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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 funding for the construction and renovation of office buildings in Travis County 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 its 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 and further consolidation of debt issuance, much of it through the Authority, has continued since that time. Currently there are approximately sixteen state agencies and institutions of higher education authorized to issue bonds, including the Authority.

With the increase in scope of work, the Authority's workforce also has increased from only one employee upon inception to a peak of 15 FTEs. Due to budget constraints, the agency now employs thirteen full-time and one part-time employee, although it is authorized to have 15 FTEs. 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 available to fund capital projects, equipment acquisitions, and programs as 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** is directly administered through the bond management function.

Below are the Authority's goals and objectives.

| <i>Analyze Financings and Issue Debt</i> |   |
|--|---|
| <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 programs authorized by the Legislature. It has organized staff functions to administer the requests for financings, to make the subsequent debt service payments and to undertake ongoing debt administration and monitoring, as these programs require.

The mission and performance of the Authority are under review by the Sunset Advisory Commission. Agency continuance must be accomplished through legislation filed and enacted by the 82<sup>nd</sup> Legislature, which will convene in January 2011.

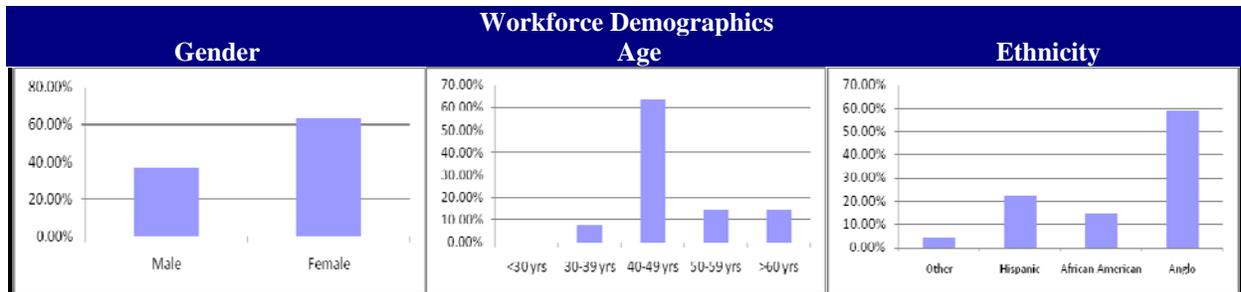
**II. Current Workforce Profile (Supply Analysis)**

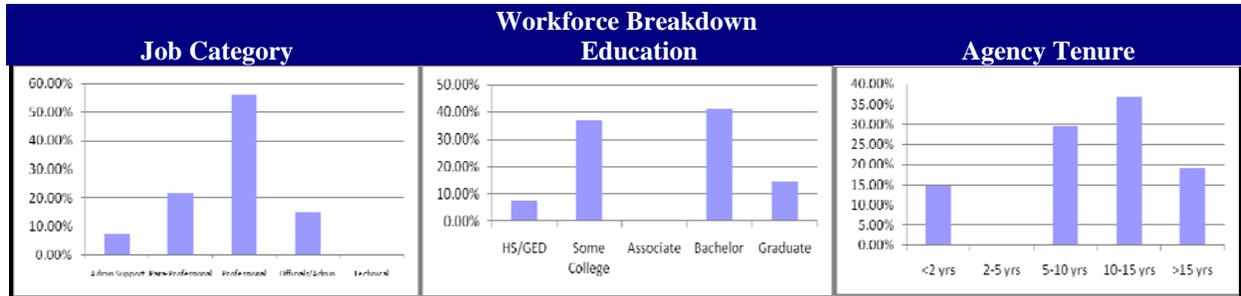
**A. Critical Workforce Skills**

The Authority is fortunate to have personnel with extensive expertise in finance, accounting, budgeting, information systems and legal issues affecting the agency’s administrative functions as well as municipal finance. It is important for the agency to maintain this expertise through training and continuing education, and to develop broader staff expertise in capital finance to meet the challenges in today’s global financial market. Staff must have access to the same information available to experts in private industry in order to offer the Authority the best advice and to gauge whether the hired experts are providing the best information to the Authority. As information technology plays an ever-increasing role in the Authority’s day-to-day operations and as major enhancements are implemented, the agency must continue dedicating training and resources to this area.

