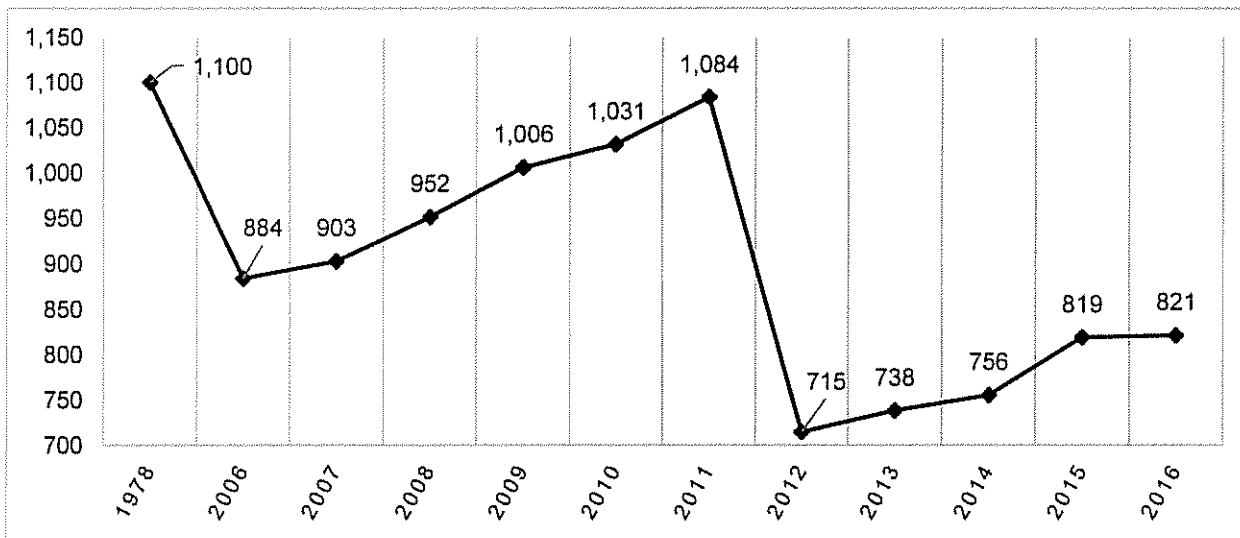


Supplemental Schedule F: Agency Workforce Plan and the Texas Workforce System Strategic Plan

Public education is the largest function of the state and of many local governments. The Texas Education Agency is responsible for serving approximately 5.2 million students enrolled in 8,656 campuses that are administered by 1,219 school districts and open-enrollment charters schools.¹ TEA is responsible for distributing approximately \$54.5 billion² in funds each biennium through numerous state and federal programs.

When compared to other large state agencies with significant responsibilities and complicated programs, TEA has relatively few full-time equivalent positions (FTEs). In 1978, TEA had approximately 1,100 FTEs compared to only 821 FTEs in March 2016, a decrease of 279 or 25.4 percent (see Figure 1). Today, TEA has fewer FTEs than in 2011. This is largely because during the 82nd Texas Legislature, TEA was required to undertake a reduction in force and reduce its FTEs from 1,084 to 715, a 34 percent decrease.

