D. TEXAS PUBLIC FINANCE AUTHORITY WORKFORCE PLAN

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). The initial purpose of the Public Building Authority 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 the cost of comparable construction, 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. In the current biennium, the agency is authorized a maximum of 14 FTEs. All agency personnel are located in the William P. Clements State Office Building in Austin, Texas. A copy of the Authority's organizational chart illustrating the Authority'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 strategy is supported by the Executive Director, General Counsel, Deputy Director, Director of Business Administration and Financial Analysts. ***Manage Bond Proceeds*** includes ongoing debt administration such as payment of debt service and monitoring bond proceeds for IRS tax compliance. This strategy 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.

	Analyze Financings and Issue Debt
Objective A.1.	• To provide timely and cost-effective funding for client agencies at the lowest possible cost.
Strategy A.1.1.	• Analyze and process applications for debt financing submitted by client agencies and issue debt to provide financing in an efficient and cost-effective manner.

	Manage Bond Proceeds
Objective A.2.	• To manage and monitor 100% of bond proceeds and covenants and to pay 100% of the outstanding debt service which is due, on time.
Strategy A.2.1.	• Manage bond proceeds and monitor covenants to ensure compliance.
	Bond Debt Service Payments
Strategy A.2.2.	• Make general obligation bond debt service payments on time.

C. Anticipated Changes in Strategies

The Authority does not anticipate a change in strategies unless in response to future legislative action. The Authority has recently experienced an increase in the number, and total dollar amount, of requests for financing as a result of new financing 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 required by these programs.

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

A. Critical Workforce Skills

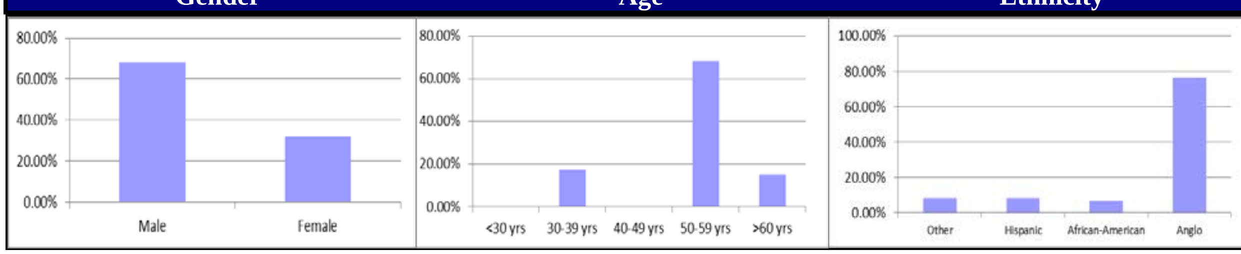
The Authority is fortunate to have personnel with extensive expertise in finance, accounting, budgeting, information systems, contracting and legal issues, to support the agency's administrative functions and debt issuance. It is important for the agency to maintain this expertise through training and continuing education, and to develop comprehensive and technically proficient staff expertise in municipal finance to meet the challenges in the current global financial market. Staff must be able to access, analyze and evaluate the same information that is available to experts in private industry in order to offer to the Authority's board of directors, sound advice regarding the best financial decisions for the Authority's debt issuances. With the increased scrutiny by regulatory agencies including the Municipal Securities Rulemaking Board, the Securities and Exchange Commission, and the Internal Revenue Service, debt issuers are held to an increasing high 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 has an increasing role in the Authority's day-to-day operations, particularly in the area of post issuance monitoring and compliance. While technology may help lessen certain burdens on staff resources, additional training must be dedicated to this area to ensure that staff may efficiently and proficiently use automated tools.