**B. Workforce Demographics**

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, 7.625 professionals, 3 para-professionals and 1 administrative support position. The agency’s workforce is diverse, as indicated by its ethnic composition of three Hispanics, two African-Americans, eight Anglos and one Asian, of which, 36.70 percent are male and 63.30 percent are female. Currently, 92.66 percent of agency staff is over the age of forty and the remaining 7.34 percent is between thirty and thirty-nine years of age. Approximately 85.33 percent of the workforce has at least five years of service with the agency, of which, 29.36 percent have between five and ten years tenure. Over half of the agency’s workforce has been with the agency more than ten years, while 2 individuals, representing 14.68 percent of the workforce, have less than two years of service with the Authority.





The Authority is committed to recruiting and retaining qualified candidates from all available resources to fill technical, administrative support, para-professional and professional positions with individuals that enhance the agency's current workforce skills.

**C. Education**

As the workforce demographic analysis indicates, 56 percent of the Authority's workforce have college degrees with approximately 14 percent of these holding graduate degrees. Currently, 44 percent of the agency's workforce do not have college degrees, but of those, 36.7 percent have some level of college education. The agency has offered tuition reimbursement and flexible work schedules to encourage employees who have some college 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 through seminars and conferences, as time and budget allows.

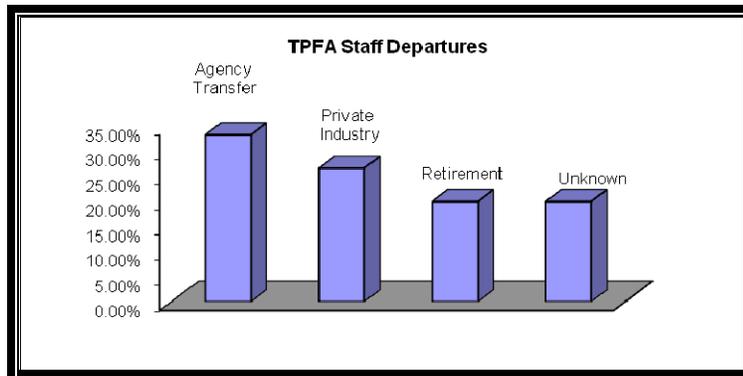
**D. Employee Turnover**

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. Turnover may become especially crucial to the Authority in the next five to ten years when retirement could cost the agency some of its most experienced and tenured employees. Employee turnover at the agency is relatively low. However, when vacancies do occur, they offer an opportunity to evaluate the organization's functions and staff resources, to provide new challenges and motivation to remaining employees, and to maximize limited financial resources for salaries and compensation. For example, in May 2007, the Master Lease Program Coordinator resigned at the same time that the integrated accounting system had been fully implemented. As a result, existing responsibilities were reassigned so that a part-time position was eliminated and a full time position was converted to part-time. The duties of the full-time position that was reduced to a part-time position were reallocated by transferring the part-time employee to a new job function and assigning additional duties to two other employees via promotions.

In December 2008, the Authority's executive director resigned for a position in the private sector following ten years of service to the State. The agency's general counsel served as interim executive director for six months, and then retired from state government three months thereafter. The Authority's new executive director was hired in May 2009 and a new general counsel was hired in September 2009. Each of these new employees adds a different but compatible background to the agency's pool of human resources. The budget savings realized through unpaid salaries during the period of vacancies were used to pay the annual leave accrual to the departing staff, for executive development and bond law training for the new staff so were not available to provide increased compensation to existing employees.

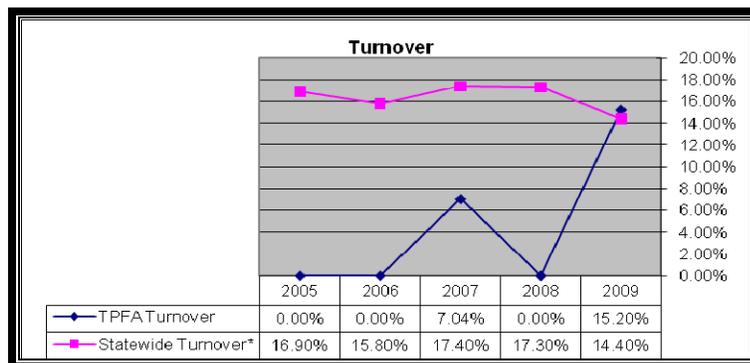
Since the agency began tracking staff departures in 1998, fifteen individuals have terminated employment with the Authority for a variety of reasons. As the following graph indicates, 33.33 percent of these employees separated from the Authority employment to take positions at other state agencies. While this is a loss for the agency, it offers an overall benefit to the state because the initial training investment is preserved. In 2003, one of the agency's employees retired, returned to work for another six years and retired from state service in 2009 at fiscal year-end. Another individual was rehired on a part-time basis following a hiatus after the birth of a child. Through these rehires, individuals were able to transition into familiar job responsibilities following their return to the Authority with minimal interruption to agency operations and minimal investment in additional training costs.

