

APPENDIX F

WORKFORCE PLAN FY 2009-2013

I. AGENCY OVERVIEW

The Office of Consumer Credit Commissioner (OCCC) regulates consumer credit transactions and interest rates in Texas. The agency is charged with this authority in the TEXAS FINANCE CODE, §14.001, *et seq.* The OCCC was founded in 1963, even though credit regulation has existed in Texas in some form since the state was an independent republic.

The OCCC is committed to regulating the credit industry and educating consumers and creditors, thereby producing a fair, lawful, and healthy credit environment for prosperity in Texas. To that end, the agency offers protections to consumers, coordinates educational efforts aimed at consumers and industry alike, and advises lenders as needed on compliance issues. The OCCC's primary task is to license and examine regulated entities.

The licensing process protects consumers by requiring that financial services companies in Texas meet certain basic requirements. The examination and enforcement functions ensure that companies, once licensed, maintain certain standards and responsibilities as required by law. Enforcement activities are designed to protect consumers who have been harmed or who could be at risk due to the improper practices of creditors. An essential component of the agency's mission is to provide education and assistance to both consumers and industry. Through partnerships with other regulatory agencies, not-for-profit organizations, and creditors, the OCCC works to accomplish this charge.

The OCCC's mission is accomplished through five primary functional areas: Consumer Assistance, Consumer Protection (commonly called Examination and Enforcement), Licensing and Registration, Credit Education, and Legal and Administration. The agency employs 71 full-time equivalent employees (FTEs) as authorized by the General Appropriations Act (GAA). Thirty-seven employees are headquartered in Austin at the Finance Commission Building; a total of 34 examiners are assigned throughout Houston, Dallas, San Antonio, El Paso, and the Rio Grande Valley.

A. AGENCY MISSION

The mission of the OCCC is to regulate the credit industry and educate consumers and creditors, fostering a fair, lawful, and healthy credit environment for social and economic prosperity in Texas.

B. STRATEGIC GOALS AND OBJECTIVES

Goal A To ensure prompt, fair, and effective enforcement of appropriate state and federal statutes and regulations so that consumers are protected from abusive and deceptive practices, fraud, and misrepresentation.	
Objective	Resolve 95 percent of written consumer complaints within ninety calendar days, except those requiring an on-site investigation.
Strategy	<i>Consumer Complaint Resolution</i> Resolve consumer complaints expeditiously and identify problem creditors and industry practices, and advise creditors and industry through information bulletins as a preventative measure.
Goal B To provide a quality program of consumer protection and licensing that ensures high standards for licensed credit providers and efficiently serves the market demand for fair but competitive consumer credit.	
Objective	Ensure that 95% of examinations report acceptable levels of compliance.
Strategy	<i>Consumer Protection</i> Examine regulated lenders and pawnshops to determine the level of compliance with appropriate statutes and regulations and initiate administrative enforcement action against licensees who commit serious violations.
Objective	To act on uncontested new business and employee license applications within an average time of 60 days.
Strategy	<i>Licensing and Review</i> Investigate and process applications for regulated loan, motor vehicle sales finance companies, pawnshop, and pawnshop employee licenses. Continue efforts to identify unregistered creditors and achieve compliance with registration requirements.
Goal C To educate consumers and credit providers about their rights, remedies, and responsibilities and to encourage communication and cooperation between the credit industry, the consumer public, and the agency.	
Objective	Increase consumer, creditor, and lender access to information as follows: <ul style="list-style-type: none"> • increase public awareness of the agency's existence and regulatory role; and • inform regulated entities regarding changes in regulations and agency forms, significant regulatory trends and problems, and enforcement actions taken against violators.
Strategy	<i>Credit Education</i> Continue establishment of a formal education program to include public service announcements, press releases, and general information brochures made available through credit grantors and trade organizations.
Goal D To establish and implement policies governing purchasing and public works contracts that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs)	
Objective	To include historically underutilized business (HUBs) in at least 20% of the total value of contracts and subcontracts awarded annually by the agency in purchasing and public works contracting.
Strategy	Develop and implement a plan for maintaining the current level of and increasing the use of HUBS through purchasing and public works contracts and subcontracts.

C. ANTICIPATED CHANGES IN REGULATORY ENVIRONMENT

The OCCC anticipates several changes over the next five years that will affect significantly the agency's regulatory operations. This section outlines anticipated trends and agency responses.

