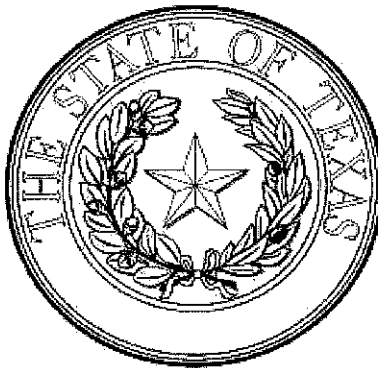


**TEXAS BOND
REVIEW
BOARD**

WORKFORCE PLAN

*For The Fiscal Year
2016*



**Robert C. Kline
Executive Director**

Appendix E – Workforce Plan Texas Bond Review Board July 2016

I. Agency Overview

The Texas Bond Review Board was created by the Texas Legislature in 1987 and operates under the statutory authority of Chapter 1231, Texas Government Code. The Board is comprised of the Governor, as Chair, the Lieutenant Governor, the Speaker of the House of Representatives and the Comptroller of Public Accounts.

The agency mission is carried out through broad activities that include oversight and reporting of state bond issuance and coordination of debt-management and capital-planning processes for the state; collecting, maintaining and analyzing data on local government bonded indebtedness and allocating the state's federal authorization to issue private activity bonds.

The agency occupies space in the William P. Clements, Jr. State Office Building in Austin, Texas.

The Bond Review Board has 10.0 budgeted FTEs and is fully-staffed.

A. Agency Mission

The mission of the Texas Bond Review Board is: to ensure that debt financing is used prudently to meet Texas' infrastructure needs and other public purposes; to support and enhance the debt-issuance and debt-management functions of state and local entities; and to administer the state's private activity bond allocation.

B. Strategic Goals and Objectives

The Bond Review Board has three Goals:

Goal 1

Ensure that Texas state debt is issued in a cost-effective manner supported by sound debt-management policies that protect the state's credit ratings.

Objective

Analyze and approve the issuance of state debt securities that meet the highest standards for financial feasibility, comply with the state's debt-issuance policies and minimize total borrowing costs.

Strategies

- Review each Texas Bond Review Board project application to ensure proper legal authorization, accurate and adequate disclosure, and appropriate use of call provisions, bond insurance and other provisions which affect marketability.

- Analyze and report to the Legislature, rating agencies, and other interested parties on Texas' debt burden, creditworthiness and Capital Expenditure Plan. Analyze and report to the Legislature and other policy makers, actions that would raise the state's bond rating and/or lower state borrowing costs.

Goal 2

Ensure that public officials have access to current information regarding local government debt issuance, finance, and debt management.

Objective

Inform state and local policy makers on effective debt issuance and management.

Strategy

Collect, maintain and analyze data on the current status of and improvements to local government debt issuance, finance, and debt management. Report findings to the Legislature, other state officials and local policy makers.

Goal 3

Ensure that the authorization to issue private activity bonds for Texas state and local entities is allocated consistently with legislative mandates, in the most equitable manner possible and in the best interest of the people of Texas.

Objective

Maximize the public use of tax-exempt private activity bond proceeds by issuing 100% of the state's available private activity bond allocation in a manner that is consistent with federal regulations, the state's statute and the agency's guidelines. Ensure that volume cap is distributed to the different project types in the percentages mandated by the state Legislature for any given program year.

Strategy

Administer the Private Activity Bond Allocation Program efficiently and effectively to ensure the total utilization of the state's annual private activity bond allocation according to federal regulations and compile and analyze the results of each allocation in an annual report.

C. Anticipated Changes in Strategies

The BRB anticipates several changes that will significantly impact the agency's business and workforce.

Business Trends

Economic factors and transaction complexity, including the increased use of more complex financial structures and interest rate management agreements have dictated the need for increased vigilance toward issuance of new debt and state financial transactions. In addition, market conditions favor refunding certain existing debt, making a heavier workload for both state and local data management. As interest rates rise, applications to finance single-family mortgages and waste-disposal projects are expected to increase as housing finance corporations and other entities seek additional tax-exempt financing opportunities.