As a small agency, the Authority must remain flexible in its staffing and organizational structure to provide opportunities for staff development, to address the needs of its client agencies and respond to legislative directives, all within its limited resources. Several factors may result in further organizational and staffing changes in the next biennium, including: appropriation reductions, legislative initiatives that consolidate or outsource information technology or human resource functions, increased monitoring and compliance responsibilities as a result of greater regulatory scrutiny, and retirement eligibility within the existing workforce.



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

The graph below compares 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, which is calculated using full-time classified employees only.



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

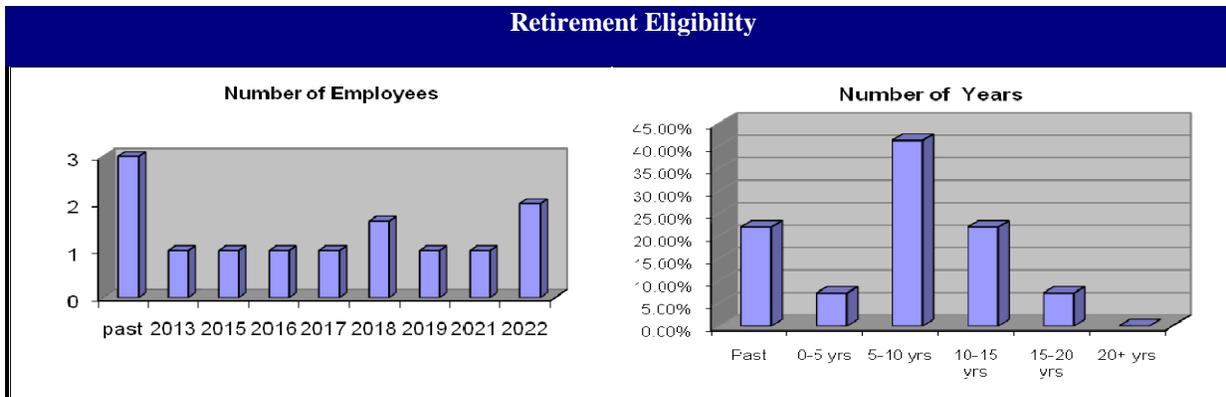
While the Authority has enjoyed the benefit of remaining below the statewide turnover rate for a number of years, turnover of two positions in fiscal year 2009 caused the Authority’s turnover rate to spike from 0.00% in 2008 to 15.2 percent in 2009, which is slightly above the statewide turnover rate. From 2007 to 2009, the Authority lost two employees to the private sector and a third individual retired. In an effort to manage turnover in the information technology position, the agency converted the position from part-time to full time in FY2005, obtained additional funding for operations in the 2008-09 biennium to achieve some level of staff consistency in the position and, in turn, decrease its turnover. Additionally, the agency has made available flexible schedules and telecommuting opportunities and tuition reimbursement when the budget has allowed, to retain staff.

**E. Retirement Eligibility**

Since the agency began tracking employee turnover in 1998, only three employment separations are the result of retirement, including one employee who retired in 2003, but returned to work in the same position for six years, and retired again in August 2009. Currently, retirement does not account for many separations, but this trend is likely to change if the agency continues to experience low turnover through natural attrition while the tenure of existing staff increases. Three employees are currently eligible for retirement either under the “rule of 80” or by having reached

age 60 with 5 years of service. Each of these employees fills an administrative or para-professional position that could be reclassified for employees with different skill sets, which allows for future growth and development opportunities within the agency. However, if salary and benefit savings from employee retirements in the next biennium are used to provide the 10% base budget reductions currently requested by state leadership, the positions may have to remain vacant and the duties of the retiring employees either be absorbed by remaining staff or no longer performed. In a small agency, a loss of twenty percent of agency staff is significant. Moreover, in the next ten years, over half of the Authority's current workforce will become eligible to retire including three executive staff and other senior level positions. Therefore, it will be critical to ensure that institutional knowledge and expertise is passed on through cross-training and mentoring efforts to avoid a loss of resources when separation occurs.

The following charts examine the potential loss of Authority employees due to retirement.



Note: Retirement estimates are based on USPS employment history and do 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 trends to replace paper documents with electronic media, to increase security measures for data protection, and to the focus on an Enterprise Resource Planning solution, will require the agency to provide adequate employee training and to continue to revise business processes or reorganize business units. Not only will these trends increase the workload of the information technology staff in the near future, but will also require that functional staff performing these responsibilities have the flexibility and capability to perform their duties in a more technical environment. It follows that the agency may need to fill vacated positions with individuals having greater technical skills than subject-matter specific skills, particularly in administrative and para-professional positions, to meet this demand. It will also be important that future workforce additions complement the Authority's existing staff to include individuals who possess critical thinking abilities and technical writing skills.