Financial Services Trends

Economy
The country's recent economic difficulties have been a source of concern. Texas has not entirely escaped the economic downturns that have affected the rest of the country. However, the effect of the economic problems on Texas' economy has not been as great as the effects at the national level. But consumers with increasing debt loads could experience financial difficulties and become perilously overextended. Consumers who becomes overextended often ends up being a burden on both the government and the credit industry.
Agency Response
<i>It is important to the economic prosperity of Texas that consumers manage debt responsibly and that Texans possess the tools to assume responsibility for their own personal economic situation. The OCCC must help educate the state's consumers.</i>
Technology
Citizens have general concerns about the privacy of their personal information and the security of their financial records. The concerns encompass both what happens to information in digital transit and what companies and other organizations do with that data once it is collected.
Agency Response
<i>The agency's examination staff ensures that licensees abide by the requirements of the Gramm-Leach-Bliley Act and other privacy protections.</i>
Education
Studies repeatedly show alarmingly low consumer credit knowledge scores. The lack of credit sophistication on the part of many Texas consumers often is confirmed in telephone calls the OCCC receives through its consumer helpline.
Agency Response
<i>The OCCC supports financial literacy in part through educational programs aimed at the elderly, students, recent immigrants, and low-income groups.</i>
Federal Law
The interpretation and application of federal banking laws continues to evolve and threaten the integrity of state usury laws.
Agency Response
<i>The OCCC will continue to monitor the developments in federal banking laws.</i>

Legislative Changes

Motor Vehicle Sales Financing
The agency's authority to license and examine entities engaged in motor vehicle sales financing activities, authorized by the 77 th Legislature, continues to be an area of concern.
Agency Response
<i>The agency continues to incorporate the additional FTEs, authorized by the 80th Legislature, to assist in the regulatory response to this area and will continue to pursue a more comprehensive examination regulatory response. With these additional resources the OCCC can better protect consumers and ensure motor vehicle sales finance companies comply with credit laws.</i>
Property Tax Lien Lenders
The 80 th Legislature provided the agency a new regulatory authority, property tax lien lenders. This is a fairly mature industry that has not been regulated in the past, which could pose some challenges for the agency.
Agency Response
<i>The OCCC will monitor the developments in this area and will respond as needed to any changes.</i>

Demographic Trends

Shift in Population Makeup of Texas
The population of Texas is expected to change rapidly over the next several decades. The State Demographer reports that as soon as 2010, Texas will be a majority-minority state with the Hispanic population growing to account for 37% of the total population. Further, by 2040, minority populations will account for 65% of the labor force.
Agency Response
<i>The OCCC already prepares Spanish versions of its education materials and required disclosures for contracts. The OCCC continues to seek partnerships with organizations offering opportunities to reach Texas' Spanish-speaking citizens and specifically emphasize immigrant populations in its education efforts.</i>

Although many challenges lie ahead for the OCCC, the agency's personnel are knowledgeable and well equipped to address any challenge. As with any employer, changes to the workforce will occur. Managing those changes and finding talented, educated, and motivated employees will ensure the agency's long-term success.

II. CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS)

A. CRITICAL WORKFORCE SKILLS

Several critical skills are important to the agency's ability to operate. The following criteria listed are essential to the OCCC performing its basic functions.

Knowledge of:

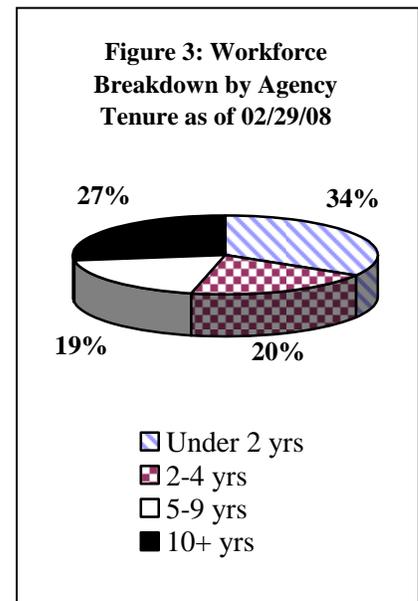
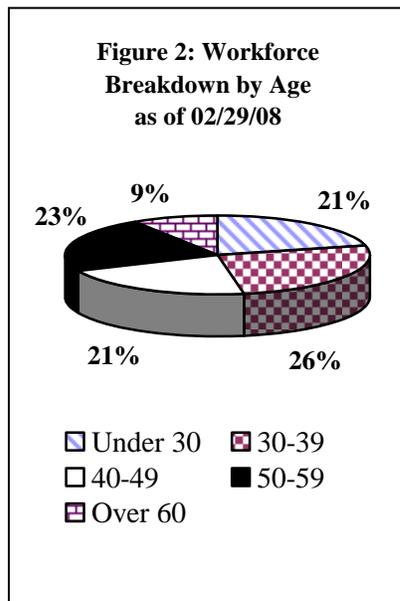
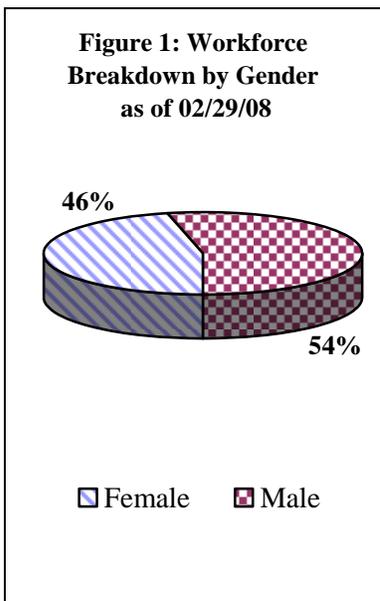
- ★ Financial industry terminology and practices
- ★ Corporate structures, business operating procedures, management control, and internal reporting techniques
- ★ Statistical analysis and techniques
- ★ Training procedures and techniques