B. Workforce Demographics

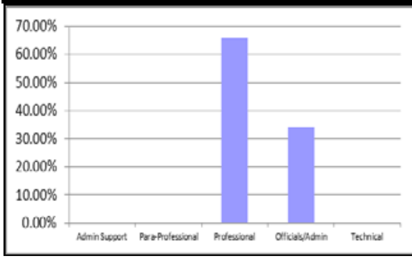
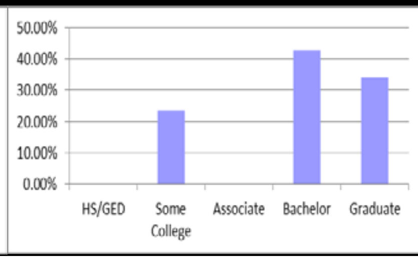
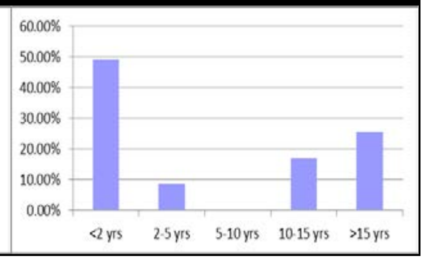
The following charts illustrate the agency's workforce demographics consisting of classified full-time, part-time, and exempt employees as of August 31, 2015. The Authority's workforce is composed of 11.75 employees, including 4 officials and 7.75 professionals. Approximately 43 percent of the agency's workforce has been with the agency more than ten years while the remaining half is relatively new to the Authority.

Workforce Demographics

Gender | **Age** | **Ethnicity**



Workforce Breakdown

Job Category	Education	Agency Tenure
		

The Authority is committed to recruiting and retaining qualified, highly-skilled, visionary professionals in order 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, over 75 percent of the Authority's workforce has a college degree with approximately 34 percent of these holding graduate degrees. Currently, 23.40 percent of the agency's workforce does not possess college degrees; however, each of these employees has 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; however, tuition reimbursement is not currently available due to budget constraints. The Authority does provide employees with opportunities for continuing professional education and on-the-job training through seminars and conferences, as time and budget permits.

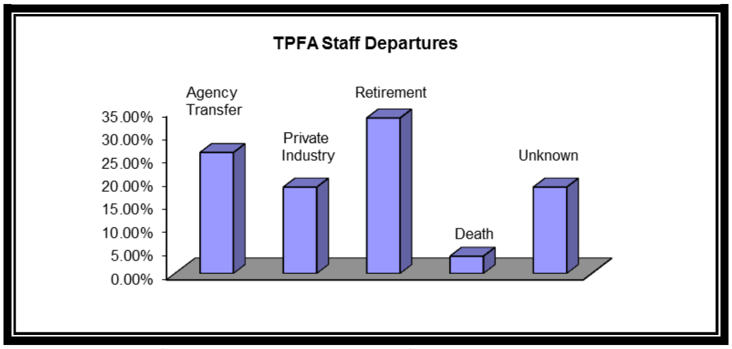
D. Employee Turnover

Turnover is an important issue in any organization, but can be especially critical in a small agency where staff performs multiple responsibilities across many functional areas. Vacancies offer an opportunity for an 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 FY 2014, turnover for the Authority spiked to an all-time high of over 76 percent, which included retirements and other staff departures representing about half of the agency's workforce and forced management to fill positions with experienced and skilled personnel possessing knowledge and critical thinking skills necessary for the agency to continue to perform its mission. As a result, the current workforce includes several return-to-work retirees joining the Authority. In our most recent *Survey of Employee Engagement* results, 91.67 percent of staff plan to continue working for the agency through the next year; however, turnover will become especially crucial to the Authority in the next five years when retirement could cost the agency its most senior employees. To address its aging 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.

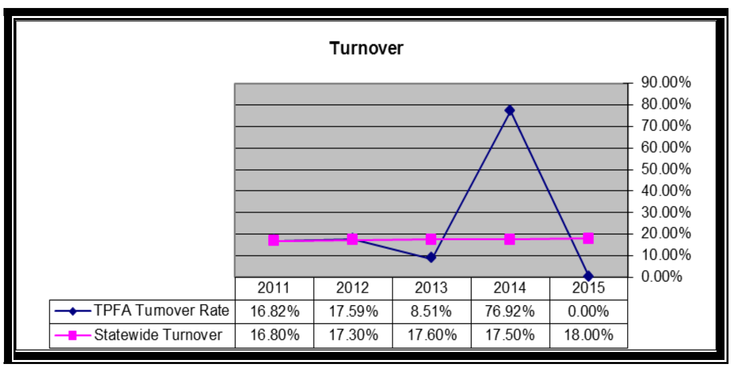
Since the agency began tracking staff departures in 1998, twenty-seven individuals have terminated employment with the Authority for a number of reasons. As depicted in the graph below, approximately 26 percent of these employees separated from the Authority to take positions at other state agencies, 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. Nine employees, representing approximately 33 percent of the twenty-seven departures, represent staff having 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, 18.52 percent have separated employment from the Authority to take positions in the private sector while another 18.52 percent have terminated employment for unknown reasons.

