does not experience excessive turnover; however, the Authority is approaching an expected upward trend in retirements in the next ten to fifteen years. When positions become available in the coming years, the agency may consider hiring individuals in entry-level positions that have potential for advancement within the organizational structure to fill future vacancies.

The other two biggest challenges facing the agency are in the areas of compensation and opportunity for advancement within the agency. Because the Authority is a small state agency, there are often limited opportunities for promotions and it is difficult for the Authority to remain competitive with the private sector and other state agencies in the areas of salaries. As a result, employees who otherwise may have a high degree of job satisfaction leave the agency simply to sustain normal career development.

The final area of potential shortfall is in technological expertise. This area includes not only the technical positions required to identify, design, and implement new technologies, but also the basic skills of all employees required to utilize the new technology to its maximum potential. For example, the Authority has begun replacing paper files with electronic file storage and records retention for all types of data, including accounting records, bond documents, phone numbers and mailing lists. This means that even the most entry level administrative position will need to have basic competency in using software and database management to handle documents. Similarly, as the state moves forward with developing its Enterprise Resource Planning solution, these systems often require individuals with a higher degree of skill and will need to be examined further as these systems are identified or developed. Professional level positions will continue to require skills in word processing and spreadsheets, but will

also need database manipulation skills. Finally, as the agency’s web page becomes a more integral component of its contact with other state agencies and the general public, the time and resources required to maintain this resource will also increase.

**V. Strategy Development**

In order to address many of the deficits between the current workforce and future demands, TPFA 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.

<i>Gap</i>	<i>Retention/Recruitment</i>
<i>Goal</i>	Maintain a competent workforce to ensure institutional knowledge is not lost when experienced personnel leave as a result of retirement or other attrition factors and to effectively recruit and retain a qualified and diverse future workforce.
<i>Rationale</i>	Focus on obtaining and retaining employees demonstrating the ability to develop competencies that allow them to develop and progress into more advanced positions.
<i>Action Steps</i>	<ul style="list-style-type: none"> <li>• Institute succession planning and identify critical workforce skills needed to fill future vacancies.</li> <li>• Continue agency-wide cross training initiatives.</li> <li>• Establish recruitment plan to attract a qualified and diverse applicant pool.</li> <li>• Utilize all compensation and benefit options available to retain good, qualified, and talented employees.</li> </ul>

<i>Gap</i>	<i>Compensation</i>
<i>Goal</i>	Make salaries competitive with private sector and other state agencies.
<i>Rationale</i>	Although most employees tend to consider the “whole package” when evaluating job satisfaction, ultimately, employment decisions are driven by financial compensation. The Authority must have a competitive pay scale to attract and retain talented employees.
<i>Action Steps</i>	<ul style="list-style-type: none"> <li>• Conduct salary survey of other agencies and private sector employers.</li> <li>• Conduct a comprehensive pay analysis of all positions and staff.</li> <li>• Seek additional legislative funding if necessary.</li> <li>• Offer other benefits such as flexible work schedules, telecommuting, and wellness programs to enhance financial compensation.</li> </ul>

<i>Gap</i>	<i>Technological Skills</i>
<i>Goal</i>	Ensure all employees can fully utilize available technology.
<i>Rationale</i>	The Authority must ensure that all employees have the basic skills required to utilize new technology to its maximum potential.
<i>Action Steps</i>	<ul style="list-style-type: none"> <li>• Retain and recruit talented information technology (‘IT’) staff.</li> <li>• Provide ongoing training to existing IT supervisory staff via state-agency sponsored seminars.</li> <li>• Develop in-house training programs for non-IT staff as new technology is developed and implemented. Involve non-IT staff in design phase of new technology to ensure that technology meets needs.</li> <li>• Provide outside training to all staff to stay abreast of industry developments.</li> </ul>

**Texas Public Finance Authority  
Organization Chart**

