

## **2008 WORKFORCE PLAN**

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### **WORKFORCE PLANNING OBJECTIVES**

The objective of the Agency workforce plan is to comply with 77R Senate Bill 587, which requires that each State agency conduct a strategic staffing analysis, and develop a workforce plan as part of the strategic planning process. The Agency must develop the workforce plan according to State Auditor guidelines. The workforce plan must address critical staffing and training needs of the Agency, including the need for experienced employees to impart knowledge to their potential successors.

### **AGENCY MISSION**

To be a recognized leader and preferred provider for the emergency services community by delivering unequalled products and fiduciary services through a highly qualified staff of professionals with total commitment to integrity and excellence.

### **AGENCY OVERVIEW**

The Office of the Fire Fighters' Pension Commissioner helps secure the retirement plans of volunteer and paid fire fighters, as well as voluntary emergency services personnel, by:

- Helping paid and volunteer fire departments administer their local pension plans, including educating local trustees and assisting with benefit determinations and refunds of contributions.
- Administering a statewide pension plan for volunteer fire departments and emergency medical services (EMS) departments that are eligible and wish to join.

### **Agency Funding**

- General Revenue funds of \$9,326,578 provide 99.7% of the agency budget. Of this, \$8,800,000 represented Statutory Pension Funding.
- Appropriated Receipts of \$31,500 provide the remaining .3%.

### **Agency Programs**

#### **Texas Emergency Services Retirement System**

The Agency administers the statewide pension system for 182 volunteer fire and EMS departments not covered by other plans. Participating departments are able to provide volunteers with pension, on-duty disability, and survivor benefits for as little as \$36 a month. The Agency collects contributions, makes investments, and distributes benefits for 4,550 active volunteer fire fighters and volunteer EMS personnel and about 2,274 benefit recipients. There are also 10,085 vested and non-vested terminated members. The System's assets exceeded \$51 million as of August 31, 2007. A nine-member State Board of Trustees oversees the System.

#### **Assistance to Local Fire Fighter Pension Systems**

The Agency offers assistance to 121 paid and volunteer fire departments with their own pension systems. In fiscal year 2007, these systems had assets which exceeded \$1.4 billion and included 6,020 participating fire fighters and 3,845 benefit recipients. The Agency maintains these departments' financial records, audits their annual reports, confirms and approves benefit amounts, and advises on the professional management of their pension system. These records that the Agency maintains for the TLFFRA Plans are part of the local board's Disaster Recovery Plan.

### **SUPPLY ANALYSIS**

#### **Staffing and Demographics**

- The Agency operates with a staff of 78.5 full time equivalent employees
- Gender (male 28%, Female 71%)
- Race (Blacks 28.5%, Hispanics 28.5%, and Whites 43%)

- Age (28.5% over age 50)
- One employee is employed part-time
- All Agency operations are located in Austin
- The Agency also contracts with an actuary, investment consultant, custodial bank, certified public accountant, investment managers, and computer programmers.

### **Workforce Skills**

Like most small agencies, the FFPC relies upon each employee to assume multiple responsibilities. The Agency primarily relies upon processes that require each employee to have well-rounded administrative skills and basic computer skills. Complex accounting and computer support roles are contracted out of the Agency. Although the Agency has made advances over the past few years automating key tasks in the pension program, training of Agency personnel has taken on a greater challenge as provided to employees based on budget impacts. This has slowed the process of automating other Agency functions.

### **Turnover**

The Agency lost a key employee to another state agency in May 2008 due to higher compensation rates of the other state agency. At one time the Agency had trouble keeping Agency staff accountants due to the low pay and multiple job requirements as well. The hiring of an outside contractor solved this problem, but it is critical this function be brought back into the Agency with appropriated funds. The Agency depends on highly trained individuals and makes an effort to try and maintain at a minimum cost of living salary increases annually.

### **Retirement Eligibility and Succession Planning**

The Agency does not have any employees eligible to retire.

### **TESRS Succession Plan:**

Historically the Agency relied upon a small number of highly trained and dedicated employees to administer the pension system. Although this worked for the Agency for many years when the pension fund was smaller it is no longer sustainable as the pension system grows and as employee turnover increases.

The Office has made a concerted effort to reduce long-term pension administration costs by simplifying rules, streamlining procedures, and automating processes. Employees will no longer be required to master pension account procedures, post contribution payments, and manually calculate pension payments. This will reduce the learning curve for new employees and reduce the risk to the program by the loss of key personnel.

In 2005, the Office implemented an Internet database system for departments to use to maintain pension membership and to file annual reports. The transfer of this responsibility to the participating departments reduced Agency data entry costs and improved the quality of the information collected.

Pension accounts receivable operations were also streamlined to improve collections and to minimize administrative overhead. Pension payments are now made quarterly by electronic debit to minimize processing costs and to improve cash flow. The responsibility for the accounts receivable function was transferred from the Agency staff to the System contract accountant. As a result, the Agency accounting policy is now under the direction of a CPA according to standardized accounting procedures. Expensive custom developed database accounting application has been replaced with off the shelf commercial accounting software with improved financial reporting.

Further efforts will be made to streamline Agency administrative processes and reduce the complexity of system administration. In 2006, the Agency eliminated the filing of printed departmental annual reports to reduce Agency and departmental administrative costs. The retirement application process

has been changed to reduce the time spent preparing new retirements and to reduce delays in first payments.

