

Appendix F – Workforce Plan

I. Agency Overview

The Texas Bond Review Board was created by the Texas Legislature in 1987 and operates under the statutory authority of Chapter 1231, Texas Government Code. The Board is comprised of the Governor, as Chair, the Lieutenant Governor, the Speaker of the House of Representatives, and the Comptroller of Public Accounts.

The agency mission is carried out through broad activities that include oversight and reporting of state bond issuance and coordination of debt-management and capital-planning processes for the state; collecting, maintaining and analyzing data on local government bonded indebtedness; and allocating the state's federal authorization to issue private activity bonds.

The agency occupies space in the William P. Clements, Jr. State Office Building in Austin, Texas.

The Bond Review Board has 9.5 budgeted FTEs. Through improved cross-training and efficiencies realized from database integration and utilization of the Internet by staff and those we serve, the current staff size is expected to adequately serve the continuously expanding demands of our customers. Staffing position titles and/or core responsibilities may change from time to time based upon legislative mandates and diversity of customer demands.

A. Agency Mission

The mission of the Texas Bond Review Board is: to ensure that debt financing is used prudently to meet Texas' infrastructure needs and other public purposes; to support and enhance the debt-issuance and debt-management functions of state and local entities; and to administer the state's private activity bond allocation.

B. Strategic Goals and Objectives

The Bond Review Board has three Goals:

Goal 1

Ensure that Texas state debt is issued in a cost-effective manner supported by sound debt-management policies that protect the state's credit ratings.

Objective

Analyze and approve the issuance of state debt securities that meet the highest standards for financial feasibility, comply with the state's debt-issuance policies and minimize total borrowing costs.

Strategies

- Review each Texas Bond Review Board project application to ensure proper legal authorization, accurate and adequate disclosure, and appropriate use of call provisions, bond insurance and other provisions which affect marketability.
- Analyze and report to the Legislature, rating agencies, and other interested parties on Texas' debt burden, creditworthiness and Capital Expenditure Plan. Analyze and report to the Legislature and other policy makers, actions that would raise the state's bond rating and/or lower state borrowing costs.

Goal 2

Ensure that public officials have access to current information regarding local government debt issuance, finance, and debt management.

Objective

Inform state and local policy makers on effective debt issuance and management.

Strategy

Collect, maintain and analyze data on the current status of and improvements to local government debt issuance, finance, and debt management. Report findings to the Legislature, other state officials and local policy makers.

Goal 3

Ensure that the authorization to issue private activity bonds for Texas state and local entities is allocated consistently with legislative mandates, in the most equitable manner possible and in the best interest of the people of Texas.

Objective

Maximize the public use of tax-exempt private activity bond proceeds by issuing 100% of the state's available private activity bond allocation in a manner that is consistent with federal regulations, the state's statute and the agency's guidelines. Ensure that volume cap is distributed to the different project types in the percentages mandated by the state Legislature for any given program year.

Strategy

Administer the Private Activity Bond Allocation Program efficiently and effectively to ensure the total utilization of the state's annual private activity bond allocation according to federal regulations and compile and analyze the results of each allocation in an annual report.

C. Anticipated Changes in Strategies

The BRB anticipates several changes that will significantly impact the agency's business and workforce.

Business Trends

Economic factors and transaction complexity have dictated increased vigilance toward issuance of new debt, requiring staff to be even more thorough in analyzing state financial transactions. In addition, market conditions favor refunding certain existing debt, making a heavier workload for both state and local data management. As interest rates rise, applications for bonds to finance single-family mortgages and waste-disposal projects are expected to increase as housing finance corporations and other entities seek additional tax-exempt financing opportunities.

As a result of increased infrastructure needs and corresponding financing demands caused by the anticipated growth in the state's population, the agency anticipates an increase in the volume and complexity of state financings.

Legislative Changes

The Legislature recognizes the importance of debt management and relies on the oversight provided by the Bond Review Board and its staff. As of May 2008 the agency does not foresee changes in its mission, strategies and goals over the next five years. However, new mandates that impact the agency's current workload or that result in significant shifts in job responsibilities could affect staff's ability to continue delivering high-quality service to its customers.

