

WORKFORCE PLAN FISCAL YEARS 2017 TO 2021

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AGENCY WORKFORCE PLAN

Phase 1- Overview

The mission of the Office of Consumer Credit Commissioner (OCCC) is to regulate the credit industry and to educate consumers and creditors, fostering a fair, lawful, and healthy credit environment for economic prosperity in Texas.

It is accomplished through five primary functional areas: Consumer Assistance, Examination and Enforcement, Licensing and Registration, Financial Education, and Legal and Administration.

The Agency's strategic goals are to protect consumers, provide a quality-streamlined program of licensing and registration, educate consumers and financial service provider about their rights and establish and implement policies governing purchasing and public works contracts that foster meaningful and substantive inclusion of historically underutilized businesses (HUBs).

The core business functions are:

- **Regulate** fairly, efficiently, and effectively, balancing the needs of both consumers and creditors by enforcing Texas credit laws and licensing qualified financial service providers;
- **Educate** consumers of their rights, responsibilities and remedies and financial services providers of their rights and responsibilities;
- **Communicate** collaboratively with and encourage communication among the financial services industry, consumer public, and the agency; and
- **Protect** and safeguard consumers against abusive, unfair, and deceptive lending practices.

The industries regulated by the OCCC operate within a dynamic financial service marketplace that adjusts to evolving products and business practices, market pressures, and changes in federal, state, and municipal regulation. The degree to which these influences will affect the OCCC's regulated population may vary and may contribute to changes within the agency's licensee population.

The OCCC seeks to recruit, develop, and retain employees with the skills and competencies required to support its regulatory activities. The agency will adjust staffing strategies to complement changes within the industries it regulates to ensure the agency's core functions are performed effectively and efficiently. The OCCC has placed an emphasis on career progression, competitive salaries, and succession planning. Strategies for each have been implemented within the previous two years and emphasize development, retention and reduced turnover.