The Agency has implemented a succession plan for the TESRS pension program. The Agency has cross-trained the contract accountant in the areas that were formerly the sole responsibility of the TESRS Program Administrator. The three critical areas being cross-trained are:

- Reconciliation of Treasury Journal with DAFR 8660 (Fund Cash Report)
- Revenue Reconciliation
- Pension Payment Reconciliation

The Agency's ultimate goal of streamlining the process and incorporating it into the permanent job duties of the Contract Accountant has been achieved. The Office is currently reviewing this arrangement to determine if the Office would be best served with the accountant as an in-house full-time equivalent.

#### **TLFFRA Succession Plan:**

Under current funding levels and program support, the Agency is unable to develop a succession plan for the TLFFRA program. With current staff, there has been a cross-training process so that more than one employee is capable of managing the day-to-day tasks, if necessary. The Commissioner handles the majority of duties under TLFFRA and is working with TLFFRA systems on critical issues such as education, training, and legal analysis.

### **DEMAND ANALYSIS**

#### **Future Staffing and Workforce Skills**

The staffing pattern of the Agency is expected to change and there are anticipated program or workload changes. As turnover occurs, the Agency will continue to need employees that are flexible and able to assume multiple responsibilities. This will require that each employee have strong administrative and computer skills, and understand basic pension and financial concepts.

The following four changes are vital in the efforts of assisting this small State Agency with becoming more efficient and effective for the taxpayers of the State as well as becoming a better public service to our clients, the fire fighters of the State of Texas. Under this plan the Agency does anticipate the program levels to increase, therefore, resulting in the need for more staff.

- Continued enhanced training and education for both Texas Emergency Services Local Boards of Trustees and Texas Local Fire Fighters Retirement Act Boards of Trustees;
- Ability to hire and retain experienced financial professionals who can run the statewide plan and support the 121 local systems who make critical fund decisions with board oversight.
- Ability to respond to increased requests for system administrative support and fiduciary compliance as well as support for interpretations of legal issues;
- Continue to replicate the private sector traits of efficiency and effectiveness while maintaining continued underlying support from the State.

The agency would be best served by the following plan of action:

- Increase appropriations for the training and education of pension board trustees, fiduciaries and staff to improve their understanding of their fiduciary responsibilities and pension fund management. This would address the needs of the constituency in which the agency has oversight with continued and enhanced support to cover administration and program support functions. Over 1700 trustees who oversee \$1.4 billion in pension assets, retirements, disabilities and survivor benefits must be properly educated to ensure that their roles as fiduciaries are met. Also, these board members, specifically under TLFFRA, need to know how to address and to respond to the changing demands of the members, markets and contractors.

- Continue to streamline the processes of the statewide emergency services retirement system and the Texas Local Firefighter Retirement Act systems by allowing more on-line interaction between the customers and staff.
- Continue to run the agency like a business looking at the bottom line on administrative expenses, cost recovery, program streamlining, contracting of services and customer support.

#### **TLFFRA Program:**

In an effort to assist the individual TLFFRA systems, which administer over \$1.4 billion in pension assets, and increase efficiencies and services to the fire fighters' participating in this program, the agency will request increased funding. Trustees of the TLFFRA systems are in great need of increased and higher levels of education. More education would assist these funds in being successful and reducing liabilities to the participating cities and to the State of Texas. With the appropriate funding, the TLFFRA program could be enhanced by providing the aforementioned services, as well as:

- Assist local TLFFRA boards in providing for procurement and contracting of outside vendors for fund oversight and management creating a higher level of fiduciary support for departments who opt to stay independent.
- Support the peer review process to assist local pension boards with fund support processes such as audits, accounting, contracts, fiduciary responsibilities, communications and, compliance issues.
- Provide for educational opportunities at a higher level through on-line education and more substantial educational programs for board fiduciaries.
- Create an optional fund pool for the TLFFRA departments with total fund management administering these funds for the departments while each fund would maintain local control over member benefits. This would ensure a much-needed cost savings to these funds by reducing the administrative costs of custodial bank fees, investment managers and consultants. With this added duty, legislation would be needed to amend the TLFFRA law to allow for this type of fund.

#### **Gap Analysis**

##### **TESRS Program:**

The Agency does not anticipate a surplus or shortage of employees under current program levels and FTE limits, although the agency has been unable to fully fund all of the 8.5 FTE's allotted. The level of staffing of 8.5 is adequate to maintain the current system and provide for the separation of duties if the funding would be made available to fund the positions; however, a reduction in customer service would arise if the pension program experiences a greater-than-normal rate of growth in the number of participating departments. A vacancy in any position result in an extended reduction in customer service because of the long lead-time needed to train a new employee.

Under the new proposed plan (see Demand Analysis) the Agency does anticipate an increase in staff, workload and skills.

##### **TLFFRA Program:**

The TLFFRA program is dependent upon one employee in a direct administrative role; however, the Commissioner has taken steps to cross-train staff to assist in the work load under TLFFRA. Under the new proposal (see Demand analysis) the agency does anticipate an increase in staff, but will be asking for greater appropriations in order to fund the 8.5 positions the agency is able to fill with qualified, educated individuals.

#### **Strategy Development**

- The agency needs to make every attempt to reward and retain its qualified staff and provide a wage commensurate with the public sector. Pension fund administration and management is a technical area which requires highly skilled individuals.

- It is imperative for the agency to continue to improve the technical proficiency of the staff through increased computer, scanning, investment, fund management as well as state management systems trainings.
- The agency needs to continue to streamline existing administrative procedures in order to increase the efficiency of the staff and to reduce the lead-time needed for the training of new employees.
- The agency continues to manage and reduce the impact of a staff vacancies. Efforts are being made to hire new employees with financial and technical experience. Efforts are also being made to minimize any delays in filling vacancies. The agency is relying heavily on the on-line database for support processes.