Figure 1: TEA Full-Time Equivalent Positions 1978, 2006–2016



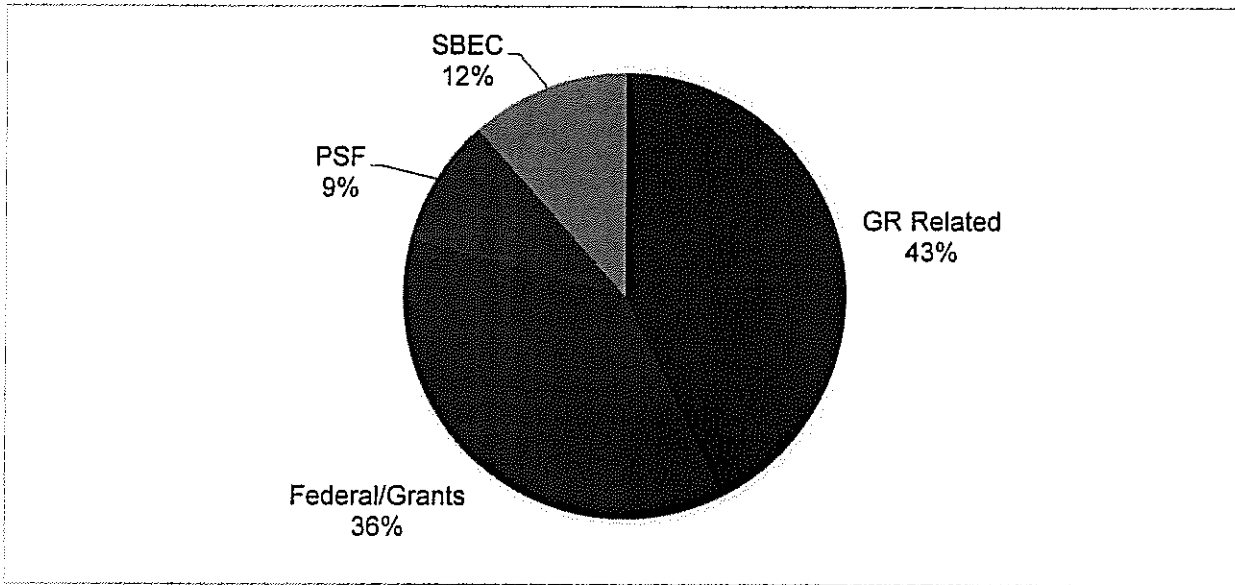
Source: Texas State Auditor's Office Quarterly FTE Report (4th Quarter).

In terms of the method of finance for its FTEs, less than half of TEA's funding comes from general revenue (GR); specifically, 36 percent of FTEs are funded by federal funds, 12 percent by the State Board of Educator Certification (SBEC), nine percent by the Permanent School Fund (PSF), and 43 percent by GR (see Figure 2).

¹ Pocket Education, 2014–2015 Texas Public School Statistics, Texas Education Agency.

² Legislative Budget Board, Fiscal Size-Up 2016–2017, pg. 225.

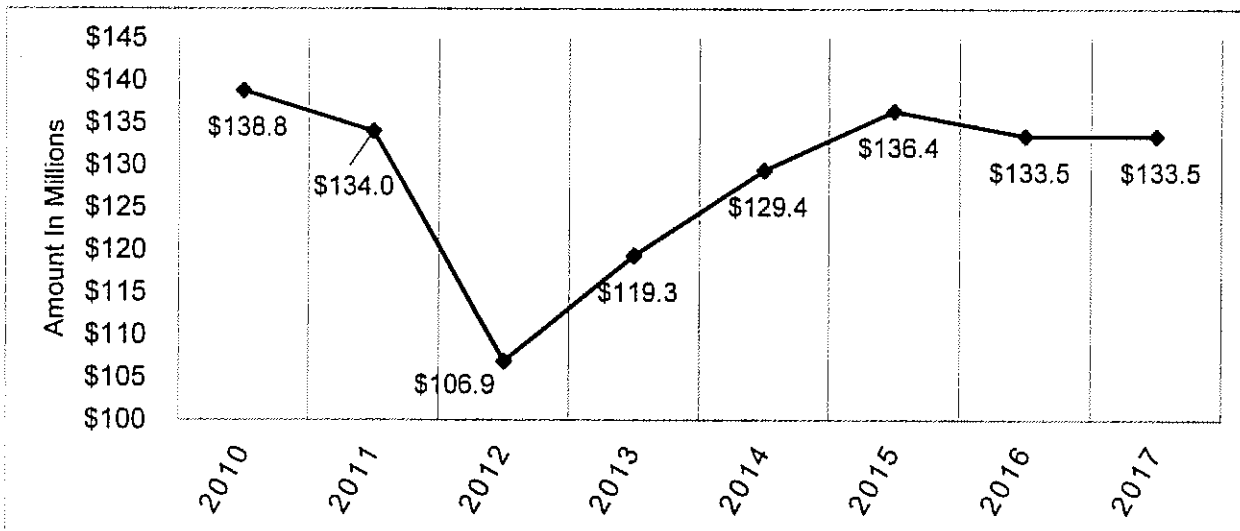
Figure 2: 2016 TEA Full Time Equivalent Positions by Method of Finance



Source: Texas State Auditor's Office Quarterly FTE Report (4th Quarter).