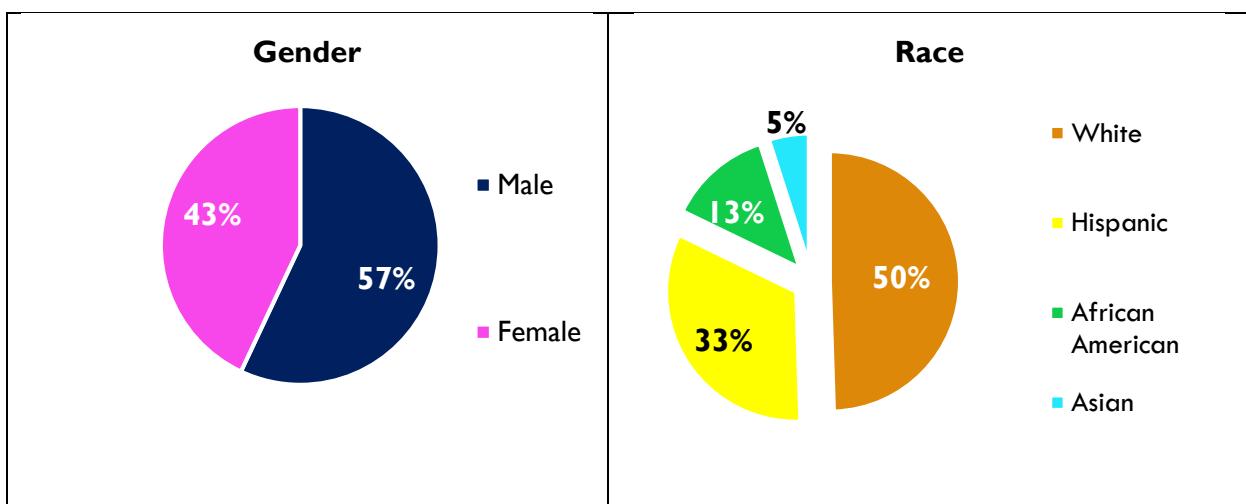
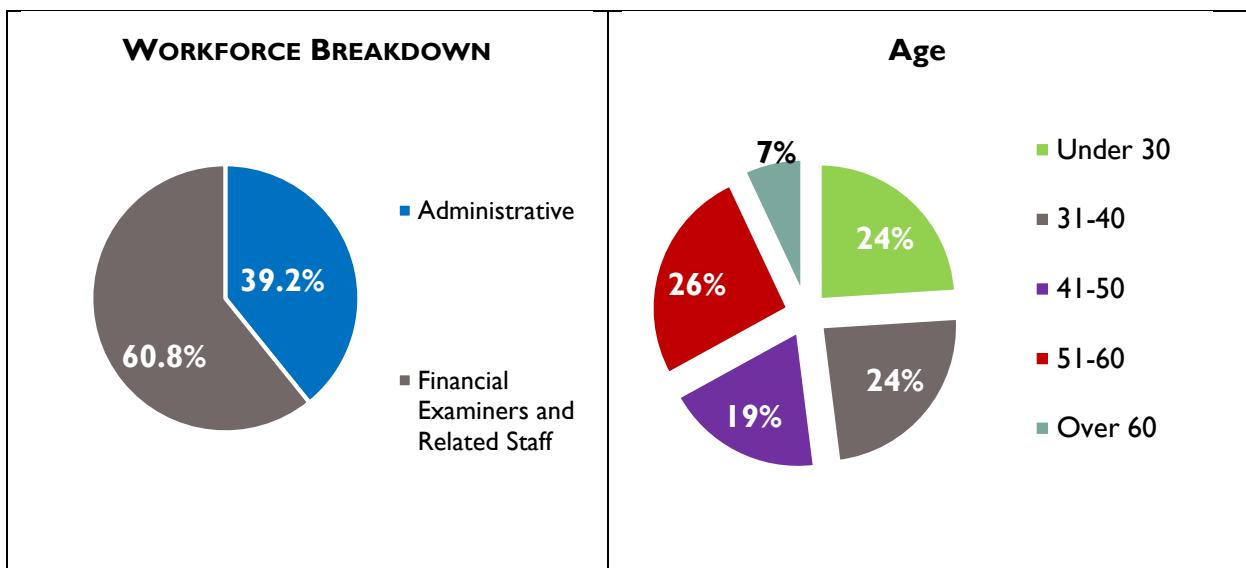
Phase 2

Step 1 – Current workforce profile

As a small state agency, the importance of developing and retaining qualified staff at all levels of the agency is paramount to the agency's continued success and operation. A significant portion of staff experience and expertise for examiners is primarily developed in-house and gained through professional development and career progression within the agency. The OCCC places a priority on the professional development of its staff and is committed to developing a workforce that is prepared to respond and adapt to the dynamic nature of the financial service and consumer credit marketplace.

As of May 2016, the OCCC's workforce of 85.5 FTEs was comprised of 57% males and 43% females. Overall, 36% of the agency's employees had more than five years' service, and 23% had less than two years' service. The median age of agency employees is 42.6 and the average age is 41.7. The staff is comprised of financial examiners, attorneys,

licensing and permit specialists, accountants, investigators, other professionals and support personnel.



Although 14% of the OCCC's staff is eligible for retirement within the next five years, the agency does not believe retirement will account for a majority of separations during the immediate future. Effective implementation of strategies related to succession planning, recruitment, retention, staff development, and general sharing of the agency's knowledge bases are vital to the continued effectiveness, continuity, and adaptability.

The OCCC competes with non-depository financial service providers, other state agencies, and federal regulatory agencies for its professional staff, especially within the financial examiner occupational series. The OCCC has been authorized to employ 92.5 FTEs. Currently 42.5 FTEs are allocated to the Austin headquarters, representing executive, administrative, and review examiner positions. The remaining 43 FTEs represent field and supervisory examiners, who are headquartered in various regions throughout the state.