Past legislative action related to administrative processes such as financial reporting, human resources/benefits management, purchasing, risk management and information resources management that requires specific training and/or certification will require diligence in recruiting qualified administrative staff when vacancies occur.

II. Current Workforce Profile (Supply Analysis)

The BRB remains focused on its most important assets, its employees. The agency realizes the need for a highly skilled and versatile workforce to provide quality services to its customers. The BRB also realizes the need for ongoing training to enable staff to sharpen its skills and remain current on developments affecting the agency's mandated goals. Such training not only benefits the worker but the agency as well by increasing productivity and enhancing performance.

A. Skills

Every employee is valuable to the success of agency operations. Each FTE, including administrative staff performs more than one critical function that supports one of the following: state and local debt financing; debt affordability and capital expenditure planning; and allocation of private activity bonds.

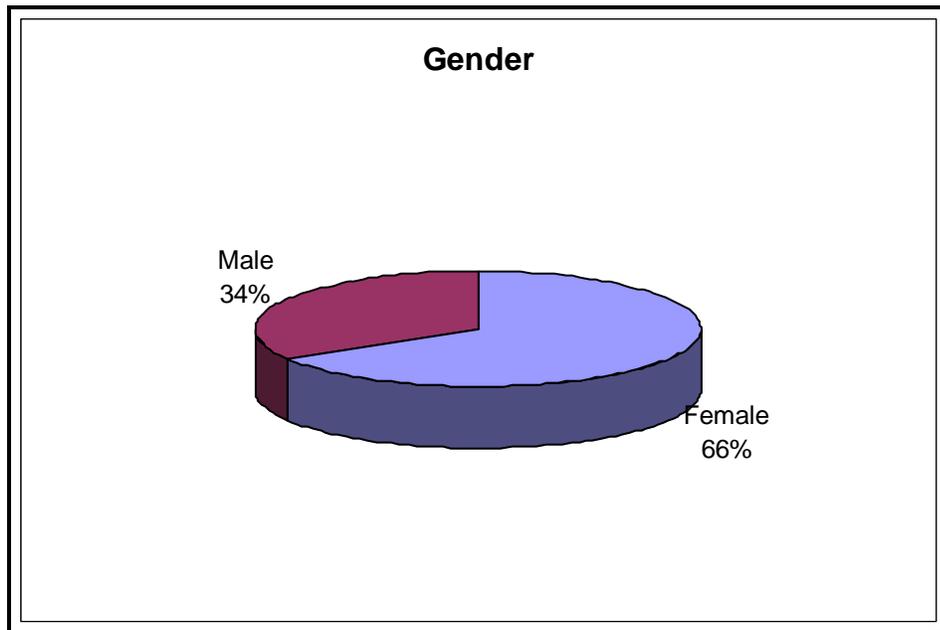
Certain critical skills are required for the agency's staff to execute on mandated strategies. Critical skills are:

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| Customer Service | Database Development/Maintenance |
| Problem Solving | Debt Financing/Information Analysis |
| Communication | State Agency Administrative Management |