Ability to:

- ★ Conduct research
- ★ Conduct investigations
- ★ Apply relevant rules, regulations, and statutes
- ★ Formulate learning objectives and create and evaluate objectives, requirements, and effectiveness of delivery
- ★ Draft clear and concise reports and correspondence
- ★ Communicate effectively
- ★ Coordinate projects for timely completion
- ★ Establish and meet goals and objectives

B. WORKFORCE DEMOGRAPHICS

The OCCC has authority for 71 FTEs, profiled in Figures 1, 2, and 3. The workforce is comprised of 54 percent males and 46 percent females. Forty-six percent of the agency's employees have more than five years service. Thirty-four percent of OCCC employees have less than 2 years service. The number of employees with less than two years service is affected by the agency's turnover rate and the addition of sixteen FTEs in FY07, to accommodate the agency's increased regulatory authority over motor vehicle sales finance companies, refund anticipation loan facilitators, property tax lenders, and debt management service providers. The median age of agency employees is 40 and the average is 43.

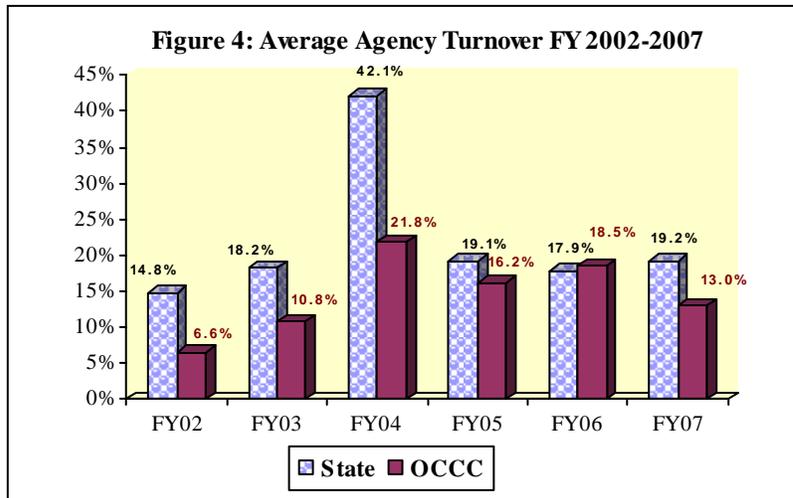


The following table compares the percentage of African American, Hispanic, and female OCCC employees as of February 29, 2008, to the statewide civilian workforce as reported by the Texas Workforce Commission Civil Rights Division, January 2007 Equal Employment Opportunity and Minority Hiring Practices Report. The agency works to ensure agency personnel adequately respects the diversity of the Texas population.

Job Categories	African American		Hispanic American		Females	
	OCCC	State	OCCC	State	OCCC	State
Officials, Administration (A)	0.0%	6.6%	33.3%	14.2%	33.3%	37.3%
Professional (P)	13.6%	8.3%	15.9%	13.4%	38.6%	53.2%
Technical (T)	0.0%	12.4%	0.0%	20.2%	100.0%	53.8%
Administrative Support (C)	14.8%	11.2%	22.2%	24.1%	70.4%	64.7%

C. EMPLOYEE TURNOVER

Turnover is an important issue in any organization, and the OCCC is no exception. The agency has seen the turnover rates vary from a high of 21.8% in fiscal year 2004 to a low of 6.6% in fiscal year 2002 (Figure 4). The accompanying graph compares the agency's average turnover to the Texas averages, including interagency transfers, for the last six years. In fiscal year 2006, the agency's turnover rate was slightly higher than the state's. The remainder of time depicts, OCCC's turnover rates have remained below the Texas averages. The unusually high statewide turnover in FY04 was due to the consolidation of the health and human services agencies. The agency estimates that the turnover rate in FY08 will be fairly high and will be around the 15% range. The agency has eight FTEs eligible for retirement in the next three years. Replacing any loss in agency staffing is always a priority.