As a result of increased infrastructure needs and anticipated growth in the state's population, the agency anticipates an increase in the volume and complexity of state financings.

Legislative Changes

The Legislature recognizes the importance of debt management and relies on the oversight provided by the Bond Review Board and its staff. As of June 2016 the agency does not foresee changes in its mission, strategies and goals over the next five years. However, new mandates that impact the agency's current workload or that result in significant shifts in job responsibilities could affect staff's ability to continue delivering high-quality service to its customers.

Past legislative action related to administrative processes such as financial reporting, human resources/benefits management, purchasing, risk management and information resources management that requires specific training and/or certification will require diligence in recruiting and retaining qualified administrative staff.

| |
|--|
| II. Current Workforce Profile (Supply Analysis) |
|--|

The BRB remains focused on its most important assets, its employees. The agency realizes the need for a highly skilled and versatile workforce to provide quality services to its customers. The BRB also realizes the need for ongoing training to enable staff to sharpen its skills and remain current on developments affecting the agency's mandated goals. Such training not only benefits the staff but the agency as well by increasing productivity and enhancing performance.

A. Skills

Every employee is valuable to the success of agency operations. Each FTE, including administrative staff performs more than one critical function that supports one of the following: review and analysis of state and local debt financing, reports on debt affordability and capital expenditure planning and allocation of private activity bonds.

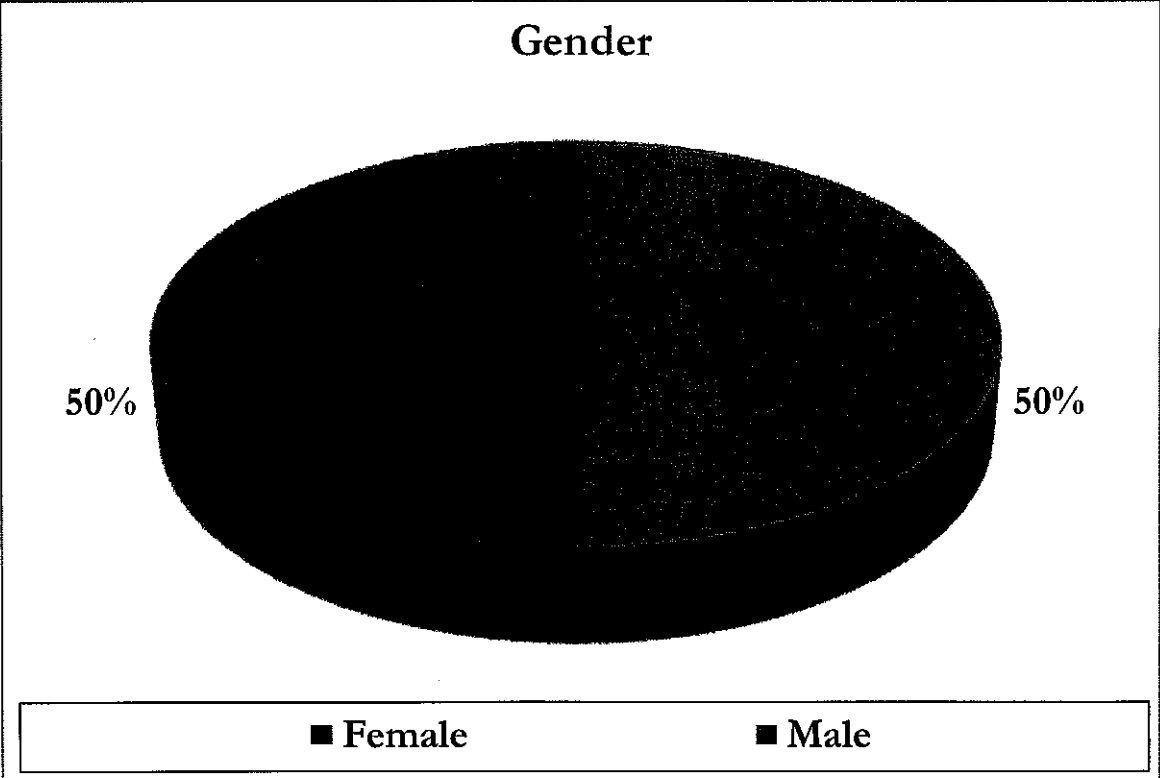
Certain critical skills are required for the agency's staff to execute on mandated strategies. Critical skills are:

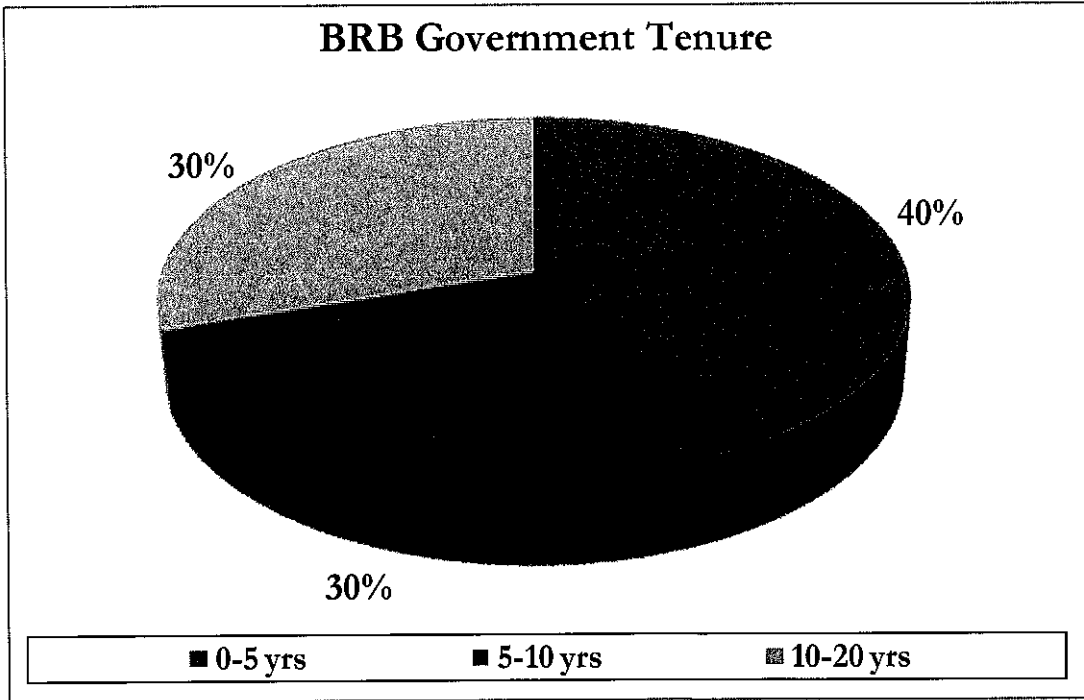
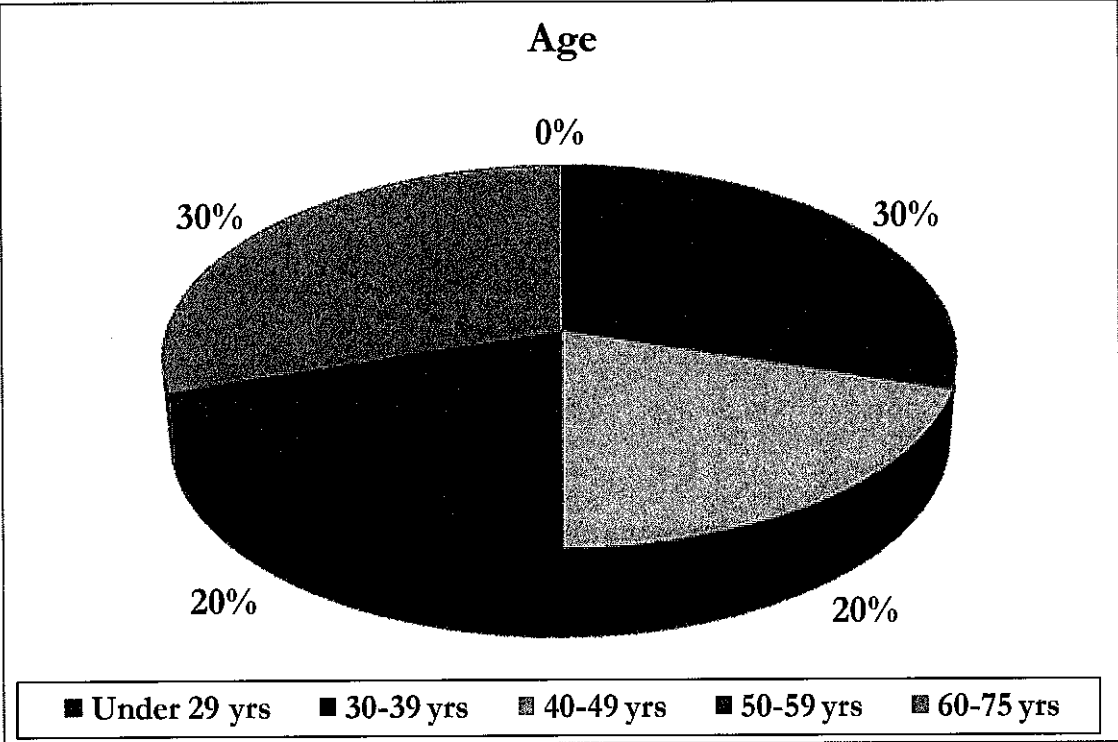
| | |
|------------------|--|
| Customer Service | Database Development/Maintenance |
| Problem Solving | Debt Financing/Information Analysis |
| Communication | State Agency Administrative Management |