#### A. Critical Functions

- Debt issuance and monitoring, and debt service functions may change workforce needs if there are major changes in authorization by future legislatures or changes in federal compliance or reporting laws related to municipal finance.
- Further technological advancements will continue to change the way work is performed.

#### B. Expected Workforce Changes

- Employees will require increased technology skills.
- Employees will require increased cross-training in functional and technical areas.
- New skill sets may be required if the State's Enterprise Resource Planning solution is implemented, changing the job classifications of vacancies.
- Employee retention will result in an aging workforce and greater compression on the salary budget.

### ***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 human resource requirements in those areas.
- Increases in number of conduit issuances for charter schools and other increases in debt authorization may require resources to fill currently vacant FTE capacity.
- Increased monitoring and compliance requirements may require resources to fill currently vacant FTE capacity.

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

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

- Financial analysis
- Accounting
- Budgeting
- Legal, including securities and tax 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. As 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 vacancies. However, it is important that the agency maintain a workforce with strong analytical skills and superior communication skills. The subject matter of the agency's core functions require sophisticated personnel who can represent the Authority and the State well when working with bond counsel, financial advisors, underwriters and other participants in the financial marketplace.

Two other two big 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 area of salary particularly because private sector employees in the financial industry are typically highly compensated when compared to other private sector jobs. As a result, employees who otherwise may have a high degree of job satisfaction leave the agency simply to sustain normal career development and progression.

One 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 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, and contact information. As a result, even the lowest 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; thus, the agency will examine its workforce further as these systems are identified or developed. Professional 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.

| <b><i>Gap</i></b>          | <b><i>Retention/Recruitment</i></b>  |
|----------------------------|--|
| <b><i>Goal</i></b>         | 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.   |
| <b><i>Rationale</i></b>    | Focus on obtaining and retaining employees who demonstrate the ability to develop competencies that allow them to progress into more advanced positions.   |
| <b><i>Action Steps</i></b> | <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 through brownbag lunches or other cost-effective training means.</li> <li>• Establish a recruitment plan to attract a qualified and diverse applicant pool.</li> <li>• Utilize all compensation and benefit options available to retain skilled, qualified, and talented employees.</li> </ul> |

| <b><i>Gap</i></b>          | <b><i>Compensation</i></b>   |
|----------------------------|--|
| <b><i>Goal</i></b>         | Make salaries competitive with private sector and other state agencies.  |
| <b><i>Rationale</i></b>    | Although most employees tend to consider the “whole package” when evaluating job satisfaction, ultimately, employment decisions are driven by financial compensation. As public sector employees shoulder a greater share of benefit costs, the salary component of the compensation package must rise to stay competitive with private sector compensation packages. The Authority must have a competitive pay scale to attract and retain talented employees, who often have skills highly valued in the private sector. |
| <b><i>Action Steps</i></b> | <ul style="list-style-type: none"> <li>• Conduct salary survey of other agencies performing similar functions 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, tuition reimbursement and wellness programs to enhance financial compensation.</li> </ul>   |

| <b><i>Gap</i></b>          | <b><i>Technological Skills</i></b>  |
|----------------------------|---|
| <b><i>Goal</i></b>         | Ensure all employees can fully utilize available technology.  |
| <b><i>Rationale</i></b>    | The Authority must ensure that all employees have the basic skills required to utilize new technology to its maximum potential.   |
| <b><i>Action Steps</i></b> | <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> <li>• Seek co-operative opportunities with other small agencies to obtain staff training.</li> </ul> |

| <i>Gap</i>          | <i>Critical Thinking and Technical Writing</i>  |
|---------------------|---|
| <i>Goal</i>         | Ensure any new hires possess the ability to analyze data, make sound judgment decisions, and communicate findings in a clear, concise, and unambiguous written manner.  |
| <i>Rationale</i>    | The Authority must ensure that employees possess technical skills in addition to functional abilities that allow for future growth and development within the organization.   |
| <i>Action Steps</i> | <ul style="list-style-type: none"> <li>• Recruit and retain individuals with the ability to make sound judgment decisions and communicate effectively from resources such as local colleges and universities with students looking for a possible internship.</li> <li>• Provide ongoing training in-house and externally, as budget and time permit, to further grow and develop existing staff in these fundamental areas.</li> </ul> |

*ATTACHMENT A:  
Texas Public Finance Authority  
Organizational Chart*