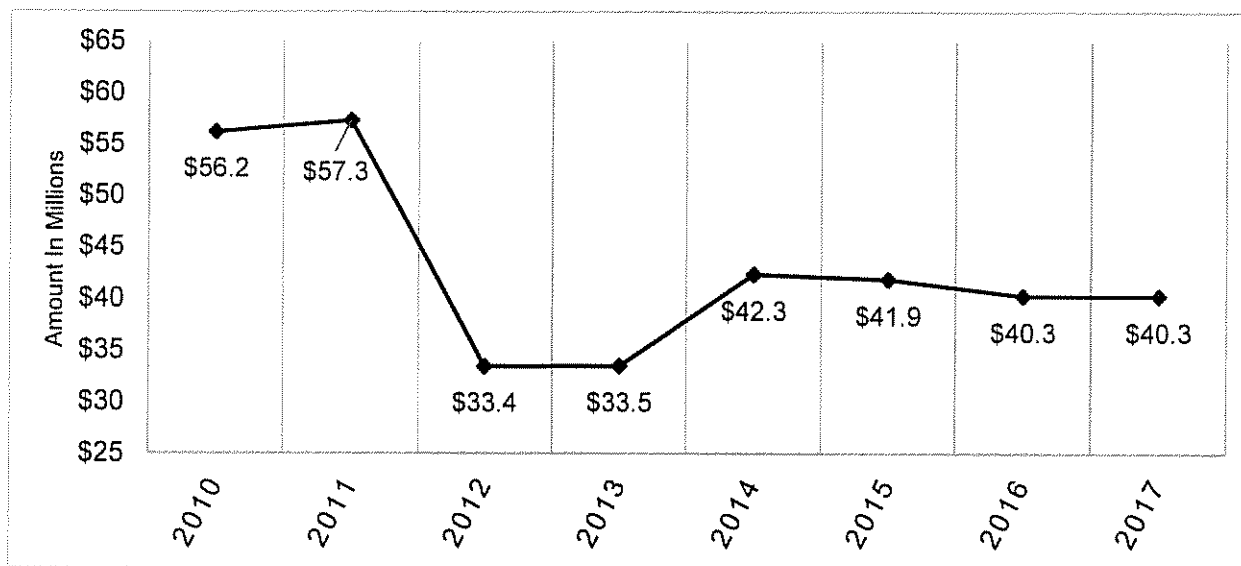
Since 2010, TEA's administrative budget has also declined (see Figure 3). In 2010, TEA's all funds administrative budget was \$138.8 million. That amount has been reduced to \$133.5 million for 2017.

Figure 3: TEA All Funds Administrative Budget 2010-2017



General revenue–funded administration has seen a significant reduction from \$56.2 million in 2010 to \$40.3 million in 2017, a \$15.9 million or 28.3 percent reduction (see Figure 4).

Figure 4: TEA General Revenue Funds Administrative Budget 2010–2017



TEA will continue to be highly effective and efficient with all FTEs and available funds. TEA has prepared a Redundancies and Impediments Schedule and included it in TEA’s Strategic Plan. TEA will work with the legislature to reduce unnecessary and inefficient agency tasks required by legislation and implement legislation to ensure TEA has clear guidance and directives in order to better focus the agency’s limited resources on core strategic goals.

