WORKFORCE PLAN 2013-2017

Appendix E

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I. Department Overview

The Department is one of three Self-Directed, Semi-Independent (SDSI) agencies operating under oversight of the Texas Finance Commission. As a SDSI agency, the Department is not required to have its budget approved by the Legislature. The Finance Commission is responsible for setting the spending authority or limits for the agency each year.

The agency's mission is carried out through chartering, licensing, examination and supervision, and customer assistance. Regulated entities receive examinations to ensure they are operating in a safe and sound manner and are in compliance with state and federal laws. The ability to adequately supervise the entities under the Department's jurisdiction requires that sufficient support be provided to our financial examiners, as well as the regulated entities through professionalism, technology, legal services, communication and administrative services.

The Department competes with financial service providers, other state agencies and the federal regulatory agencies for its professional examination staff. The agency is approved to have 196 full-time equivalent (FTE) employees and as of April 30, 2012, employs 183 individuals. This includes 14 limited term examination related staff that provide oversight for problem state-chartered banks. Field examiner staffing for the Bank and Trust Supervision Division is 109.5 and 13.5 for the Special Audits Division. However, actual field examiner staffing as of April 30, 2012, was 109, leaving 14 vacant financial examiner positions.

In order to reduce historical turnover among the financial examiner series, the Department, with the support of the Finance Commission, sought to receive approval to initiate examiner salary adjustments. On January 1, 2008, the agency issued equity adjustments for the examiner and related director series. Examiner turnover subsequently decreased during fiscal 2009. To better align Financial Examiner VIIs and related directors with federal counterparts, approval for additional equity adjustments was given in September 2009, becoming effective for fiscal year 2010. The decline in examiner turnover continued for fiscal year 2010 but rose in fiscal year 2011 to 11.4% (3% from involuntary separations and retirements). As of April 30, 2012, the financial examiner turnover for fiscal year 2012 was 8.5% (4.6% from involuntary separations and retirements).

The Department has worked diligently to reduce and abate turnover, and must continue the same efforts to sustain a qualified workforce. Problems in the banking system coupled with expanded specialty examination areas in Bank Secrecy Act/Anti-Money Laundering, bank holding company and related organizations, trusts, and Information Technology continue to increase the demand to attract and retain experienced and knowledgeable staff. In an effort to remain competitive with federal banking regulators, the agency continues efforts to maintain examiner salaries at no less than 90% of the FDIC salaries, with a goal of achieving parity. With the SDSI status, the agency now has the ability to adjust salaries as needed to remain competitive.

Offering better incentives and staff opportunities remains a priority. Although the burden cannot be fully eliminated, the Department continues to search for avenues to reduce the onus and necessity of travel. Examining personnel spend a significant amount of their time away from home to conduct on-site examinations. To reduce travel time, and provide a more family-friendly arrangement, all offices have implemented flexible schedules that allow either every Friday, or every other Friday, off. The PREP Program was also implemented. Examiners can now perform certain procedures prior to traveling on-site to the bank. Enhanced imaging methods used by banks to provide documents in advance has also contributed in reducing travel. Continuing improvements to infrastructure such as increasing headquarters and regional offices bandwidths will be needed to fully realize this method of information exchange.

II. WORKFORCE PLAN FOCUS

Key economic and environmental factors affecting the Department's workforce over the next five years include: an improving economy, turnover and retention of financial examiners, and an aging workforce in both the financial examiner series and administrative staff. As each year passes and the Department moves toward 2017, the economy is likely to recover and unemployment rates fall, resulting in more competition for qualified workers. Resurgence in banks seeking to hire examiners at a higher rate of compensation could affect the Department's ability to retain experienced examiners. The agency's challenge will be to maintain a lower turnover rate while preparing for the impact of the departure of significant numbers of retiring workers. If the economic recovery involves a significant inflationary impact, many retirement eligible employees may need to postpone retirement. Alternatively, if the legislature makes significant changes to the retirement system or retirement eligibility requirements, this could hasten the retirement of approximately 20% of the current workforce eligible to retire today. The Department needs to plan for an array of possibilities for future retention and adjustment initiatives.

Financial Examiner Turnover by Fiscal Year					
FY 2007	**FY 2008**	**FY 2009**	**FY 2010**	**FY 2011**	**FY 2012***
7.8%	11.3%	8.8%	6.2%	11.4%	8.5 %

**As of April 30, 2012*

Fiscal year 2011 financial examiner turnover included two retirements and two involuntary separations. Four individuals left for employment with banks, one for a federal regulatory agency, and one for private industry. The remaining five cited personal reasons, some related to travel.

