

Texas State Securities Board

WORKFORCE PLAN

Appendix D to the Agency Strategic Plan
for Fiscal Years 2011 - 2015

I. Overview

The mission of the State Securities Board is to protect Texas investors. Consistent with that mission, the Agency will ensure a free and competitive securities market for Texas, maintain investor confidence, and thereby encourage the formation of capital and the creation of new jobs.

The Agency's strategic goals are to protect investors from fraud and misrepresentation to ensure that access to capital is available to business and to carry out policies governing purchasing that foster meaningful and substantive inclusion of historically underutilized businesses. The Agency's objectives are:

1. Investigate violations and coordinate appropriate action by authorities.
2. To guarantee that registered securities offerings are fair to investors.
3. To guarantee that persons registered or authorized are qualified.
4. To inspect registered securities dealers and investment advisers.
5. To include historically underutilized businesses in at least 30% of the total value of annual non-state contract purchases by the Agency.

The business functions of the Agency are:

1. **Law Enforcement.** The Agency aggressively investigates suspected violations of the Act and works closely with local, state, and federal prosecutors and other law enforcement officials to ensure that appropriate enforcement action is taken, including the criminal referral, indictment, and conviction of individuals who violate provisions of the Act.
2. **Analysis of Securities Offerings.** The Agency performs a comprehensive, timely, and responsive review of the prospectus and related documentation submitted with securities registration applications, negotiates with the issuer or its representatives to remove unfair elements from offerings, inserts safeguards for the public, and ensures full disclosure of material considerations to facilitate the registration of offerings. Suspected fraudulent offerings are referred to law enforcement personnel.
3. **Evaluation of dealer, agent, investment adviser, and investment adviser**

representative applications. The Agency performs an extensive, timely, and responsive review of applications, conducts investigations of applicants by contacting other law enforcement and regulatory organizations, ensures compliance with examination requirements, and opposes registration of unqualified applicants.

4. Inspections. The Agency performs comprehensive inspections of records of registered dealers and investment advisers to ensure continuing compliance with statutory and rule requirements.

An anticipated change in federal law would increase the number of firms in Texas whose records must be inspected by the Agency.

Long-term customer demands for the Agency's services are predicted to continue increasing in the future. Projected growth in the economy and population of the state coupled with increased dependence by Texans on the securities markets to help meet personal financial goals, such as providing for a child's college education and ensuring that adequate funds are available for retirement, indicate an increase in the workload of the Agency in securities registration filings; dealer, agent, investment adviser, and investment adviser representative registration filings; required inspections of securities dealers and investment advisers; and matters requiring investigation and enforcement action by the Agency.

The Agency will be challenged in the next five years as approximately 16% of its workforce becomes eligible for retirement. The Agency's succession planning focuses on cross-training of employees to ensure an appropriate redundancy of experience and skills.

To help ensure the retention of key employees, adequate funds are needed to maintain salary parity with other positions in state government performing similar work.

II. Workforce Profile

The Agency's workforce is 99 FTEs. The staff is comprised of 68% professionals (attorneys, accountants, securities analysts, investigators and computer network professionals) and 32% support personnel. The demographics of the workforce are:

AGE

<u>Under 30</u>	<u>31-40</u>	<u>41-50</u>	<u>51-60</u>	<u>Over 60</u>
18%	25%	22%	27%	8%

GENDER

<u>Male</u>	<u>Female</u>
33%	67%

RACE

<u>African American</u>	<u>Hispanic</u>	<u>White</u>	<u>American Indian</u>	<u>Asian</u>
8%	19%	68%	3%	2%

TENURE

<u>0-2 Years</u>	<u>3-6 Years</u>	<u>7-14 Years</u>	<u>15-25 Years</u>	<u>25 + Years</u>
32%	24%	24%	13%	7%

The Agency had a turnover rate of approximately 17% in fiscal year 2009. The turnover rate for the first half of the 2010 fiscal year was 3%. The employee turnover rate in the next five years is projected to be 16% to 21% annually. This includes employees who are eligible to retire during the period. The expected turnover rate could be greater than expected if the Agency is unable to maintain sufficient funding to address salary issues as noted above.

III. Future Workforce Profile (Demand Analysis)

The professional workforce skills that are critical to the mission and goals of the Agency in Enforcement include: Education in law or accounting; extensive knowledge of securities laws and regulations; demonstrated legal and financial analytical abilities; excellent written and oral communication skills; experience in administrative, civil, or criminal litigation and proceedings; and experience in complex financial investigations and audits. The professional skills necessary in Inspections and Compliance include: Excellent written and oral communication skills; experience in financial auditing; extensive knowledge of securities laws and regulations; litigation experience in an administrative forum and ability to travel extensively throughout the state. The professional skills necessary in Registration include: Education in law, accounting, or finance; extensive knowledge of securities laws and regulations; excellent oral and written communication skills; experience in analysis of registration applications, complex disclosure documents, balance sheets, income statements and sources and uses of capital; and expertise in negotiating with issuers, underwriters, and legal counsel to create disclosure language in materials distributed to prospective investors. The workforce for each of the Agency's strategies must also be proficient in the use of current technologies including computer hardware and software.

Increases in population, registration filings, matters requiring law enforcement action, and other components of the workload of the Agency may require an increase in the number of employees needed to do the work. The number will depend on performance targets established by the Legislature.

The critical functions that must be performed to achieve the strategic plan are law enforcement, registration of securities, registration of securities dealers, investment advisers, and their agents, and inspections of dealers and investment advisers.

IV. Gap Analysis

The Agency relies heavily on attorneys and financial professionals. Persons with these skills are currently available, especially in Austin where the majority of the Agency positions are located. If the Agency is able to maintain a salary structure that is competitive with similar positions in state government, a shortage in staffing needed to meet future functional requirements is not anticipated.

V. Strategy Development

The Agency's goal is to retain its professional workforce and to meet the special needs described above. Future changes in the organizational structure may be necessary to respond to changing workloads or new initiatives to ensure that the mission of the Agency is accomplished efficiently. The Agency will continue to utilize a wide range of recruiting sources to secure the maximum number of qualified applicants, including minorities and women, for available positions within all classifications. The Agency will also continue to maintain its published career ladder and sponsor formal and informal on-the-job training and in-house programs for employees and, when possible, provide funding for workshops, seminars, and other programs offered by universities, other agencies, and private entities to develop leadership and career development.

The securities industry is technologically advanced and dynamic. Substantial training is required to maintain the necessary knowledge related to this industry. Training for employees on current technological enhancements is a critical component in enabling the Agency to remain current on ways to counter new, innovative methods of committing securities fraud. Maintenance of current funding is necessary to provide this on-going training.

Training opportunities for staff remain a high priority for the Agency. Cooperative state training opportunities are a valuable method for knowledge enhancement and the Agency will continue to make substantial efforts to utilize these tools. These cooperative training opportunities allow staff to learn about important subject matter while working with their counterparts in other states.

Succession planning will remain an ongoing process of recruitment, retention, methodical development of required skills through training and experience, cross-training, and careful evaluation of individual job performance. This will maintain the depth of skilled personnel at key positions on the Agency's career ladder necessary to ensure continuation of the efficiency and effectiveness of the Agency.