Current Workforce Profile (Supply Analysis)

Critical Workforce Skills

Please review TEA’s Strategic Plan Goals and Action Plans for an understanding of TEA’s future staff needs. The following areas are critical functions of TEA staff:

- School turnaround and improvement.
- Administration of statewide assessment, accreditation, and accountability systems.
- Educator leadership, support, retention, and quality.
- Development of statewide policy and education initiatives, including grants and programs.
- Distribution of nearly \$54.5 billion in state and federal funds; operating the highly complex state school finance and federal funding systems.
- Administration of public school data collection, analysis, and dissemination.
- Supporting the State Board of Education in curriculum development, textbook adoption, and other activities.
- Budget, operations, legislative, media and communications, legal, human resources, and other administrative functions.
- Dissemination of best program and funding practices.
- Information technology systems and support.
- Audit, monitoring, complaints, investigations, and enforcement; supervision of compliance with grants and federal regulations.
- Texas Permanent School Fund.

Additional critical workforce skills include change management; strategy development, implementation, and evaluation; teamwork; and communication.

Workforce Demographics

Gender. As of March 1, 2016, of the agency's 821 FTEs, 64 percent are female and 36 percent are male. A large proportion of the workforce consists of former educators.

Ethnicity. Just over one-half (56 percent) of TEA's workforce is white, while 23 percent is Hispanic and 10 percent is African American. The remaining 11 percent of the TEA workforce represents other racial and ethnic origins.

Employee Turnover

A comparison of the state's employee turnover rate to TEA's turnover rate for fiscal years 2011 through 2015 is depicted in Table 1.

Table 1: Comparison of Employee Turnover Rate by Year

Fiscal Year	State Turnover Rate	TEA Turnover Rate
2011	16.8%	40.0%
2012	17.3%	13.0%
2013	17.6%	12.0%
2014	17.5%	12.0%
2015	18.0%	11.0%

Source: Texas State Auditor's Office Report No. 16-702.

TEA's turnover rate for the past several years has consistently been below the state's turnover rate, except for FY 2011, when the agency was required to undertake a reduction in force. Without the reduction in force, the turnover rate would have been 13 percent for FY 2011.

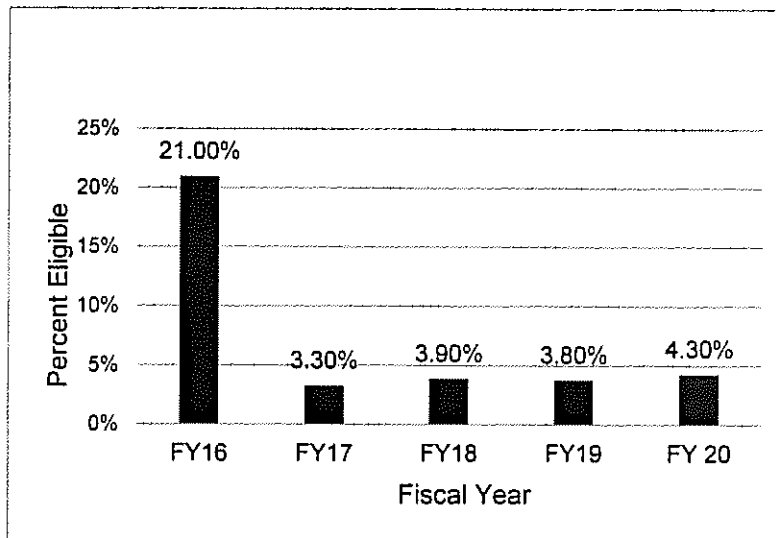
Tenure

About 26 percent of TEA's workforce has been with the agency for less than five years, while 23 percent has been employed for five to nine years, and 33 percent has been employed from 10 to 20 years. Of the remainder, 12 percent of TEA's employees have worked for the agency between 20 and 30 years, and five percent have worked for the agency for over 30 years.

Retirement

Approximately 36 percent of TEA's authorized workforce is currently eligible or will become eligible to retire within the next five years (see Figure 5). While the agency has been fortunate that only small numbers of the employees eligible have actually retired, the projected number of retirees for the next several years may have a significant negative affect on TEA's ability to perform its core functions.