Length of Service

In FY07, the agency turnover was within two categories; less than 2 years – 26.3%, and 5 to 10 years – 11.9% experience, as indicated by the chart below. In FY06, turnover rates were highest among employees with less than 5 years experience, totaling 64.1%.

Length of Service Group	FY 2006 Turnover		FY 2007 Turnover	
	OCCC	State	OCCC	State
Less than 2 Years	29.3%	40.7%	26.3%	43.1%
2 to 5 Years	34.8%	21.5%	0.0%	23.1%
5 to 10 Years	11.1%	14.2%	11.9%	13.9%
10 to 15 Years	0.0%	10.6%	0.0%	10.3%
15 to 20 Years	0.0%	7.8%	0.0%	9.0%
20 to 25 Years	0.0%	7.6%	0.0%	10.3%
25 to 30 Years	0.0%	10.9%	0.0%	14.9%
30 to 35 Years	0.0%	12.9%	0.0%	17.6%
More than 35 Years	0.0%	12.7%	0.0%	16.7%

*Both agency and state turnover include interagency transfers.

Age

With the exception of the 60-69 years of age group, which accounts for a retirement, the largest percentage of agency turnover falls into two groups: those aged under 30 years and those aged 30-39 years.

Age	Turnover FY06		Turnover FY07	
	OCCC	State	OCCC	State
Under 30 years	60.0%	38.6%	19.0%	42.4%
30 - 39 years	20.8%	19.4%	29.0%	20.5%
40 - 49 years	16.3%	11.7%	0.0%	11.8%
50 - 59 years	8.0%	11.7%	0.0%	13.1%
60 - 69 years	0.0%	17.8%	40.0%	19.1%
70 and Over	0.0%	20.6%	0.0%	22.4%

*Both agency and state turnover include interagency transfers.

D. RETIREMENT ELIGIBILITY

The OCCC has a workforce generally distributed across generations and across experience levels. Retirement, however, will not account for a majority of separations over the next five years. In addition, most staff members who hold key positions and contribute expertise are not approaching retirement in the near future. In FY08 the agency has three employees that qualify for retirement. The agency will replace any employee loss.

III. FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)

OCCC staff members are professionals who have assimilated the agency's mission into their activities. The employees are the agency's most valuable resource and are well-qualified and eager to serve their fellow Texans.

A. CRITICAL FUNCTIONS

- ★ Replace existing staff members as they exit.
- ★ Further develop the skills of the agency's staff.

B. EXPECTED WORKFORCE CHANGES

- ★ The agency continues the assimilation of the additional FTEs, provided by the 80th Legislature, to respond to the regulation of the motor vehicle sales finance area. The majority of these FTEs are within the examination and enforcement area of the agency. Once the additional examiners are fully trained, they will help bring the examination time frame from a ten year cycle down to an approximate four and a half year cycle. With this in mind, the agency notes that in an effort to

provide better regulation, it will require the authorization to add additional FTEs to regulate this area, in the future. The addition of these FTEs would allow the time between examinations to be brought down even further to an estimated twenty-four to thirty months.

- ★ Over the next several years, as demographics of the Texas population change, the agency workforce will face issues such as caring for elderly parents. In addition, individuals replacing retiring staff or departing employees will be asked to learn more tasks. The OCCC expects an employee to reach knowledge maturity around the 5th year of service. Because of the existence of this significant learning curve within the agency an investment and focus on retaining long-term employees results.
- ★ Ability to accommodate remote work locations and more mobile workforce.

C. ANTICIPATED INCREASE/DECREASE IN NUMBER OF EMPLOYEES NEEDED

As the agency continues the integration of the additional FTEs authorized for the regulation of the motor vehicle sales finance industry, we will review and evaluate processes and positions to adjust to changing needs. The agency foresees some future needs within the enforcement and systems support areas of the agency. As the agency implements new processes or as workforce needs change the agency will adapt to these changes and adjust its workforce to develop and maintain these functions. To implement needed changes the agency has the ability to utilize its regulatory response rider.