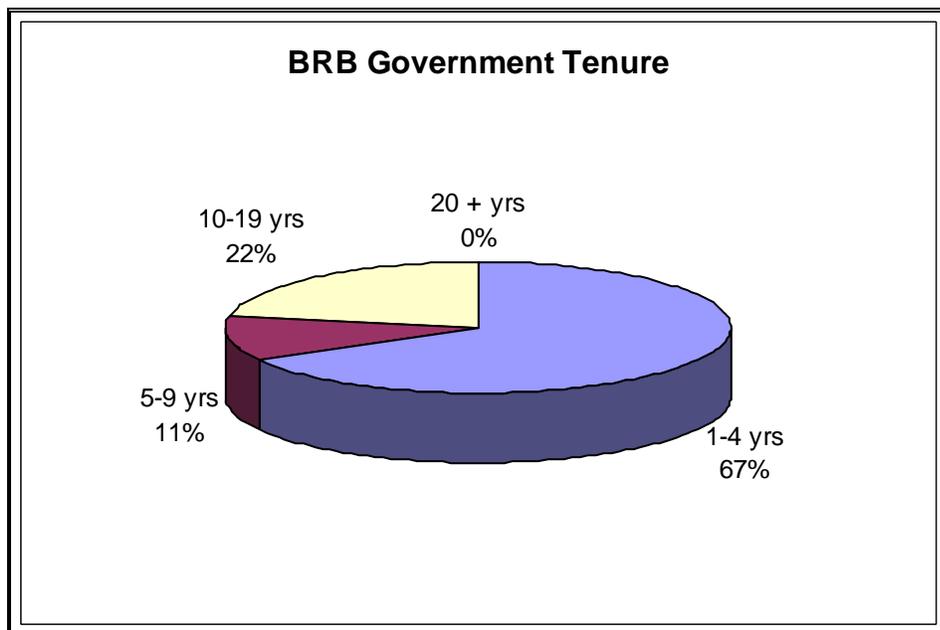
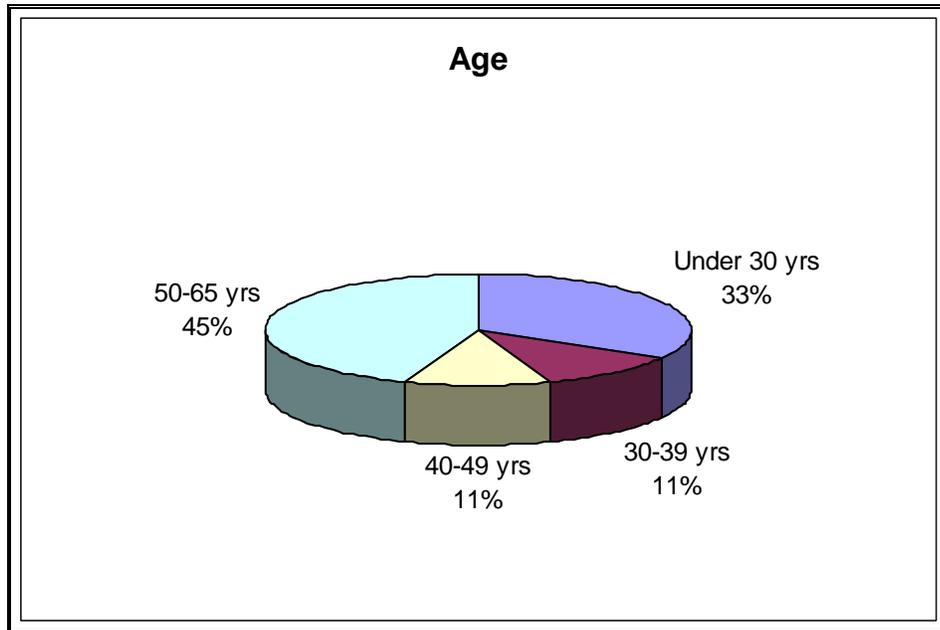
B. Demographics

The following charts profile the agency's workforce as of May 2008. The BRB workforce is comprised of 34 percent males and 66 percent females. With a median age of 44 years, BRB staff has an average tenure of 5.5 years with the agency. This figure is somewhat skewed by the fact that the one most-tenured employee has 18.4 years of BRB experience. Not considering this one position, the average experience with the agency is 4 years.