A. TRENDS AND FACTORS AFFECTING THE RETENTION OF FINANCIAL EXAMINERS

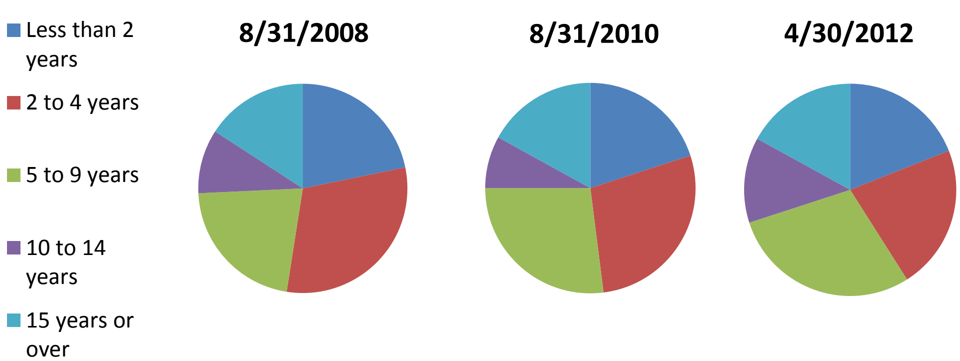
The Department's examiner positions require highly skilled and educated employees. The competition to hire and retain these workers is an on-going challenge. The Department continually reviews its training programs and compliments external curriculums with in-house schools that target specific training needs of the examiners. The Department has also implemented a Financial Examiner III-B level within the classification of the financial examiner series which allows for a salary increase after passing Phase I of the Bank Examination Testing System (BETS). Providing rewards and incentives has also helped the agency's retention of qualified staff. Examples of the agency's effort that have been implemented include:

- Noncompetitive through Financial Examiner VI positions.
- Development of career paths into specialty areas – IT, Trust, Bank Secrecy, Capital Markets, and Large Bank Supervision.
- Frequent overnight stay-out travel stipend program, if funds are available.
- Paid leave award for outstanding performance.
- Flexible work schedules to accommodate employees and their families.
- One-time merits for outstanding performance, if funds are available.

The Department continues to use a work style profile in the hiring process to try to identify candidates that have inherent work style characteristics conducive to our supervisory responsibilities, a propensity for the rigors of frequent travel and desire to establish a long term career with one employer. The screening appears to be an asset to help identify candidates best suited for our employment. The Department also includes prior work experience, preferably with a financial institution, and bilingual skills as preferred qualifications of potential candidates. Possible revision of screening and interviewing techniques may help the Department better identify the most qualified and potentially successful candidates for hire and will be reviewed in fiscal 2013.

The Department must continue to curb turnover at the lower and mid financial examiner levels. These examiners must be cultivated, trained, and retained to replace departing and retiring employees. A new internal policy prescribes that an assistant examiner has seven years to complete the core training curriculum and pass an internal test to become a qualified "commissioned" examiner. Without continued competitive salaries, the Department will have difficulty retaining trained personnel and competing for qualified candidates. Education trends indicate that the number of workers in the prime age category who have attended college is not expected to increase over the coming decades, even though demand for highly educated workers will continue to grow. Further, it is expected that there will be much greater demand and competition for highly-skilled workers.

B. Department of Banking Tenure



The goal of the Department is to achieve a two to one ratio of commissioned examiners to assistant examiners. A large balance of less tenured staff as shown in the 2008 chart puts a large burden on the more experienced to provide training to newer examiners and to provide the expertise needed for more complex assignments. The charts show a positive movement towards a more experienced tenure ratio. The goal of the Department is to retain the large group of commissioned examiners with five to twelve years of experience which helps the agency move to the staffing plan goal of 79% of commissioned examiners.

C. Trends and Factors Related to the Aging Workforce

Within the next five years, 34% of the Department's workforce will be eligible to retire. Twenty percent of this group is eligible to retire today. The loss of these employees represents a combined 678 years of experience.

Most demographic experts estimate that the number of people over the age of 65 will double over the next few decades. The impact of this shift will affect the workplace in a number of ways. The aging workforce and issues related to succession planning will become crucial as large numbers of baby boomers are expected to retire at the same time. In response to these trends, the Department is furthering the development of the succession plan and bringing retirees back into the workforce. Retired financial examiners (state and federal) are recruited to work as limited term examiners or trainers for assistant examiners; thus we fill the gap between examiners early in their careers and the long tenured experienced examiners. This facilitates and expedites the education process of new examiners and relieves experienced examiners of some training duties, allowing them to focus on other assignments.

The ability to maintain competitive salaries with federal counterparts also increases the Department's ability to recruit commissioned examiners from federal employers and gain employees with training and experience.

The aging workforce necessitates developing non-traditional workplace and employment relationships, such as short-term assignments and consulting agreements with retired employees. There are state law constraints regarding return-to-work retirees and contracting limitations but we will work within the system to best utilize this talent pool.

Succession planning is a priority as retirement and other turnover factors continue to rise. In the next five years 78.6% of senior management is eligible to retire. Preparing qualified staff to carry on these roles will require training programs such as sponsoring eligible employees for the Governor's Center for Management Development schools and other educational opportunities to develop management skills. Pertinent to the success of this transition is retaining mid-level examiners to then replace high level examiners who move into these leadership roles.