D. FUTURE WORKFORCE SKILLS NEEDED

- ★ The agency is staffed with individuals well-qualified for their jobs. The OCCC will continue to focus on hiring multi-talented professionals.
- ★ All the skills identified in Section II of this report will need to be developed further among staff members, especially those with less than five years experience.

IV. GAP ANALYSIS

ANTICIPATED SURPLUS OR SHORTAGE OF WORKERS OR SKILLS

As the regulated population changes the agency will need to adjust its workforce, add, delete, or realign positions, to accommodate for these changes. The agency has the ability to address these changing needs through its regulatory response rider, as needed the agency will utilize this tool.

- ★ Current employees have critical skills that must be developed further.
- ★ Key positions must be targeted for succession planning.
- ★ Information technology and computer skills must continue to be developed further to enhance agency processes and procedures.
- ★ Desired skill sets must continue to develop internally.

The agency's personnel are divided among occupational groups, primarily along strategic lines. Changes in agency responsibilities and external reporting requirements may alter the agency's needs over time. The agency will continue to monitor areas of potential need and will request employee's necessary to fill the identifiable skill gaps. Areas of potential need are illustrated in the following table.

Skill	Officials/Admin			Professional			Technical			Admin Support		
	Have	Need	Gap	Have	Need	Gap	Have	Need	Gap	Have	Need	Gap
Complaint Specialist	0	0	0	2	2	0	0	0	0	3	3	0
Financial Examiner	0	0	0	36	39	3	0	0	0	2	2	0
Licensing Specialist	0	0	0	1	1	0	0	0	0	6.5	6.5	0
Educational Support	0	0	0	2	2	0	0	0	0	0.5	0.5	0
Research	0	0	0	1	1	0	0	0	0	0	0	0
Information Technology	0	0	0	0	0	0	1	2	1	0	0	0
Accounting	0	0	0	2	2	0	0	0	0	0.75	0.75	0
Agency Management-Leadership	3	3	0	0	0	0	0	0	0	1.25	1.25	0
Legal Services	0	0	0	3	3	0	0	0	0	2	2	0

The following charts illustrate potential gaps for both the agency's workforce overall and examiners. Although OCCC utilizes all of the allocated positions, attrition, combined with the time taken to fill vacant positions, an FTE calculation below the maximums has resulted. A vacated position is not merely re-filled, but is evaluated as it relates to the agency's ongoing operations and is awarded appropriately. The agency has also reassigned staff to better accomplish its goals and objectives while ensuring that

employees are in positions best suited to their skills. Over the past several years, the OCCC has had several of its talented staff members begin work with other state agencies. So that there are individuals on staff capable of replacing departing employees, the agency will continue to focus on hiring talented and knowledgeable personnel and continue to provide professional development to all employees to ensure continued delivery of quality regulation.

Gap Analysis—Overall Workforce	FY 07	FY 08	FY 09	FY 10
FTE Count	55	71	71	71
Projected FTE Total	55	65	71	71
Annual Turnover	13%	15%	15%	15%
Vacant Positions Remaining Unfilled	3%	8%	0%	0%
Estimated FTE Supply	55	71	71	71
Anticipated Demand	55	71	75	75
Gap between Projected Supply and Anticipated Demand	0	0	4	4
			4 year total	4

Gap Analysis—Examiners	FY 07	FY 08	FY 09	FY 10
Projected Examiner FTE Total	27	38	38	38
Annual Turnover	14.2%	15%	15%	15%
Vacant Positions Remaining Unfilled	0%	5%	0%	0%
Estimated FTE Supply	27	38	38	38
Anticipated Demand	27	38	41	41
Gap between Projected Supply and Anticipated Demand	0	0	3	3
			4 year total	3

V. STRATEGY DEVELOPMENT

In order to address turnover and retirement within the current workforce, the OCCC has developed a series of action items. These items are based on a range of factors identified through analyzing the agency and its workforce.

Goal	Maintain a competent, well-trained workforce.
Rationale	OCCC staff members are professionals who have assimilated the agency's mission into their activities. The employees are the agency's most valuable resource and are well-qualified and eager to serve the needs of their fellow Texans.
Action Steps	<ul style="list-style-type: none">★ The agency will continue to develop staff and meet the changing needs of the financial services industry and consumers through training programs, cross-training and other creative learning techniques and by providing challenging and changing work programs for the employees.★ The OCCC will continue to develop succession plans to ensure the continuity of service delivery during periods of workforce change.★ The agency also will continue to seek legislative action when gaps occur between agency staffing needs and actual authorized staff.★ The OCCC will aggressively recruit for replacement personnel by developing relationships with sources like universities and through advertising designed especially to lure qualified applicants from other regulators and the regulated industry.