B. Demographics

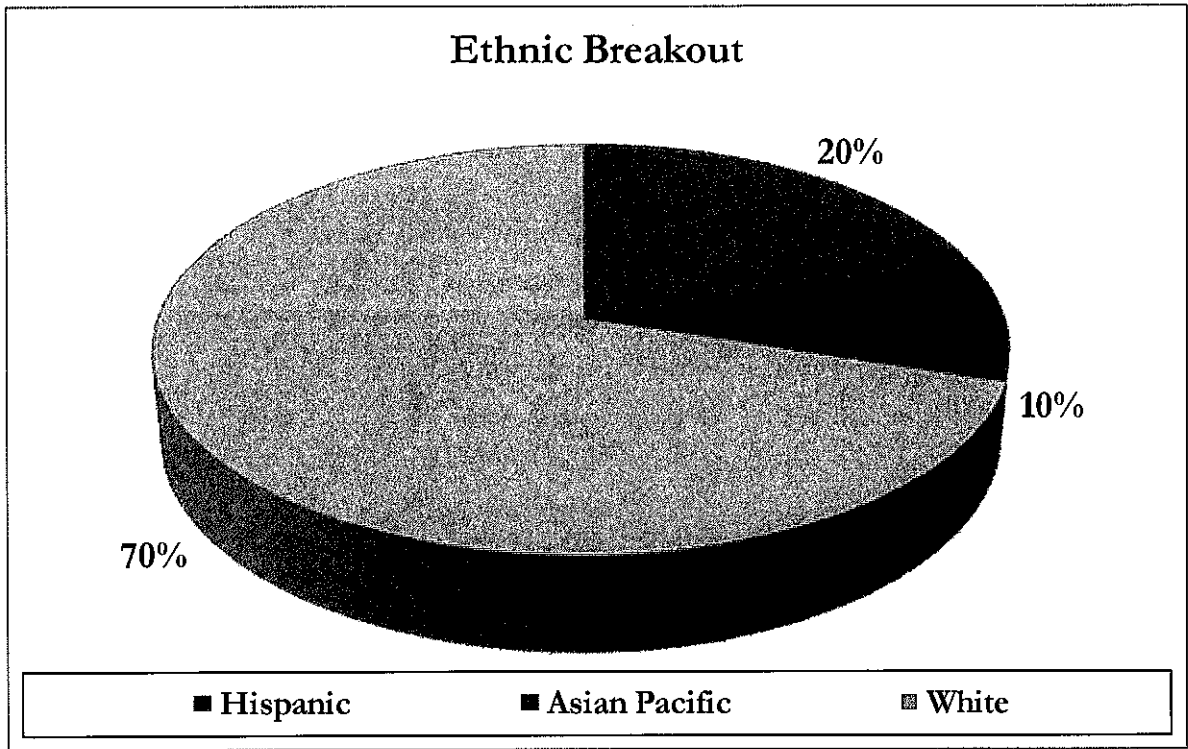
The following charts profile the agency's workforce as of June 2016. The BRB workforce is comprised of 50 percent males and 50 percent females. With a median age of 50.9 years, BRB staff has an average tenure with the agency of 5.56 years.

