D. TEXAS PUBLIC FINANCE AUTHORITY WORKFORCE PLAN

I. Agency Overview

The Texas Public Finance Authority (the "Authority") was 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 purchase price was found to be less than the cost of comparable construction. The name of the Authority was changed by the Legislature at that time, to reflect the Authority’s expanded responsibilities.

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. 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 over twenty-six different organizations.

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 16, FTEs for the current fiscal year. All Authority personnel are located in the William P. Clements, Jr. State Office Building in Austin. A copy of the Authority’s organizational chart illustrating the Authority’s 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 Authority 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. Over time, the Authority has 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, the Authority has organized staff functions to administer the requests for financing, 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. It is important for the Authority to maintain this expertise through training and continuing education, and to develop comprehensive and technically proficient staff in municipal finance to meet the challenges in the 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 provide the Authority's board of directors with sound financial advice for debt issuances and to ensure financings strictly conform to state guidelines and federal tax and securities law. Debt issuers are being held to increasingly high post-issuance monitoring and compliance standards by regulatory agencies, including the Municipal Securities Rulemaking Board, the Securities and Exchange Commission, and the Internal Revenue Service. 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 be efficient and proficient in the use automated tools.

B.* *Workforce Diversity

The following chart illustrates the agency's workforce diversity as compared to the statewide agency workforce. The Authority makes every effort to recruit, hire and retain a qualified workforce and provides equal opportunities for employment, without regard to race, religion, color, national origin, citizenship, genetic information, sex, age, veteran status, or disability.

Workforce Diversity									
TPFA EEO Job Category		African American		Hispanic American		Female		Other	
		State*	TPFA	State*	TPFA	State*	TPFA	State*	TPFA
Officials/Administrators	29%	12.3%	0%	15.9%	25%	56.5%	25%	32.8%	0%
Professionals	71%	11.3%	10%	17.4%	0%	57.9%	40%	32%	10%

**Sourced from the Texas Workforce Commission's (TWC) Annual Report 2021converting TWC's numerical data to percentages for purposes of this report.*

Furthermore, the Authority is committed to recruiting and retaining qualified, highly skilled, professionals 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.

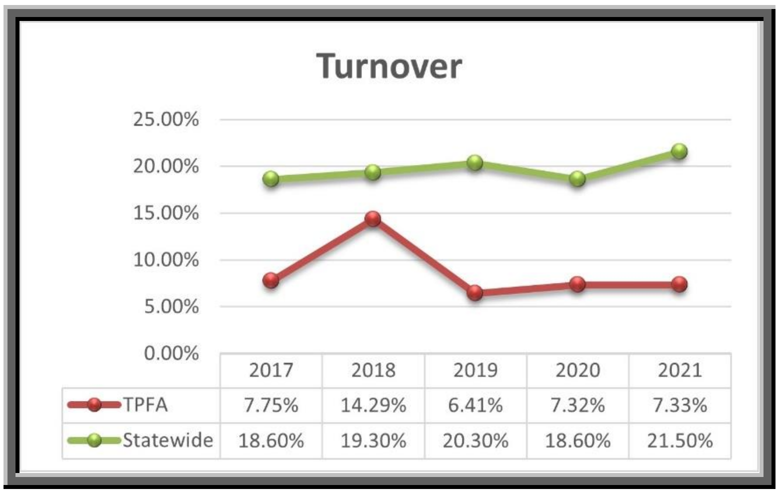
C. Employee Turnover

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.

During FY 2020-21, the agency experienced turnover following the retirement of two of its senior staff who we were rehired following the requisite 90-day period. Following the death of the Authority's project manager in 2018, the Authority hired two college interns during the summer of 2019 to assist accounting staff with other duties during the conversion of the agency's long-time internal accounting system to the financial module of the Centralized Accounting and Purchasing and Payroll System (CAPPS). Intern turnover in FY 2019 is not captured in the data below due to their classification as temporary employees. Following an all-time high turnover in 2014 that included retirements and other staff departures, management filled 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. In our most recent *Survey of Employee Engagement* results, 67 percent of staff plan to continue working for the agency through the next year. Turnover will become especially crucial to the Authority in the next five to 10 years, as over 71 percent of its staff will have reached retirement eligibility, depleting the Authority of its most senior employees. To address its aging workforce and limited financial resources, the Authority will continue to 1) utilize each vacancy as an opportunity to reevaluate needs and 2) include outreach to colleges and universities and mid-career candidates having appropriate skills to contribute and develop at the Authority as part of its recruitment plan.

