

Schedule F – Workforce Plan Texas Bond Review Board June 2024

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, 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 administering the state's federal allocation of private activity bonds.

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

The Bond Review Board has 11.0 budgeted FTEs and is fully staffed.

A. Agency Mission

The mission of the Texas Bond Review Board is to: (1) ensure that debt financing is used prudently to meet Texas' infrastructure needs and other public purposes; (2) support and enhance the debt-issuance and debt-management functions of state and local entities; (3) and 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 maintain 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 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 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, multifamily affordable housing, and waste-disposal projects are expected to increase as housing finance corporations, public facility 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 financing.

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 2024, 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 related to the Private Activity Bond program, 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, report on state and local debt trends, report on debt affordability and capital expenditure planning, and report on and maintain allocation of private activity bonds.

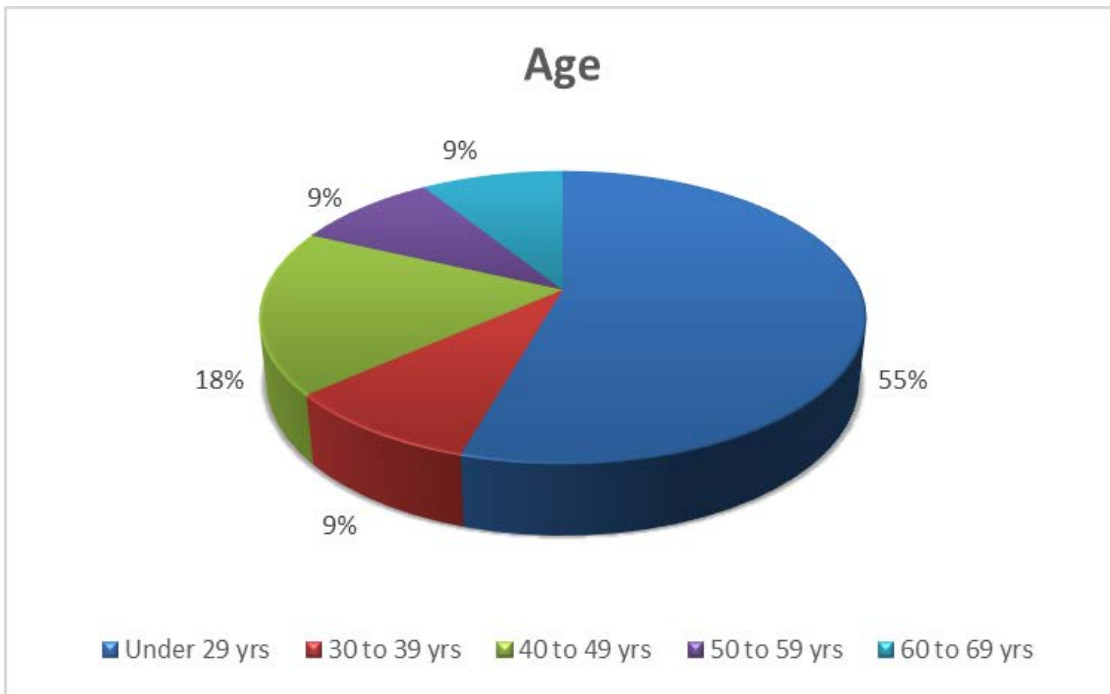
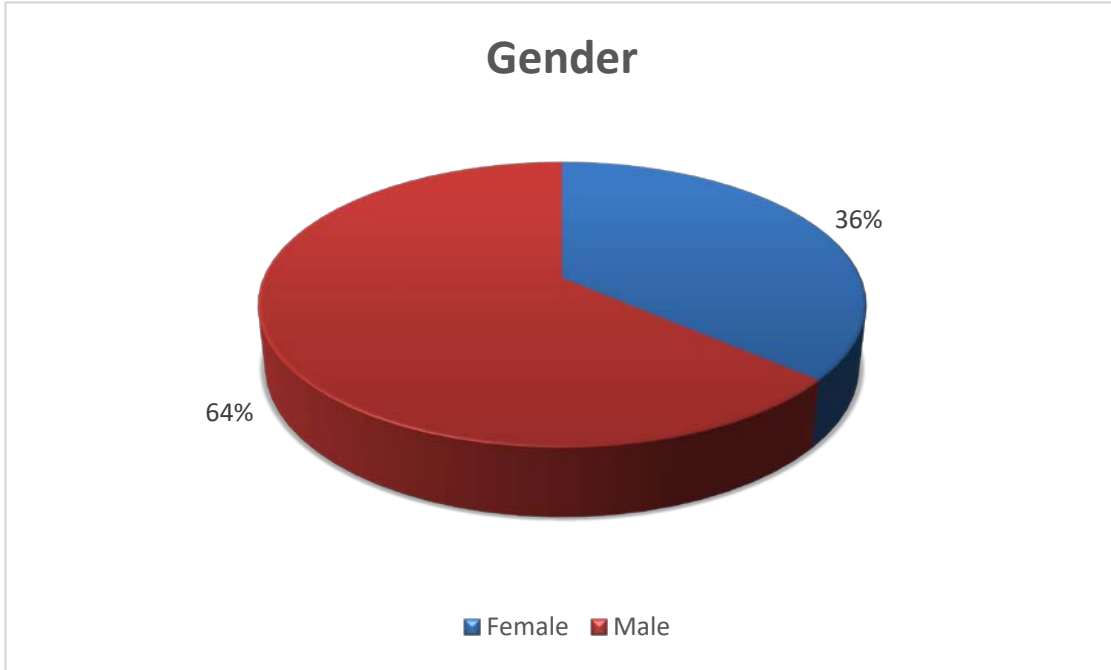
Certain critical skills are required for the agency’s staff to execute mandated strategies. Critical skills are:

Customer Service	Database Development/Maintenance/Efficiency/Transparency
Problem Solving	Debt Financing/Information Analysis/Industry Standards on Financial Reporting
Communication	State Agency Administrative Management

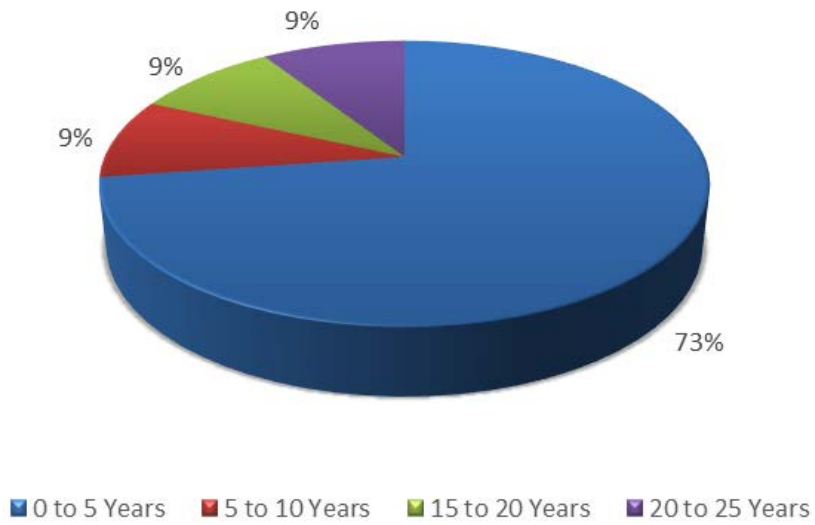
B. Demographics

The following charts profile the agency’s workforce as of June 2024. The BRB workforce is comprised of 64 percent males and 36 percent females. With a median age of 29 years, BRB staff has an average tenure with the agency of 6 years.