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 limited resources. Several factors may result in further organizational and staffing changes in the next biennium, including: appropriation adjustments, legislative initiatives, retirement eligibility within the existing workforce, and increased monitoring and compliance responsibilities as a result of greater municipal finance industry 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.

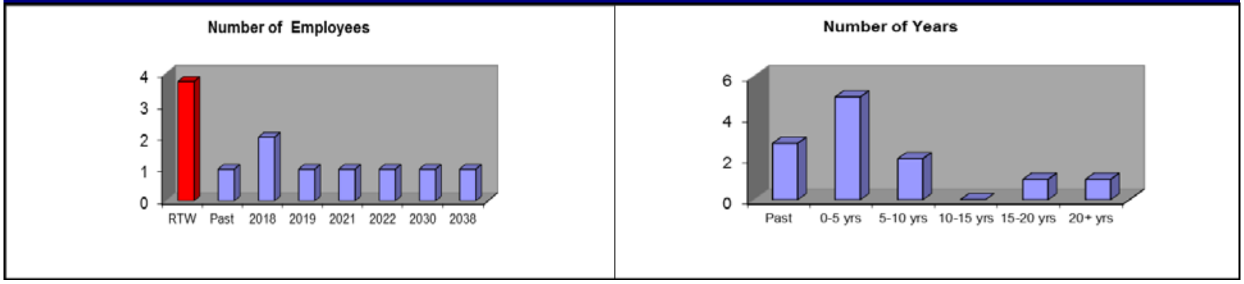
The Authority has enjoyed the benefit of remaining near or below the statewide turnover rate in four of the last five years; however, in FY 2014 the Authority experienced its greatest turnover since 1998 when the agency first began tracking turnover. Six individuals terminated employment in FY 2014 and three position turnovers resulted from staff retirements. The Authority continues to make flexible schedules and telecommuting opportunities available to staff, and to authorize tuition reimbursement when the budget has allowed. However, as additional agency personnel reach retirement eligibility, there is little room to offer financial incentives to encourage these employees to defer retirement.

E. Retirement Eligibility

Since 1998, nine of the twenty-seven employment separations were the result of retirement. Retirements of Authority personnel in the next 5 to 10 years will have a significant impact on agency operations especially 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 attract new employees who can bring a more advanced skill set, or job duties may be absorbed by remaining employees. Loss of experienced personnel and adding duties to fully engaged staff presents risk. However, reallocating job duties is appropriate when individual staff have the capacity to assume additional duties, thus enhancing their human capital and earnings potential. Given the small size of the agency, it is critical to retain institutional knowledge and expertise 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.

Retirement Eligibility



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 most significant workforce challenge is to build, and retain, a bench of experienced and capable line staff who can move into senior level and management positions within the agency. Because the agency is small and has a relatively flat organizational structure, defining career paths is a challenge without sufficient budget to provide merit increases and in-class promotions to developing employees.

Municipal finance is a small industry and there are few financial analysts, information technology professionals, accountants and attorneys with specific expertise in municipal finance. Attracting experienced people from the private sector or other state and local debt issuing agencies is difficult because the Authority is one of the lowest paying agencies. To compensate for the limited ability to recruit experienced personnel, the agency seeks to recruit the highest qualified candidates having related experience and then train those individuals on the specific tasks and responsibilities of the agency. Highly qualified candidates command higher salaries but the agency cannot afford the financial risk to the state by entrusting critical functions to unqualified or under-trained staff.

Another workforce demand of the agency is to attract and retain technical staff expertise necessary to support the agency's transition to more automated financial management systems. At this time the agency is making a major change to automate its debt management function from a traditional spreadsheet environment to a robust and secure database and analytical toolbox. This transition is necessary, to enhance debts monitoring and compliance activities required by increased scrutiny and demands placed on issuers by state and federal regulatory agencies and tax and securities laws. The implementation of the system in FY2016-2017 will create efficiencies in preparing and responding to information requests, and enhance staff's ability to monitor and manage debt through the multi-year debt lifecycle.