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 municipal finance compliance responsibilities.

The graph below compares the Authority's turnover trends to that of the State over a five-year period.



Note: Statewide turnover includes full-time classified employees as compared to TPFA turnover, which reflects permanent full-time, part-time, classified and exempt employees.

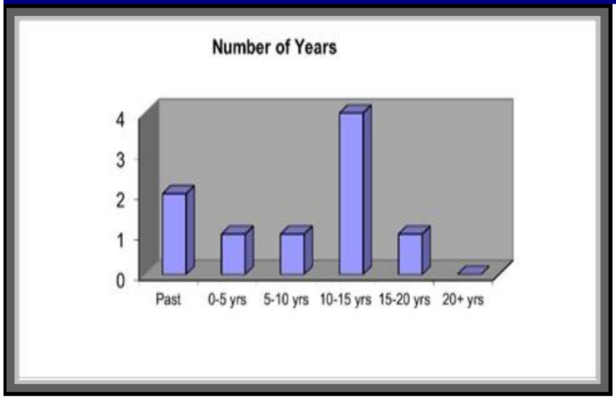
The Authority has enjoyed the benefit of remaining below the statewide turnover rate in the last five years. The Authority continues to make flexible schedules and remote work opportunities available to staff, and to authorize tuition reimbursement when the budget has allowed. Additionally, TPFA's return to office following the COVID-19 pandemic extended remote work to a 3-2 in office/telework week to retain the existing workforce desiring a more flexible work environment. However, as additional agency personnel reach retirement eligibility, there is little room to offer financial incentives to encourage these employees to defer retirement.

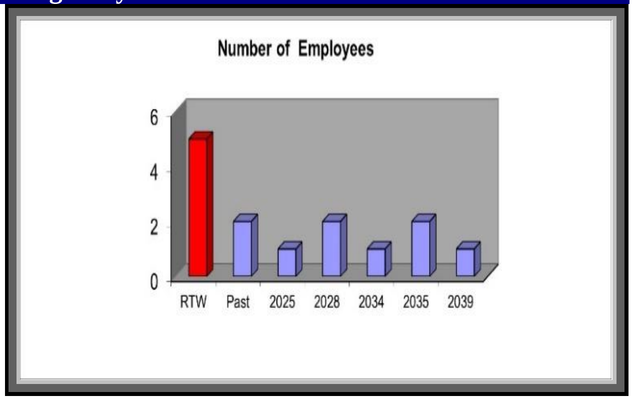
D. Retirement Eligibility

Since 1998, thirteen of the thirty-four 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. Currently, 35.7 percent of staff are return-to-work retirees, another 14.3 percent are currently eligible to retire, and another 21.4 percent of staff can retire in the next five to ten years. 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 based on USPS employment history and do not include available leave balances or future leave accruals that could impact retirement dates.

III. Future Workforce Profile (Demand Analysis)

The Authority's most significant workforce challenge is to build and retain a bench of experienced and capable 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 the field. Attracting experienced people from the private sector or other state and local debt issuing agencies is difficult because the Authority is unable to keep up with salaries of other top tier state debt issuers. 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; however, the agency cannot afford the financial risk to the state by entrusting critical functions to unqualified or under-trained staff. TPFA staff have decades of debt issuance experience, more than most personnel at other state debt issuers, yet the Authority is unable to compensate their experience.

Another workforce demand of the agency is to attract and retain the technical staff expertise necessary to support the agency's transition to more automated financial management systems from its traditional spreadsheet environment. This transition is necessary, to enhance debt 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 such systems creates efficiencies in preparing and responding to information requests and enhance staff's ability to monitor and manage debt through the multi-year debt lifecycle.