Workforce Breakdown





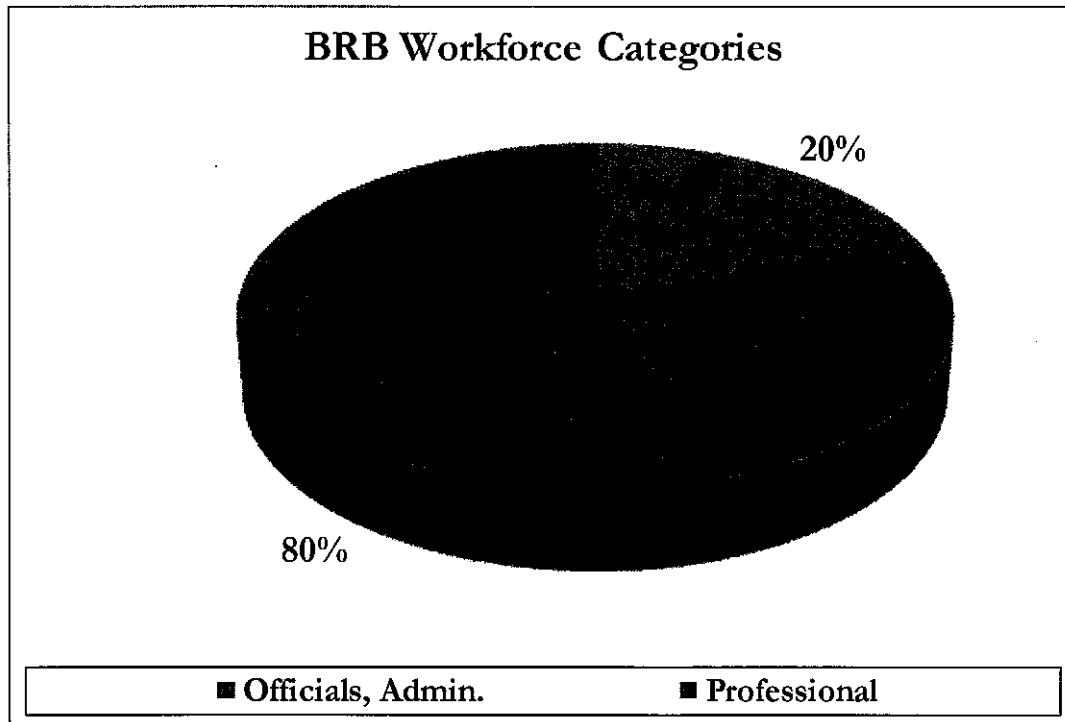
A profile of the staff's ethnic breakdown and Job Category distribution as of June 2016 follows. The BRB's staff is fairly diverse and comparable to statewide workforce statistics in the selected categories. The BRB ethnic data are also consistent with the statewide averages when considering the Professional Job Category for Hispanic-Americans and Females employed.