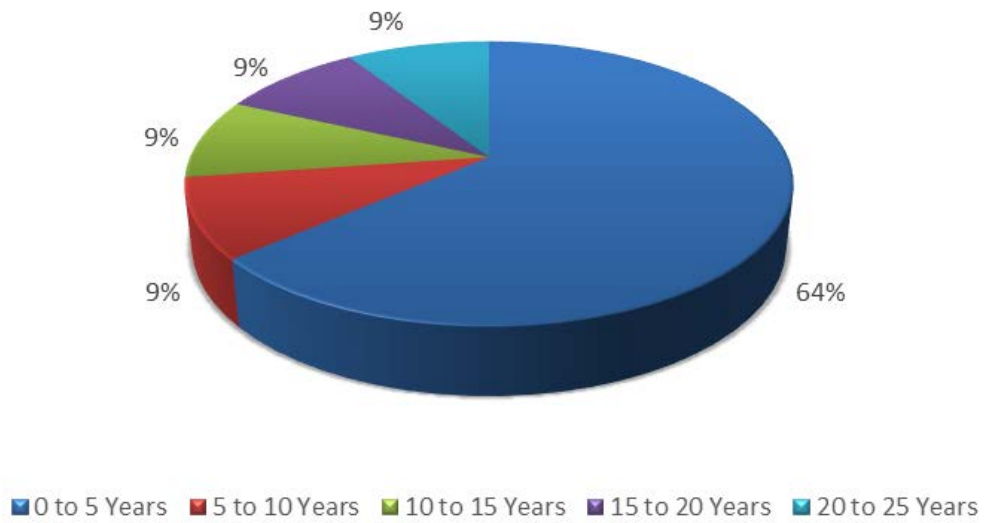
Workforce Breakdown



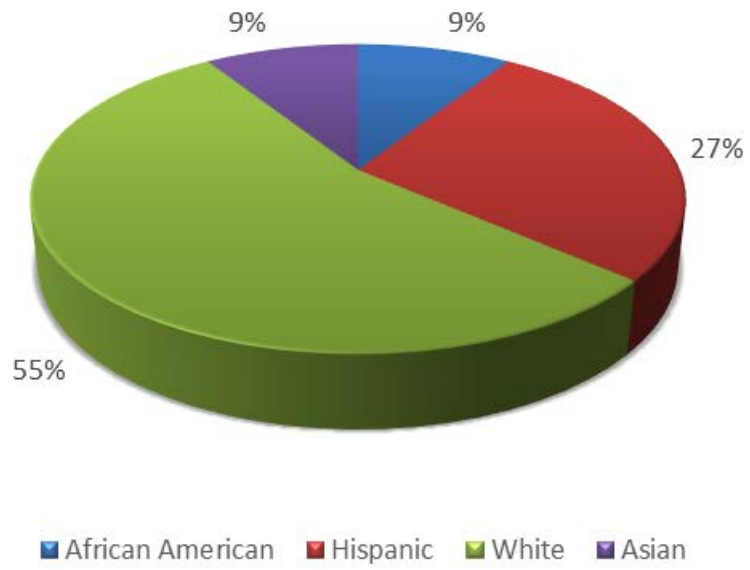
BRB Tenure



State Tenure



Ethnicity



BRB Workforce



A profile of the staff's ethnic breakdown and Job Category distribution as of June 2024 follows. The BRB's staff is 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 (A) (1.0) or Professionals/Paraprofessionals (P) (10.0) 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%	13%	0%	21%	0%	55%
Prof/Para (P)	9%	21%	27%	27%	36%	64%
Source Document: Texas State Auditor's Office Electronic Classification Analysis System (E-Class) retrieved as of May 30, 2024						

The Bond Review Board's high ratio of officials and professionals for staff is due to the agency's focus on financial transactions. The Officials/Administrator position consists of the Executive Director. The Professionals position consists of one Director II, one Director I, one Financial Analyst III, one Financial Analyst II, two Financial Analysts I, one Accountant IV, and two Accountant III. The paraprofessionals position consists of one Accounting Tech III.

C. Workforce Skills and Turnover

Workforce Skills

The Bond Review Board maintains a practice of cross-training staff. The agency currently has four financial analysts and three accountants trained in the State Debt strategy, Private Activity Bond strategy and Local Debt Strategy. The longest-tenured staff member, the Executive Director, has been with the agency 23 years and serves as a senior resource for the state and local strategies and as Private Activity Bond Allocation Program administrator. He possesses specific institutional knowledge regarding state and local nuances as well as financing structures and institutional knowledge regarding the private activity bond program.

The agency has a trend of promoting from within and staff has advanced quickly as a valuable resource for the state and local debt strategies. Financial analysts and accountants are also trained to assist with administering the private activity bond program.

The Director II has extensive experience with the analysis of bond financings and administrative functions with a tenure of 16 years with the state of Texas. The Director I has extensive experience with budgeting/financial reporting, HR, and payroll/benefits coordinator with a tenure of 11 years with the state of Texas.

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 18.7 percent in 2023. By comparison, the BRB experienced an average turnover of 20.8 percent over the past five fiscal 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 the Director II and a financial analyst assists in the day-to-day management of the network system in addition to other duties.

III. Future Workforce Analysis

Increasingly complex and extensive due diligence on state financing coupled with increasing analysis of state and local data 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 financing. There is an increasing demand for more extensive analysis of state and local debt data for agency customers. As staff becomes trained and knowledgeable with the agency's internal processes, the increased agency workload is expected to be met by the current level of FTE's.

Future Workforce Skills Needed

To administer the duties and responsibilities of the agency effectively and efficiently, 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, including knowledge of financial reporting standards;
- 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 20-30 percent over the next four years. The problem is exacerbated by the agency’s budget limitations 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 Strategy	Keep staff well-trained and current on data and information relevant to their job (program, technical or administrative). A motivated staff will be more productive and content, 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

	<p>good performance of prescribed job duties but is a reward for outstanding performance.</p> <ul style="list-style-type: none"> → 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 2024, the organizational structure and division of duties adequately address basic business needs and strategic objectives.

As financing and data analysis becomes more complex, the agency must recruit financial analysts and accountants with increasing levels of education and an analytical background in public finance. The current complement of these positions 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.