As a small state agency, the importance of retaining qualified staff at all levels of the agency is paramount to the agency's continued success and operation. Retention is of particular importance within the financial examiner series. A significant portion of staff experience and expertise for examiners is primarily developed in-house and gained through professional development and career progression within the agency.

The effects of turnover may have substantial consequences to the OCCC and thus, the agency attempts to manage turnover within acceptable limits. Many factors and conditions affecting an agency's turnover ratio, such as employment market conditions that may drive higher turnover from time to time. . The OCCC believes a normal turnover ratio is between 10-15%. The agency has seen the turnover rates vary from a low of 10.4% in 2012 to a high of 24.7% in fiscal year 2013 over the last 5 years. The agency turnover rate has remained below the state average except for fiscal year 2013. FY 2015 separations were primarily split between "Interagency Transfers" and "Public Sector/Federal" employment opportunities. Of those separations, the majority of those employees had between 2 and 5 years of service.

Financial Examiners represented eight of the 15 separations in FY 15. The financial examiner series represents the largest component of the agency's workforce and is the most costly to the agency in terms of replacement costs. The OCCC provides specific professional training to individuals selected for these positions concentrated during the first three years of employment; activities which represent significant monetary and time commitments by the agency.

The OCCC must continue to trim turnover within the lower financial examiner levels. Historically, the OCCC has experienced the highest levels of turnover within the Financial Examiner I and II levels. This may be attributed to the nature of work of the position, an individual not being a good fit for the position, or travel requirements. During fiscal year 2015, 100% of the separating financial examiners had less than five years of service with the OCCC. The OCCC sees an opportunity to strengthen its retention efforts for examiners in the 2-5 year tenure range. Mentoring, cross-training opportunities, and career ladder progressions are key strategies for examiners in this range. The OCCC will continue to focus on market competitiveness, effective recruitment and selection strategies, and retention to continue to keep turnover lower than the state average.

The OCCC continues to identify possibilities to reduce travel and encourage team approaches for its financial examiners, as well as providing for work/life balance across all departments in the agency. Continued improvements relating to infrastructure, functionality of office space, and better use of technology have created additional enhancements for work processes conducted by a growing, mobile and dispersed workforce.

The list below highlights the workforce skills critical to the mission and goals of the OCCC including knowledge of or experience in:

- Examination procedures and related state and federal financial protection laws for non-depository financial services entities covering multiple products and services
- State and federal regulatory controls, statutes, and administrative codes related to non-depository financial service products
- Analysis and reporting tools related to financial data and consumer financial products
- Corporate structures, business operating procedures, management control, and internal reporting techniques
- Financial industry terminology and practices
- Economic and accounting principles
- Statistical analysis and techniques
- Financial reports and reporting structures or mechanisms
- Training procedures and techniques

- Information Technology examination or auditing

Step 2 – Future workforce profile

Economic and environmental factors facing the OCCC's staff over the next five years include: an improving economy, market competitiveness, turnover and retention of financial examiners, and retirement-eligible employees. During fiscal year 2015, the OCCC felt the strongest impact of these effects with eight financial examiners departing the agency.

While the OCCC is committed to the retention of staff, particular emphasis is placed upon the financial examiner series. Competition with the private sector as well as with regulatory agencies such as the Consumer Financial Protection Bureau (CFPB) is expected to increase and retention of these individuals is vital to the effectiveness of the OCCC's regulatory programs. The OCCC regularly reviews its in-house training as well as external development opportunities and curricula to provide specific training related to regulated industries.

A career ladder and progression program allowing for movement within levels I through III of the financial examiner series is providing opportunities for field examiners to participate in projects and team-based work (e.g. out-of-state examinations) to further develop competencies and skill sets. The goal of the OCCC is to recruit and select quality candidates for entry-level financial examiners positions, to consistently and effectively develop those candidates for increased scope of responsibility, and to identify those who may be developed for future supervisory and leadership roles. The OCCC emphasizes the need to incentivize and retain those examiners within two to five years of agency service; to utilize them to assist in the training and development of entry-level examiners; and to integrate identified candidates into succession planning. The OCCC desires that 50% of its full-time employee staff to have agency tenure of at least five years.

