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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, if the cost of purchase was found to be less than comparable construction costs, and the name of the Authority was changed 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. At this time, approximately twenty state agencies and institutions of higher education are authorized to issue debt, including the Authority, which has issued debt on behalf of twenty-six different entities.

With the increase in scope of work, the Authority's workforce also has increased from only one employee at its inception to a peak of 15 FTEs. The agency is currently authorized to have a maximum of 14 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><i>Manage Bond Proceeds</i></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><i>Bond Debt Service Payments</i></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. Accordingly, it has organized staff functions to administer the requests for financings, make subsequent debt service payments, and undertake the necessary ongoing debt administration and monitoring that these programs require.

The mission and performance of the Authority were under sunset review by the 82<sup>nd</sup> Legislature. As a result of this review, the Legislature passed and the Governor signed legislation, which allows for the Authority’s continuance as an independent agency through September 1, 2023.

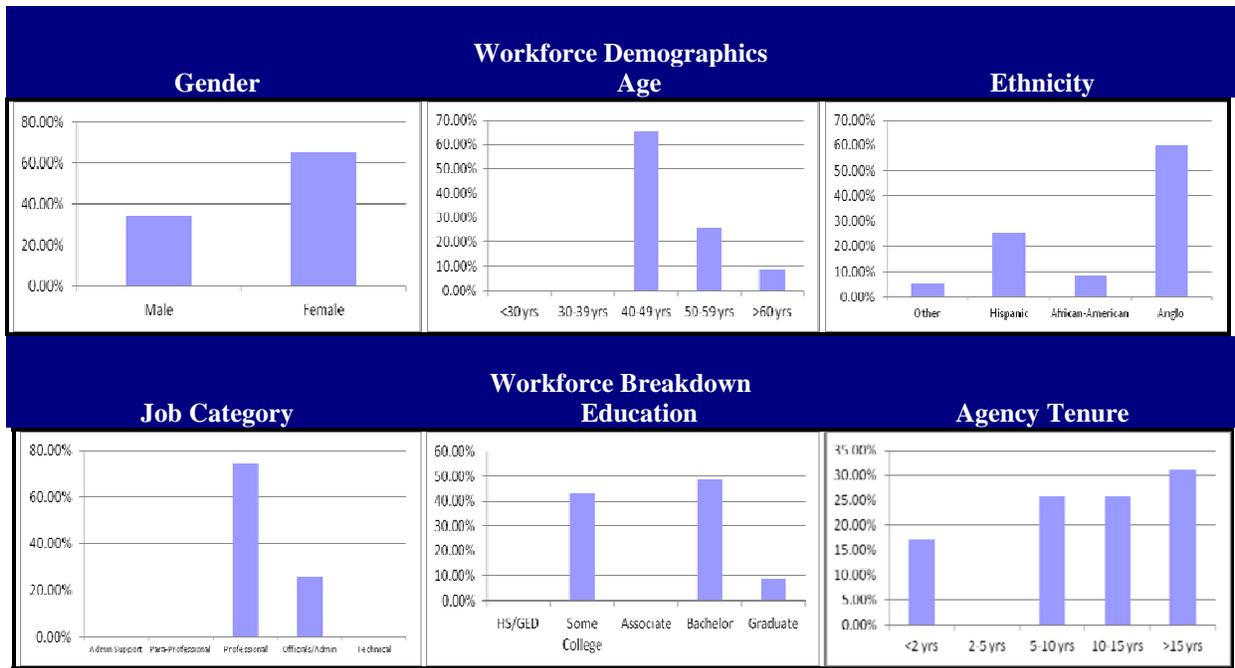
**II. Current Workforce Profile (Supply Analysis)**

***A. Critical Workforce Skills***

The Authority is fortunate to have personnel with extensive expertise in finance, accounting, budgeting, information systems, contracting 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 gauge whether the hired experts are providing the best information to the Authority. With the increased scrutiny and demand by regulatory agencies, issuers will be held to a higher level of post issuance monitoring and compliance to ensure financings remain in strict conformance with state guidelines and federal tax and securities law. As a result, information technology will have an increasing role in the Authority’s day-to-day operations, particularly in the area of post issuance monitoring and compliance, to lessen the burden on staff resources; therefore, the agency must dedicate additional resources to this area to enhance this critical function.

***B. Workforce Demographics***

The following charts illustrate the agency’s workforce demographics consisting of classified full-time, part-time, and exempt employees. The Authority has 12 employees, including 3 officials and 8,625 professionals. The agency’s workforce is diverse, as indicated by its ethnic composition including three Hispanics, one African-American, seven Anglos and one Asian, of which, 34.41 percent are male and 65.59 percent are female. All agency personnel are over the age of forty. Approximately 82.8 percent of the workforce has at least five years of service with the agency, of which, 25.81 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 17.2 percent of the workforce, have less than two years of service with the Authority.