Figure 5: TEA Current Workforce Eligible for Retirement in FY 2016–2020



Over three-quarters (77 percent) of TEA's workforce is over the age of 40, with 46 percent of the workforce over the age of 50. Many of TEA's education-related professional positions require several years of public school education experience, which is a contributing factor to the high average age of the workforce.

Table 2 shows the cumulative number and percentage of TEA employees who are eligible to retire in each of the next five years.

Table 2: Percent of TEA Employees Eligible to Retire by Year

	FY 16	FY 17	FY 18	FY 19	FY 20
Number of Employees Eligible to Retire	170	27	32	31	35
Percent of Workforce	21.0%	3.3%	3.9%	3.8%	4.3%
Cumulative Number of Employees Eligible to Retire	170	197	229	260	295
Cumulative Percent of Workforce	21.0%	24.3%	28.2%	32.0%	36.3%

Future Workforce Profile (Demand Analysis)

Expected Workforce Changes and Needs

Given TEA's enormous responsibilities and limited FTEs and administrative budget, TEA must be strategic in preparing for future workforce changes, which include:

- An increasing need for higher levels of knowledge, skills, education, experience, and expertise to perform complex budget, accounting, IT, monitoring, and programmatic functions to meet the agency's mission, goals, and action items.
- An aging workforce, with almost 36 percent eligible to retire in the next five years, and the possible retirement of employees with significant historical knowledge and expertise.
- Persistent problems retaining key staff due to market competition, including competition from other state agencies offering higher salaries and merit programs, especially in the contracting, budget, school funding distribution, grants, program, legal and IT divisions.
- Continuous increases in agency responsibilities caused by federal or state legislative changes, without additional state administrative funding to hire or compete for personnel.

- A normal turnover rate that is slightly above 10 percent, requiring the continuous recruitment of talented candidates with the proper skill sets to meet the agency's critical staffing needs.
- Increased competition for hard-to-fill positions in contracting, budget, grants, programmatic, IT, and legal divisions.

Anticipated Increase/Decrease in Number of Employees Needed to Perform Core Functions

In FY 2016, the agency's FTE cap was increased to 875. Although the FTE cap has increased, the agency was not provided a significant increase in administrative funding to fill these positions. Currently, TEA has only 821 FTEs.

Gap Analysis

The number of potential retirements may cause TEA to experience a significant shortage of employees within the next year. If the worst-case scenario of 100 percent of the eligible retirees (approximately 170) left the agency in FY 2016, this would reduce the workforce by 21 percent. TEA could expect to experience a range from 170 employees to 295 eligible retirees leaving the agency within the next five years solely for retirement reasons.

Strategy Development

To bridge the gap between the current workforce and future needs, TEA will use methods that provide the highest return on investment to attract, develop, and retain employees needed to accomplish TEA's mission. These methods include the following:

- TEA will conduct an operations review in the summer and fall of 2016 and realign FTEs to be consistent with the agency's Strategic Plan and to achieve core functions.
- TEA will continue to be highly efficient, effective, and creative with available administrative funding.
- To retain critical employees, TEA will provide training and development, career advancement, and career ladder opportunities, and provide targeted promotions, reclassifications, and equity adjustments.
- TEA will continue to develop no-cost ways to improve employee satisfaction, including flexible hours, work-life balance incentives and programs, changes in job duties, and special project assignments.
- Funding permitting, TEA will develop and implement a performance-based merit program to retain key personnel.
- TEA will work to identify and hire highly skilled and knowledgeable personnel by advertising job vacancies in educational and professional association publications. In addition, TEA will use various online advertising avenues such as electronic job boards, job banks, and internet job sites to assist in recruiting.
- To ensure TEA can function effectively when key personnel retire or leave the agency, TEA will capture and codify knowledge; create teams to share content knowledge; rotate jobs so current staff are cross-trained; and cross-train replacement staff in areas that have large number of employees that are eligible for retirement.

TEA's Human Resources Division will support all of these goals and work with the agency's executive management team to balance the diverse and challenging needs of the agency as well as the needs of the agency's internal and external customers and stakeholders in maintaining and improving its greatest asset—its human resources.