The agency workforce is categorized as either Officials/Administrators (2.0) or Professional (8.0) as described below.

| Job Categories | African American | African American | Hispanic American | Hispanic American | Females | Females |
|----------------------|------------------|------------------|-------------------|-------------------|------------|----------------|
| | BRB | *State% | BRB | *State% | BRB | *State% |
| Officials, Admin (A) | 0% | 11% | 0% | 19% | 10% | 40% |
| Profess. (P) | 0% | 17% | 20% | 21% | 50% | 57% |

Source Document: Equal Employment Opportunity Commission's National Employment Summary by Job Category by State.



The Bond Review Board’s high ratio of officials and professionals on staff is due to the agency’s focus on financial transactions. The Officials/Administrator position consists of the Executive Director. Professional positions are classified as Director I – Finance (one position), Senior Financial Analyst (one position), Financial Analyst II (one position), Acct VII (one position), Acct II (one position), Acct I (two positions), and Research Specialist I (two positions).

C. Workforce Skills and Turnover

Workforce Skills

The Bond Review Board maintains a practice of cross-training staff. The agency currently has three financial analysts trained in the State Debt strategy, Private Activity Bond strategy and Local Debt Strategy. The longest-tenured staff member has been with the agency nearly 16.5 years and serves as a senior resource for the state strategy and as Private Activity Bond Allocation Program administrator. He possesses specific institutional knowledge regarding state and local financing structure and reporting and administers the private activity bond program.

The other state financial analyst has been with the agency for 7.11 years and has advanced quickly as a valuable resource for the state and local debt strategies. He is also trained to assist with administering the private activity bond program.

The financial analyst in the state debt strategy and local debt strategy has been with the agency for 3 years.

The Accountant VII has extensive experience in accounting and administrative functions. Her tenure is 22.5 years with the State of Texas. In addition to several other administrative functions, this employee serves as the agency's lead in budgeting and financial reporting, HR, payroll and benefits coordinator, risk manager, business manager and is a Certified Texas Purchaser.

Turnover

Because of the years of experience necessary to gain an understanding of the agency's work and become a contributing staff member, turnover problems are particularly problematic for the BRB. Finding and retaining experienced personnel is a continual challenge. As staff members gain experience and knowledge, they become more marketable and often obtain employment elsewhere to advance their careers.

According to the State Auditor's Office, the turnover rate for Texas state employees is 21.6 percent in 2015, the highest rate the state has experienced since FY 2009. By comparison, the BRB experienced an average turnover of 15 percent over the past five years. Strategic merit initiatives were implemented to slow turnover, but salary limitations and the lack of opportunities for career growth through internal advancement, inherent in a small agency are expected to continue to limit the agency's ability to attract and retain the most qualified employees, particularly at program administration and executive staff levels.

The agency must continue to manage and maintain its own information resources network without the benefit of a dedicated IT position. Budget permitting, an interagency contract allows the agency to access a Systems Support Specialist employed by another agency on an as-needed basis. The Executive Director is the designated information resources manager, and a financial analyst assists in the day-to-day management of the network system in addition to other duties.

Turnover becomes more acute for the BRB when the agency must replace long-tenured employees. Two key staff members are eligible to retire. With combined service of nearly 35 years, they have extensive experience and irreplaceable institutional knowledge in two key positions.

| |
|---------------------------------------|
| III. Future Workforce Analysis |
|---------------------------------------|

Increasingly complex state financings coupled with increasing demands on the local strategy will have a direct impact on the agency workload. A decline in qualified applicants interested in public sector career paths will present additional challenges. Agency workforce factors are outlined below.

Critical Functions

Retaining key staff members and providing intensive training and cross-training will be required to address demands created by new mandates.