The Authority is committed to recruiting and retaining qualified, highly-skilled, visionary professionals from all available resources to fill vacant positions with individuals that enhance and complement the agency’s current workforce skills, while also addressing future goals to fill potential workforce gaps.

**C. Education**

As the workforce demographic analysis indicates, 57 percent of the Authority’s workforce have college degrees with approximately nine percent of these holding graduate degrees. Currently, 43 percent of the agency’s workforce does not possess college degrees; however, all of those employees have some level of college education. The agency has offered tuition reimbursement and provides flexible work schedules as an incentive to employees to complete their degree programs but limited resources for tuition reimbursement makes that program easily sacrificed during challenging economic times. Although the tuition reimbursement program is not currently funded, the Authority does endeavor to provide employees with opportunities for continuing professional education and on-the-job training through seminars and conferences, as time and budget allow.

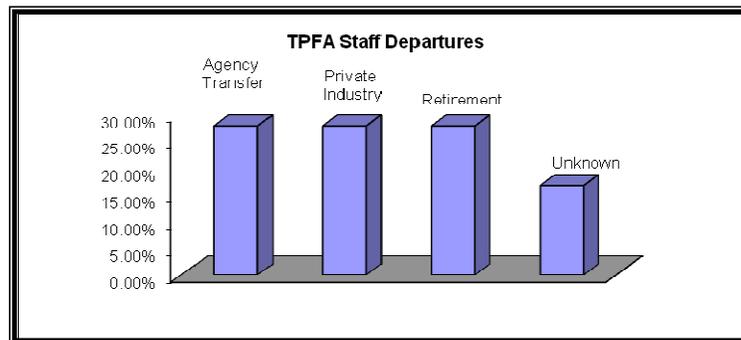
**D. Employee Turnover**

Turnover is an important issue in any organization but it can be critical in a small agency where staff performs multiple responsibilities across many functional areas. Vacancies offer an opportunity for the agency to evaluate the organization’s functions and staff resources, to provide new challenges and motivate remaining employees, and to maximize limited resources for salaries and compensation. In the last four years, the agency has experienced an increase in turnover (i.e., two in the executive director position and three staff retirements.) Coincidentally, two of these retirements came in 2010 when the agency was subject to the imposed 10% reduction of its general revenue budget and the positions remained vacant until the legislature fully restored agency funding. 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. To address its ageing workforce and limited financial resources, the agency will utilize each vacancy as an opportunity to reevaluate its needs and resources, and make appropriate changes on a case-by-case basis.

Since the agency began tracking staff departures in 1998, eighteen individuals have terminated employment with the Authority for a variety of reasons. As depicted in the graph below, approximately 28 percent of these employees separated from the Authority to take positions at other state agencies and, while this is a loss for the agency, it serves as an overall benefit to the state because the initial training investment is preserved. Five employees, representing

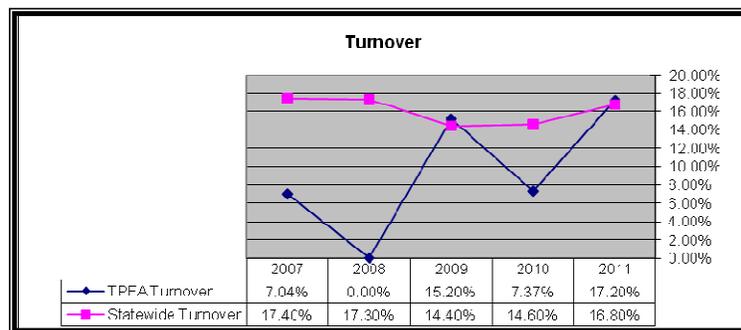
approximately 28 percent of the eighteen departures, have retired from the Authority. The agency rehired two employees who had previously separated employment from the agency, one following retirement and another after taking some time to start a family. Through these rehires, individuals were able to transition into familiar job responsibilities with minimal interruption to agency operations and minimal investment in additional training costs. Finally, another 28 percent have separated employment from the Authority to take positions in the private sector.

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 functions, retirement eligibility within the existing workforce, and increased monitoring and compliance responsibilities as a result of greater regulatory scrutiny.



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 computed on the basis of its FTE count of all employees, including part-time and exempt employees as compared to the statewide average, which is calculated using full-time classified employees only.