Assessing and determining the future requirements for the agency's workforce encompasses a broad range of duties, needed competencies and skills, and programmatic concerns. These issues have been identified through the agency's strategic planning process, interaction with industry stakeholders, and discussions with OCCC staff members. As the OCCC's regulatory role adapts to an ever-dynamic and evolving nondepository financial services marketplace, the OCCC will need qualified staff that can be developed to serve the industry and consumers in Texas in response to anticipated changes and growth across the OCCC's regulated industries.

EXPECTED WORKFORCE DYNAMICS

- Increased use of technology to provide service and maximize efficiency.
- Increased use and development of subject matter experts.
- Increased investigations into unlicensed businesses.
- Increased communication, collaboration, and partnerships with external stakeholders
- Increased number of public information requests

CRITICAL FUNCTIONS

- Increased examination activity in response to the growth and evolution of consumer credit products.
- Increased collaboration with federal and state regulators.
- Increased collaboration with industry stakeholders.
- Increased demand in supervisory resources due to larger workforce and increased number of examinations.
- Increased review of electronic and web-based consumer credit products and the use of information technology at the regulated entity level.
- Development and retention of qualified professionals.

- Development and implementation of effective succession plans.

Step 3 – Gap analysis

As the OCCC's regulated population evolves, adjustments to the agency's workforce plan will be made through the addition, deletion, or realignment of positions and responsibilities. The agency's SDSI status enables it to respond to changes in the regulatory environment in a well-timed manner. The OCCC uses this flexibility to recruit and retain financial examiners in a highly competitive market, in the face of direct competition of a new federal financial regulator. It has decreased turnover and allowed the OCCC to respond to dramatic growth in regulated industries, such as the motor vehicle sales finance industry. Further, it provides the OCCC with flexibility to expand or diminish its resources in response to economic conditions.

In the last three years, the OCCC has increased FTEs by 5% (4 positions). This was to ensure effective regulation and consumer protection, the agency's goal to examine licensed entities on a regular and more short-term cycle and to comply with the recommendations provided by Finance Commission members and industry stakeholders alike.

Nonetheless, the OCCC's ratio of employees to licensees remains the lowest among all regulatory agencies. This ratio demonstrates our ability to deliver premier services in a cost-effective and prudent manner within our limited resources. Depending on the fluctuation of the regulatory environment, the OCCC anticipates the need for 2.5 FTEs to continue fulfilling the mission of the agency and to provide the level of customer service that is expected for consumers, licensees, and other stakeholders.

Step 4 – strategy development

The OCCC'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 OCCC is accomplished efficiently. The OCCC 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 OCCC will also continue to maintain and hone its career ladder and provide 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.

Training opportunities for staff remain a high priority for the OCCC. Cooperative state training opportunities are a valuable method for knowledge enhancement and the OCCC 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 OCCC's career ladder necessary to ensure continuation of the efficiency and effectiveness of the OCCC. Preparing qualified staff to carry on the roles of senior management and leadership will require specialized training, internal development through mentoring and project assignment, and other educational opportunities to develop technical and managerial skills.

EMPLOYEE ENGAGEMENT SURVEY

In November 2015, OCCC participated in the Survey of Employee Engagement (SEE). Surveys were emailed to 83 employees statewide and 82 surveys were completed and returned, giving an excellent response rate of 98.8%. Survey findings were made available to the department in late February 2015. At 98.8%, the response rate is

considered high. High rates mean that employees have an investment in the organization and are willing to contribute towards making improvements within the workplace.

The overall score is a broad indicator for comparison purposes with other entities. Scores above 350 are desirable, and when scores dip below 300, there should cause for concern. The OCCC overall score was 342.

Within the survey, there are 12 constructs or organizational topics in the survey. The following tables show the highest scoring constructs and the lowest scoring constructs in the survey.