The increasing use of technology in all aspects of the Authority's workplace is critical to the achievement of the Authority's mission. In FY 2020-21, the Authority implemented its first phase of electronic content management to aid in workflow management and replacing paper documents as electronic media. The Authority successfully made a transition to the financials component of the Comptroller's Centralized Accounting and Payroll/Personnel System ("CAPPS"), which left staff to create and prepare new workflow processes and desk aids. During FY 2022, staff began the implementation and conversion to the Human Resources/Payroll component of "CAPPS". Implementation of these efforts requires the agency to attract and retain technically proficient staff; provide appropriate and ongoing training and to implement improvements in business processes that may require staff be adaptable to potential restructuring of business processes. These trends became apparent when the Governor declared a State of Emergency in March 2020, in response to which the Authority to close its offices due to COVID-19. This change in work environment forced staff to be flexible and technically savvy, utilizing work group meetings with new technology, and changing business processes. The increasing workload on information technology staff required functional staff to perform these responsibilities and adapt to a more technical environment during this time, and may necessitate that future 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.

Finally, as a result of new debt authorized pursuant to HB 1520, 87th Legislature, R.S., the Authority created a special purpose entity ("SPE") to issue debt for natural gas securitization financing. The Authority will execute an administrative services agreement with the SPE to provide ongoing administrative support to the SPE, under which Authority resources will be allocated to providing administrative oversight of any debt issued by the SPE, including ensuring that certain information is maintained and accessible to the market for the life of the bonds and that ongoing municipal filings are made to meet the requirements of the Municipal Securities Rulemaking Board ("MSRB").

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.
- The additional implementation of CAPPS Human Resources/Payroll will change the way the Authority's personnel perform and manage the organizations core processes, which is anticipated to increase workload and processing time for payroll, leave, and human resources.

C. Expected Workforce Changes

- Conduit issuances for charter schools, debt issuance for natural gas securitization financing, and other increases in debt authorization will shift agency resources to meet these challenges.
- Natural gas securitization financing will require a commitment of up to 30-years to provide administrative support to the SPE, file municipal market updates as required by the MSRB rules and maintain a website and a data room to post required financial information for rating agencies and financial market until the bonds are paid in full.
- 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.
- Employees will require increased cross-training in functional and technical areas.
- New skill required as the Authority transitions to CAPPS Human Resources/Payroll.
- Employee retention incentivized by market pay for accumulating knowledge, skills and ability will result in greater stress on the salary budget.
- Continued use of new technology to change business processes, including meetings with staff and other agency stakeholders.

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

The primary driver for the Authority's staffing needs will be additional legislative authorization for debt and related programs assigned to the Authority to administer, including administration of any new debt issuance for natural gas securitization financing pursuant to HB 1520, 87th Legislature, R.S. To support this new debt authorization, the Authority will require additional resources due to this increase in responsibility and workload and will require both additional human capital and funding to devote to this new effort. Onboarding to the CAPPS Human Resources/Payroll software platform may require additional resources due to the increased workload and time required to process transactions in the new software program. Changes in regulations related to post issuance compliance and bond fund monitoring throughout the debt life cycle, regardless of whether debt is issued as taxable or tax-exempt, may also impact staff resourcing needs.

E. Future Workforce Skills Needed

To fully exploit necessary technological changes, the Authority 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 and automated accounting systems
- 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 Authority 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 exceptional 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 certain outstanding debt.

Two critical challenges facing the Authority 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, the 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 budget for salaries and 2) employee related costs that are borne by the agency, reducing funds that could otherwise be used for merit and promotion pay. 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 automated 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 Authority moves forward with the Human Resources/Payroll component of CAPPS deployment, these systems often require individuals with a higher degree of skill; thus, the agency will continue to examine its workforce and fill positions with individuals complimenting its workforce.

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 Authority'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.

Below are the Authority's identified gaps with the specific goals, rationale, and action steps to achieve the goals and ultimately close the gaps.

Gap	***Recruitment/Retention and Succession Planning***
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 cross training initiatives when cost-effective. • 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. • Identify future leaders within the organization for leadership training and development to potentially fill senior level positions during natural attrition.
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, remote work, 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.

Appendix A

Texas Public Finance Authority Organizational Chart FY2024-25