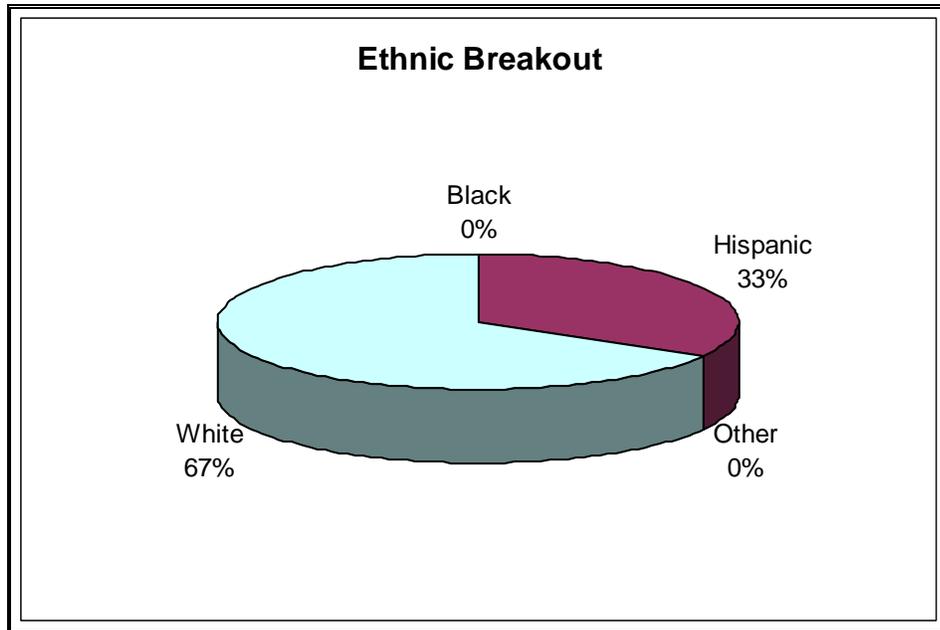
Workforce Breakdown



Workforce Breakdown (continued)



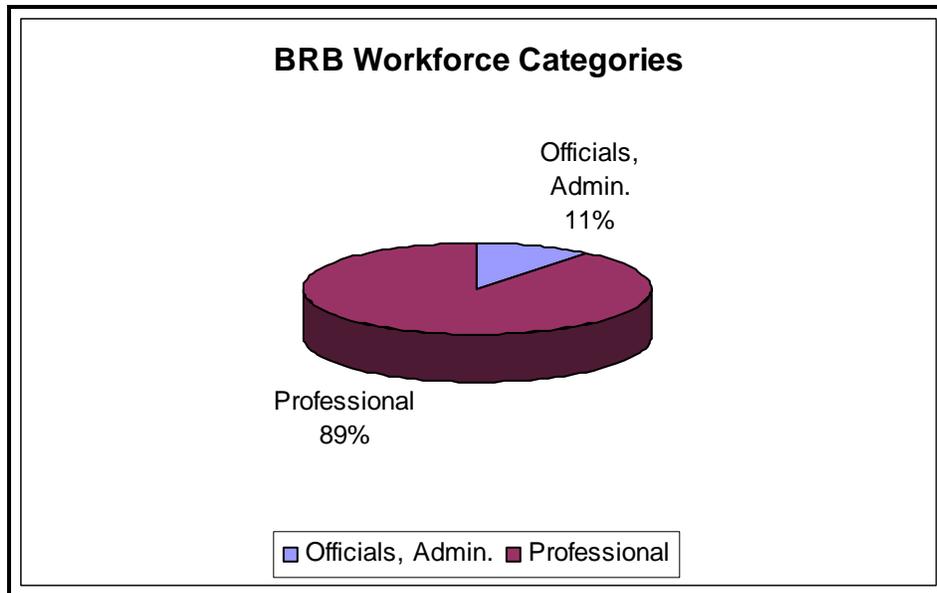
A profile of the BRB's ethnic breakdown and Job Category distribution as of May 2008 follows. The ethnic percentage breakdown is fairly diverse and comparable to statewide workforce statistics in the selected categories. The BRB is substantially higher than statewide averages when considering the Professional Job Category for Hispanic-Americans and Females employed. Despite its small size, the BRB's overall staff diversity is comparable to statewide workforce statistics.



| Job Categories | African American | African American | Hispanic American | Hispanic American | Females | Females |
|----------------------|------------------|------------------|-------------------|-------------------|------------|----------------|
| | BRB | *State% | BRB | *State% | BRB | *State% |
| Officials, Admin (A) | 0% | 11% | 0% | 16% | 0% | 39% |
| Profess. (P) | 0% | 17% | 33% | 20% | 66% | 56% |

*Source Document: Equal Employment Opportunity Commission's National Employment Summary

The agency workforce is categorized as either Officials/Administration (1) or Professional (8.5).



The Bond Review Board has a high ratio of official and professional staff due to the agency's focus on financial transactions. The one Officials/Administrative position consists of the Executive Director. Professional positions are classified as Financial Analysts (6 positions, one for each of the four strategies with some overlap); one Staff Services/Accountant, one Administrative Assistant and a half-time Accounting Technician are responsible for financial data reporting and other professional support.