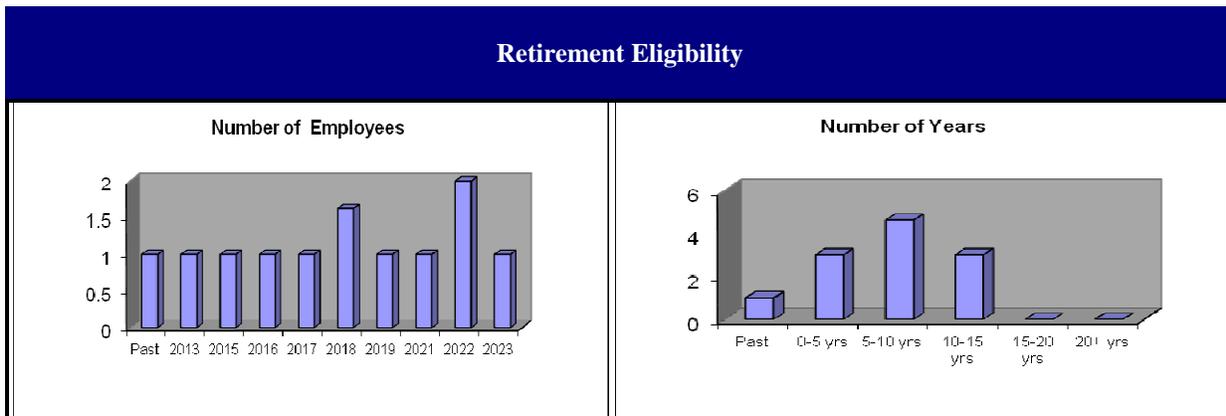
Note: Statewide turnover includes fulltime classified employees as compared to TPFA turnover, which reflects full-time, part-time, classified and exempt employees.

The Authority has enjoyed the benefit of remaining below the statewide turnover rate for a number of years. The 2009 spike and the 2011 elevation occurred following two retirements and two vacancies in the executive director position. The Authority continues to make flexible schedules and telecommuting opportunities available to staff, and to authorize tuition reimbursement when the budget has allowed in an effort to retain staff; however, as additional personnel reach retirement, there is little the agency can do to encourage these employees to remain on staff.

### E. Retirement Eligibility

Since 1998, five of the eighteen employment separations were the result of retirement, including one employee who retired in 2003, but returned to work in the same position for six years before retiring again in August 2009. Two additional Authority personnel retired in 2010. Currently, retirements do not account for many separations, but this trend is likely to change as the agency continues to experience low turnover through natural attrition while the tenure of existing staff increases. As retirements occur, positions may be reclassified to acquire a different skill set or absorbed by remaining employees to allow for future growth and development opportunities within the agency. In a small agency, a loss of twenty percent of agency staff is significant. Moreover, in the next ten years, approximately 75% of the Authority's 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)

The Authority's greatest workforce demand lies in its need to automate its debt management function from a traditional spreadsheet environment to a more modern, systematic approach and to enhance its monitoring and compliance efforts to accommodate the increased scrutiny and demands placed on issuers by state and federal regulatory agencies and tax and securities laws. The implementation of such a system will lead to efficiencies in preparing and responding to information requests and enhance staff's ability to monitor and manage debt through the debt lifecycle beginning with a client agency's need to finance a project to the retirement of debt for that particular project.

The ever increasing use of technology in all aspects of the workplace is critical to the success of the Authority and will include: 1) replacing paper documents with electronic media; 2) increased security measures for data protection; 3) implementation of the state's enterprise resource planning solution, ProjectONE; and, 4) automation of the Authority's debt management function. This effort will require the agency to provide adequate employee training and will require improvement in business processes and the possible restructuring of business units. Not only will these trends increase the workload of information technology staff, it will also require that functional staff performing these responsibilities adapt to a more technical environment and may necessitate that vacancies be filled with individuals possessing greater technical skills than subject-matter specific skills 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, technical writing skills, and the ability to adapt to an ever changing work environment.

**A. Critical Functions**

- Debt issuance and monitoring 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 critical technological advancements to modernize the Authority's debt management function will continue to change the way work is performed.

**B. Expected Workforce Changes**

- Implementation of a new information technology solution for debt management will require that all employees have advanced technology skills.
- Increased demand by state and federal regulatory agencies will require employees to perform a greater level of post issuance monitoring and compliance.
- Enhanced post issuance monitoring and compliance throughout the debt life cycle will require that staff perform additional responsibilities in conjunction with an information technology solution for automating certain functions.
- Increases in the number of conduit issuances for charter schools and other increases in debt authorization may require resources to fill currently vacant FTE capacity.
- Employees will require increased cross-training in functional and technical areas.
- New skill sets may be required when the Authority is slated to implement the state's enterprise resource planning solution, ProjectONE.
- Employee retention will result in an aging workforce and a greater compression on the salary budget.