Beyond the debt management system the increasing use of technology in all aspects of the Authority's workplace is critical to the achievement of the Authority's mission and will include: 1) replacing paper documents with electronic media; 2) increased security measures for data protection; 3) and, implementation of the state's enterprise resource planning solution, ProjectONE. This effort will require the agency to attract and retain technically proficient staff and to provide appropriate and ongoing training and to implement improvements in business processes and may require staff adaptable to potential restructuring of business units. These trends will increase the workload of information technology staff, and 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 compliment 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 in response to legislative debt authorizations and in response to in federal compliance or other reporting requirements related to municipal finance.
- Ongoing and progressive technological advancements to modernize the Authority's debt management function will change the way many job functions are performed.
- Implementation of the state's Enterprise Resource Planning (ERP) will change the way the Authority's personnel perform and manage the organizations core processes including accounting, payroll, human resources (HR), inventory and procurement through the Comptroller's Centralized Accounting and Payroll/Personnel System (CAPPS).

B. Expected Workforce Changes

- Deployment of the new information technology solution for debt management and financial management will require that employees have advanced subject matter and technology skills.
- Increasing oversight by state agencies and federal regulatory mandates 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 automating certain functions.
- Increases in the number of conduit issuances for charter schools and other increases in debt authorization will shift agency resources to meet this challenge.
- Employees will require increased cross-training in functional and technical areas.
- New skill sets may be required as the Authority is slated to implement the state's ERP solution, ProjectONE, which includes CAPPS.
- Employee retention incentivized by market pay for accumulating knowledge, skills and ability will result in greater stress 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 automating certain functions and may require additional FTE resources Increased post issuance monitoring and compliance requirements throughout the debt life cycle may also require additional FTE resources.
- Future technological enhancements to general ledger, budgeting and electronic procurement systems with the implementation of ProjectONE and CAPPS and to maintain information sharing and reporting requirements with the Comptroller of Public Accounts and state and federal oversight agencies may lead to efficiencies but also require additional FTE resources during implementation and deployment.

D. Future Workforce Skills Needed

To fully exploit necessary 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 municipal securities industry
- Procurement
- 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 vacant as a result of attrition, the agency seeks to hire individuals with the potential for advancement within the organizational structure. 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 requires sophisticated personnel who can effectively represent the Authority and the State when working with bond counsel, financial advisors, underwriters, rating agencies and other participants in the financial marketplace, as well as with its client agencies in matters of post issuance compliance and monitoring to maintain the tax exempt status of the outstanding debt.

Two critical 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 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. With current financial resources Authority cannot match the compensation of similar positions offered at other state agencies, particularly agencies and institutions of higher education that issue debt or manage investments. With respect to workforce compensation, the Authority is squeezed from three directions: 1) limited agency salary budget; 2) employee related costs that are borne by the agency, reducing funds that could be used for merit and promotion pay ; and 3) the salary cap for the agency's exempt position creates salary compression for managers, professionals and line staff. Authority employees, who otherwise may have a high degree of job satisfaction, have left the agency in order to sustain their career development and to enjoy higher compensation.

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 deploy new technologies, but also the basic skills of all employees required to utilize new technology to its maximum potential. 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 and fill positions 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 expanding regulatory environment. 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