C. Workforce Skills and Turnover

Turnover continues to be an important issue with the BRB. Although the agency has made continued technological advances, finding and retaining experienced personnel continues to be problematic. As employees gain experience and knowledge, they become more marketable. Due to limited opportunities for upward mobility within a small agency, employees often advance their careers by relocating to other employment. Retaining experienced staff at the financial analyst level will continue to be challenging.

In August 2006, the Deputy Executive Director resigned. This person had been with the agency for nearly ten years and also managed and maintained the agency's information resources network and served as the agency's designated information resources manager in addition to his other duties.

The Deputy Executive Director position was subsequently changed to a financial analyst position due to budget constraints; however, the agency must continue to manage and maintain its own information resources network without the benefit of a dedicated IT position. An interagency contract allows the agency to access the expertise of a Systems Support Specialist on an as-needed basis. The Executive Director is the designated information resources manager, and the senior financial analyst in the local

debt strategy assists in the day-to-day management of the network system in addition to her other duties. This person has been with the agency for 18.4 years.

There are three financial analysts in the state debt strategy. One has been with the agency nearly 8 years and formerly served as the Private Activity Bond Allocation Program administrator. He possesses specific institutional knowledge regarding state financing structure and reporting. The other state financial analysts have been with the agency for almost 6 months and 1 month, respectively. The shortest-tenured financial analyst also assists with the private activity bond program. The agency anticipates hiring a fourth financial analyst whose time will be approximately divided equally between assisting with the state strategy, the private activity bond program as well as assisting with the local strategy.

The financial analyst in the local debt strategy has been with the agency 18.4 years and is a highly-valued resource with extensive institutional knowledge of the agency's state and local financial analysis and reporting. This person provides continuous training for the other financial analysts. She also acts as database administrator and assists with network management. The other local debt financial analyst has been with the agency for 1.7 years and has quickly expanded her knowledge of the local debt strategy. The part-time accounting technician who served for 10 months vacated the position in June. This position has been usually held on a part-time basis by college students; however, to establish a greater continuity and institutional knowledge base, the agency filled the position with a permanent part-time employee in July 2008.

The financial analyst who served as program administrator for the private activity bond strategy has been with the agency 8 years and is a valuable expert in that program's subject matter. This senior financial analyst has recently assumed the position of the senior state debt financial analyst, including the responsibility of preparing the annual Debt Affordability Study and the biennial Capital Expenditure Plan. The 6-month-tenured state financial analyst is training under the senior state debt analyst to replace him as the Private Activity Bond Allocation Program administrator. Due to the highly specialized nature of this program, one of the financial analysts on the state debt strategy will always be cross-trained in the private activity bond strategy.

The Staff Services/Accountant VII has extensive experience in accounting and administrative functions and supervises the administrative assistant. In addition to several other administrative functions, this employee serves as the agency's lead in budgeting and financial reporting, HR, payroll and benefits coordinator, risk manager, business manager and is a Certified Texas Purchaser.

The BRB anticipates a continued high turnover rate on the order of 30 percent due to attrition caused by opportunities for career growth and higher income elsewhere as well the expected retirements.

According to the State Auditor's Office, the turnover rate for Texas state employees is 15.8 percent in 2006. By comparison, the BRB experienced a turnover rate of 20

percent during FY 2006 that spiked to 43 percent by the third quarter of FY 2008. Strategic merit initiatives were implemented to slow this trend, but salary limitations and the lack of opportunities for career growth through internal advancement, inherent in a small agency are expected to continue to limit the agency's ability to attract and retain the most qualified employees, particularly at program administration and executive staff levels.

Turnover is costly, but particularly so in a small agency. With limited availability of experienced backup for key positions, agency turnover results in significant work flow inefficiencies coupled with the considerable time that must be spent recruiting and training staff for key positions.

D. Retirement Eligibility

With a small staff, turnover is very disruptive due to continuous workload demands and the lack of experienced backup. One staff member becomes eligible to retire in FY 2009 and will be difficult to replace due to her significant experience in a key position and extensive institutional knowledge.