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

- Enhanced post issuance monitoring and compliance throughout the debt life cycle will require that current staff perform additional responsibilities in conjunction with an information technology solution for automating certain functions and may require additional resources to fill currently vacant FTE capacity.
- Increased post issuance monitoring and compliance requirements throughout the debt life cycle may also require additional resources to fill currently vacant FTE capacity.
- Future technological enhancements to general ledger, budgeting and electronic procurement systems with the implementation of ProjectONE may lead to efficiencies.

**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
- Expertise in debt management and issuance
- Knowledge of the securities industry
- Accounting
- Budgeting
- Legal, including securities and tax law
- Information Resources
- Database design and management
- Project management
- Contract management
- Business process analysis and re-engineering

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

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

As positions become available in the future due to attrition, the agency may consider hiring individuals in entry-level positions with the 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 and technical writing 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, rating agencies and other participants in the global financial marketplace as well as with its client agencies in matters of post issuance compliance and monitoring.

Two other 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 and higher compensation. This can be attributed to the Authority's limited salary for its executive staff as compared to that of other state debt issuers that creates compression for executive staff and other positions at the agency.

Another area of potential shortfall is in technological expertise. As the Authority transitions to a more modernized and systematic approach to debt management, technology will have a larger role in the day-to-day operations of the agency. Development in 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's current process requires the manual entry of information from client agencies into spreadsheets for analysis. This requires staff time devoted to verifying data input rather than analyzing the data. Improved information technology solutions to replace paper filings of monthly status reports and spreadsheets currently used by Authority personnel would result in better debt management and improve compliance with both state and federal regulation and would avail Authority and client agency personnel, alike, to perform more highly productive duties at each of their respective agencies. As a result, even the lowest entry level positions at the Authority will need to have basic competency in using software and database management. Similarly, as the state moves forward with developing its enterprise resource planning solution, ProjectONE, these systems often require individuals with a higher degree of skill; thus, the agency will examine its workforce further when the agency is selected for implementation. Professional positions will continue to require additional training in the latest trends in the securities industry, as well as, the ever changing regulatory environment in this country and globally. 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>Gap</b>	<b>Retention/Recruitment</b>
<b>Goal</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>Rationale</b>	Focus on hiring and retaining employees who demonstrate the ability to develop competencies that allow them to progress into more advanced positions.
<b>Action Steps</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>Gap</b>	<b>Compensation</b>
<b>Goal</b>	Make salaries competitive with private sector and other state agencies.
<b>Rationale</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>Action Steps</b>	<ul style="list-style-type: none"> <li>• Seek additional legislative funding if necessary to attract and retain the appropriate level of personnel for vacant positions.</li> <li>• Continue to offer other benefits such as flexible work schedules, telecommuting, tuition reimbursement and wellness programs to enhance financial compensation.</li> </ul>
<b>Gap</b>	<b>Technological Skills</b>
<b>Goal</b>	Ensure all employees can fully utilize current and new technology as the agency moves to automate its debt management functions.
<b>Rationale</b>	The Authority must ensure that all employees have the basic skills required to utilize new technology to its maximum potential.
<b>Action Steps</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>
<b>Gap</b>	<b>Critical Thinking and Technical Writing</b>
<b>Goal</b>	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.
<b>Rationale</b>	The Authority must ensure that employees possess technical skills in addition to functional abilities that allow for future growth and development within the organization.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Recruit and retain individuals with the ability to make sound decisions and communicate effectively from sources such as local colleges and universities, including developing possible hires by utilizing students looking for internship opportunities.</li> <li>• Provide ongoing training in-house and externally, as budget and time permit, to further grow and develop existing staff skills in these fundamental areas.</li> </ul>

<i>Gap</i>	<i>Enhanced Monitoring and Compliance</i>
<i>Goal</i>	Ensure any new hires possess the interpersonal skills necessary to interface with client agency personnel throughout the debt life cycle, beginning at project planning and development in order to assess debt issuance needs and monitor the timely expenditure of bond proceeds to meet IRS expenditure benchmarks through the retirement of the debt, while ensuring long-term compliance with bond financing agreements.
<i>Rationale</i>	The Authority must ensure that bond funds are expended in accordance with bond documents and that projects are monitored and managed in strict conformance with state guidelines and federal tax and securities laws.
<i>Action Steps</i>	<ul style="list-style-type: none"> <li>• Recruit and retain individuals with the necessary interpersonal skills to communicate effectively with client agency personnel either from resources within state government or with students from local colleges and universities that may be 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 skills in these fundamental areas.</li> </ul>

Attachment A: TPFA Organizational Chart  
as of 08/31/2011