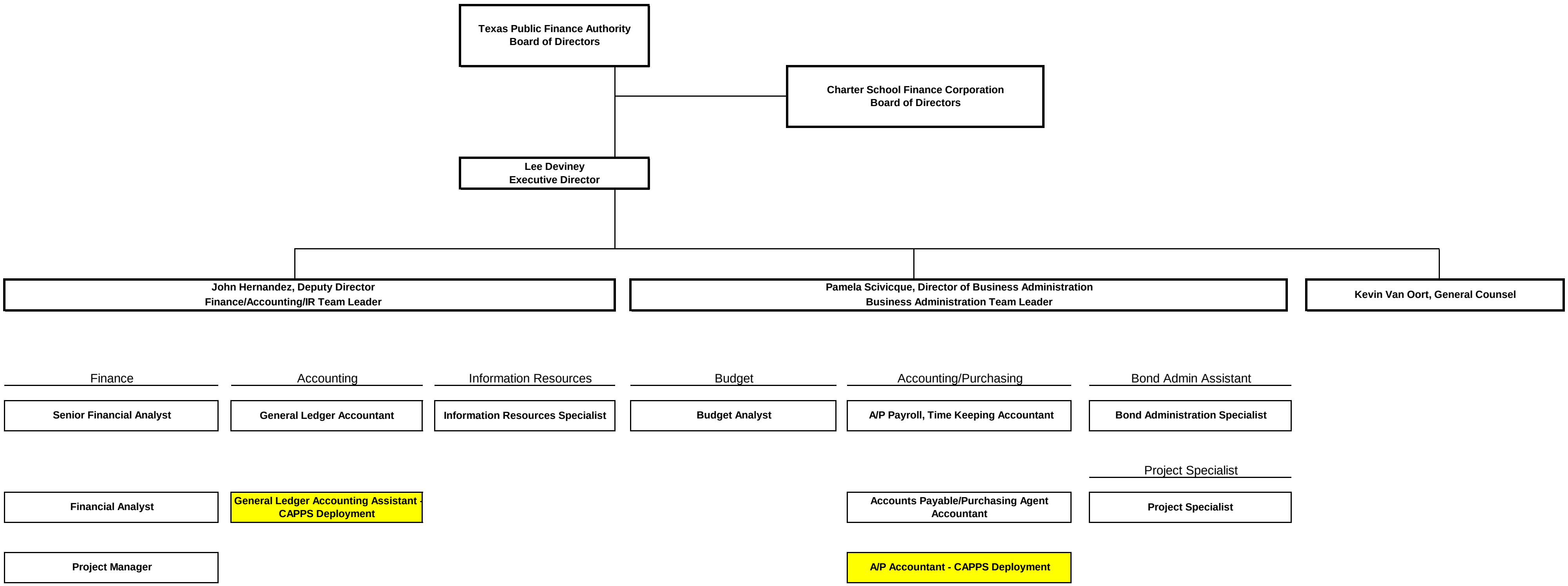
In order to address many of the gaps between the current workforce and future demands, TPFA has developed several goals for the current workforce plan. These are based on a range of factors identified through analyzing the agency and its workforce.

Gap	Retention/Recruitment
Goal	Enhance current workforce stability to ensure institutional knowledge is not lost when experienced personnel leave as a result of retirement or other attrition and to effectively recruit and retain a qualified and diverse workforce for the future.
Rationale	Focus on hiring and retaining employees who demonstrate the ability to develop competencies that allow them to progress into more advanced positions.
Action Steps	• Institute succession planning and identify critical workforce skills needed to fill future vacancies within its current workforce. • Continue agency-wide cost effective cross training initiatives. • Establish a recruitment plan to attract a qualified and diverse applicant pool. • Utilize all compensation and benefit options available to retain skilled, qualified, and talented employees.
Gap	***Compensation***
Goal	Make salaries competitive with private sector and other state agencies, particularly debt issuers and investment pools.
Rationale	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.
Action Steps	• Secure additional financial resources through the legislative appropriations process to attract and retain the appropriate level of personnel for vacant positions. • Continue to offer other benefits such as flexible work schedules, telecommuting, tuition reimbursement and wellness programs to enhance financial compensation.
Gap	***Technological Skills***
Goal	Ensure all employees can fully utilize current and new technology as the agency moves to automate its debt management function.
Rationale	The Authority must ensure that all employees have the basic skills required to utilize new technology to its maximum potential.
Action Steps	• Retain and recruit talented information technology ("IT") staff. • Provide ongoing training to existing IT staff via state-agency sponsored seminars. • 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. • Provide outside training to all staff to stay abreast of industry developments. • Seek co-operative opportunities with other small agencies to obtain staff training.
Gap	***Critical Thinking and Technical Writing***
Goal	Ensure any new personnel possess the ability to analyze data, make sound judgment decisions, and communicate findings in a clear, concise, and unambiguous written manner.
Rationale	The Authority must ensure that employees possess functional abilities and capacity that allow for future growth and development within the organization.
Action Steps	• 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 internship opportunities. • Provide ongoing training both in-house and externally, as budget and time permit, to further grow and develop existing staff skills in these fundamental areas.

Gap	***Enhanced Monitoring and Compliance***
Goal	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.
Rationale	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.
Action Steps	• 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. • Provide ongoing training in-house and externally, as budget and time permit, to further grow and develop existing staff skills in these fundamental areas.

Attachment A: TPFA Organizational Chart

Texas Public Finance Authority
Proposed Organizational Chart
as of June 2016



= Proposed FY 2017-2021 FTEs for CAPPS Deployment