Expected Workforce Changes

Increased use of technology will ensure efficient communication with the agency's customers. Additional cross-training and documentation in the agency's functional and administrative areas will assist with the transition of new staff. Due to experience and certification requirements for certain administrative staff, continuing external training and recruitment of experienced applicants will be necessary to replace such staff.

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

BRB staff continues to process increasingly complex state financings and increasing amounts of local debt data for agency customers. However, as the two recently-hired staff (Research Specialist I and Accountant I) become trained, and the database upgrades are completed, the increased agency workload is expected to be met by the current level of FTE's.

Future Workforce Skills Needed

To effectively and efficiently administer the duties and responsibilities of the agency, the BRB relies on a competent and knowledgeable staff. In addition to basic competencies of the workforce, additional essential skills needed for future positions include:

- Financial/information analysis skills
- Compatibility and cooperation among agency staff
- Consistent, reliable and courteous interaction with the agency's customers
- Work management skills
- Strategic planning skills.

Some anticipated limitations to attracting and retaining the right employees are:

- Insufficient number of appropriately qualified applicants apply to an open position
- Applicants with outstanding skills and prior experience do not embrace work in the public sector and/or the organization's duties and functions
- Employees become disillusioned with the repetitive workload and/or static output requirements
- Limited budget available for salary and merit increases and/or improved benefits in the face of competition from other government agencies and the private sector
- Lengthy periods with open position(s) while searching for appropriate job applicants result in heavier workload and burnout for remaining staff.

IV. Gap Analysis

Anticipated Surplus or Shortage of Workers or Skills

An analysis of trends in the BRB's workforce indicates turnover is the agency's primary area of concern. As a result of attrition caused by competition from public and private sectors, the BRB is expected to experience a turnover rate in key staff of 40-50 percent over the next four years. The problem is exacerbated by vacancy periods that have lasted as long as five months because budget constraints have limited the agency's ability to offer competitive salaries. To address this issue, the BRB must maintain a succession and retention plan.

V. Strategy Development

| | |
|------------|---|
| Goal | Maintain current staff |
| Motivation | Keep staff well-trained and current on data and information relevant to |

| | |
|--------------|--|
| Strategy | their job (program, technical or administrative). A motivated staff will be more productive and contented, leading to longer tenure. |
| Action Steps | <ul style="list-style-type: none"> →Evaluate employees on at least an annual basis to give objective and fair performance feedback. →Let employees know that a performance evaluation is an important part of career development and does not necessarily result in a merit increase or a reprimand. →Make sure all employees understand that a merit increase is not based on good performance of prescribed job duties but is a reward for outstanding performance. →Make sure to apply the merit policy consistently and equitably. →Good communication between employee and management is key - be sure the employee understands his/her assignments and boundaries. →Give employees the opportunity to discuss issues or concerns when the need arises and address the issues/concerns in a meaningful manner. →Allow employees who are seeking new challenges to work on special projects, cross-train or carry out developmental tasks while management also evaluates their ability to perform their regularly assigned workload. →Update in-house training for all issues pertinent to the agency's success. Provide training with the state or other training entities to enable the employee to upgrade their knowledge and take advantage of networking opportunities. →Balance the pay scales of experienced vs. newly-hired employees who are performing similar duties – recognize the value of agency tenure in employees who perform in an exemplary manner and serve as trainers. |

| | |
|--------------|---|
| Goal | Recruit a dependable and competent workforce |
| Action Steps | <ul style="list-style-type: none"> →Train and teach managers how to recruit and retain quality staff. →Make sure pay scale of positions advertised are within state parameters as well as competitive with other public and private sector positions. |

Current job classifications are appropriate for known future functional requirements. As of June 2016 the organizational structure and division of duties adequately address basic business needs and strategic objectives.

As financings become more complex, the agency must recruit financial analysts with increasing levels of education and analytical background in public finance. The current complement of financial analysts has the critical skills and experience required to assess the need for shifts in agency job functions across all three strategies to meet changes in the level of services demanded by the BRB's customers