The turnover problems described above become more acute when the agency must replace retiring employees who have significant experience and institutional knowledge.

III. Future Workforce Analysis

Increasing demand for financings throughout the state will have a direct impact on the agency workload. A decline in qualified applicants interested in public sector career paths will present challenges. Agency workforce factors are outlined below:

Critical Functions

Intensive training and cross-training will enable the agency to determine if current services must be curtailed in order to address demands created by new mandates.

Expected Workforce Changes

Increased use of technology will ensure efficient communication with the agency's customers. Additional cross-training and documentation in functional and administrative areas of the agency will assist with the transition of new staff. Due to experience and certification requirements for certain administrative staff, external training and recruitment of experienced applicants will be necessary to replace such staff.

Anticipated Increase/Decrease in Number of Employees Needed to Do the Work

Increased demands due to population growth are expected to be met by the current level FTE's.

Future Workforce Skills Needed

To effectively and efficiently administer the duties and responsibilities of the agency, the BRB relies on a competent and knowledgeable staff. In addition to basic competencies of the workforce, additional and essential skills for future positions include:

- Consistent, reliable and courteous interaction with the agency’s customers
- Compatibility and cooperation among agency staff
- Financial/information analysis skills
- Work management skills
- Strategic planning skills.

Some anticipated limitations to attracting and retaining the right employees are:

- Insufficient number of appropriately qualified applicants apply to an open position
- Applicants with outstanding skills and prior experience do not embrace the organization’s duties and functions
- Employees become disillusioned with the repetitive workload and/or requirements for static output
- Limited budget available for salary increases and/or improved benefits in the face of competition from other government agencies and the private sector
- Lengthy vacancy periods while searching for appropriate job applicants translate to heavier workload and burnout for remaining staff.

IV. Gap Analysis

Anticipated Surplus or Shortage of Workers or Skills

An analysis of trends in the BRB’s workforce indicates the agency has one primary area of concern that must be addressed: turnover. As a result of attrition caused by competition from public and private sectors, the BRB is expected to experience a turnover rate in key staff of 30-35 percent over the next four years. The problem is exacerbated by vacancy periods that have lasted as long as three to five months because budget constraints have limited the agency’s ability to offer competitive salaries. To address this issue, the BRB must develop a succession and retention plan.

V. Strategy Development

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| Goal | Maintain current staff |
| Motivation Strategy | Keep staff well-trained and current on data and information relevant to their job (program, technical or administrative). A motivated staff will be more productive and contented, leading to longer tenure. |

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| Action Steps | <ul style="list-style-type: none"> →Evaluate employees on at least an annual basis to give objective and fair performance feedback. →Let employees know that a performance evaluation is an end in itself and does not necessarily result in a merit increase or a reprimand. →Make sure all employees understand that a merit increase is not based on good performance of prescribed job duties, but is a reward for outstanding performance. →Make sure to apply the merit policy consistently and equitably. →Good communication between employee and management is key - be sure the employee understands his/her assignments and boundaries. →Give employees the opportunity to discuss issues or concerns when the need arises. →Address the issues/concerns in a meaningful manner. →Allow employees who are seeking new challenges to work on special projects, cross-train or carry out developmental tasks while management also evaluates their ability to perform their regularly assigned workload. →Update in-house training for all issues pertinent to the agency's success. Provide training with the state or other training entities, giving the employee the advantage of networking as well as upgrading their knowledge. →Balance the pay scales of experienced vs. newly-hired employees who are performing similar duties – recognize the value of agency tenure in employees who perform in an exemplary manner and serve as trainers. |
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| Goal | Recruit a dependable and competent workforce |
| Action Steps | <ul style="list-style-type: none"> →Train and teach managers how to recruit and retain quality staff. →Make sure pay scale of positions advertised are within state parameters as well as competitive with other public and private corporations. |

Current job classifications are appropriate for known future functional requirements. As of May 2008 the organizational structure and division of duties adequately address basic business needs and strategic objectives.

As financings become more complex, the agency must recruit financial analysts with increasing levels of education and analytical background in public finance. The current complement of financial analysts has the critical skills and experience required to assess the need for shifts in agency job functions to meet changes in the level of services demanded by the BRB's customers.