D. Increasing Diversity

The Department continues to emphasize the need for workplace diversity and to strive for a workforce reflective of the racial composition of the population. According to the May 2011 Issue of the 2010 Census Briefs, Hispanics are now the nation's largest minority group and account for the majority of births in some states. The 2010 Census reports that the Hispanic population accounted for over half the growth of the total population in the United States between 2000 and 2010. The Texas Hispanic population has increased by 41.8% since 2000. As a percentage of the United States Hispanic population, Texas is home to 18.7% of the country's Hispanics, second to California's 27.8%. In addition to a workforce that mirrors the population, this shift in demographics increases the demand for multilingual training and information. The Department includes fluency in Spanish as a preferred qualification for all jobs postings. Recruiting activities include representation at job fairs as many diverse universities in the state and distribution of job announcements to minority organizations.

III. Agency Mission

To ensure Texas has a safe, sound and competitive financial services system.

IV. Strategic Goals and Objectives

Goal 1: Effective Regulation	To ensure timely, fair, and effective supervision and regulation of the financial institutions and other licensees under our jurisdiction in order to promote a stable banking and financial services environment and provide the public with convenient, safe, and competitive services.
Objective	**A-1 Quality Bank Regulation:** To provide quality regulation and maintain the credibility of the Department with the public, the industries we regulate, federal banking regulators, and other government agencies by striving that through 2017: • Examinations of regulated entities will be performed when due. • Correction-oriented enforcement action will be taken against regulated entities that demonstrate higher than normal weakness or risk. • Accreditation status by the Conference of State Bank Supervisors (CSBS) is maintained. • Agency will strive to attract and retain qualified employees.
Strategies	**A-1.1 Bank Examination:** • Conduct commercial bank, trust company, foreign bank agency, and foreign representative office examinations, in cooperation with federal regulatory entities, in conformance with the Department's examination priority schedule. • Maintain national accreditation. • Maintain contact with, and monitor the condition of, regulated entities between examinations. • Optimize efficiencies in the examination process, including automating examination procedures and reference materials. • Research and report on changing industry and economic conditions. • Provide the industry with electronic access to regulatory and supervisory information though the website. • Monitor industry status and activities through an off-site monitoring system and engage in regular communication with federal regulators. **A-1.2 FDIC/Industry Deterioration/Federal Regulatory Consolidation Contingency Plan:** • Maintain a contingency plan to provide additional regulatory resources in the event of further industry deterioration or systemic industry problems, the reallocation of federal regulatory resources, a significant increase in the regulated asset base or substantial loss of examiners.
Objective	**A-2 Quality Non-bank Regulation**: To provide quality regulation and maintain the credibility of the Department with the public, the industries we regulate and other government agencies by striving that through 2017: • Examinations of regulated entities will be performed when due. • Correction-oriented enforcement action will be taken against regulated entities that demonstrate higher than normal weakness or risk. • Agency will strive to attract and retain qualified employees.

Strategies	**A-2.1 Non-bank Examination:** • Conduct PCC, PFC, and MSB examinations, in cooperation with federal and other state regulatory entities, in conformance with the Department's examination priority schedule. • Maintain contact with, and monitor the condition of regulated entities between examinations. • Optimize efficiencies in the examination process, including automating examination procedures and reference materials. • Research and report on changing industry and economic conditions. • Provide the industry with electronic access to regulatory and supervisory information though the website.
Objective	**A-3 Corporate Activities:** To provide convenient and competitive financial services and protect the public by striving through 2017, that all applications receive a timely and thorough review resulting in knowledgeable and competent recommendations.
Strategies	**A-3.1 Application Processing:** • Enhance current systems through the automation of applications and request processing by the efficient utilization of computer resources and programs. • Process applications and information request timely and thoroughly, resulting in knowledgeable and competent recommendations.

V. ANTICIPATED CHANGES IN STRATEGIES

The emphasis on Bank Secrecy Act/Anti–Money Laundering monitoring continues, requiring specialized staff in order to comply with this mandate. Technology and electronic payment systems are rapidly changing in banking and the money service business industries. As new forms of payments arise, the Department must devote additional resources to evaluating licensing and regulation issues, monitoring risks associated with emerging technologies, and education and training of staff to keep up with these new products.

Furthermore, as the CFPB begins to formulate compliance standards and conduct examinations on regulated entities, the Department may need to become involved in compliance examinations.

VI. SUPPLY ANALYSIS - CURRENT WORKFORCE PROFILE

A. CRITICAL WORKFORCE SKILLS

As mentioned in the Departmental Overview, as of April 30, 2012, the Department employs 183 individuals. Several critical skills are vital to maintaining the Department's ability to operate effectively and efficiently. Without these, the Department could not provide basic business functions. The skills are:

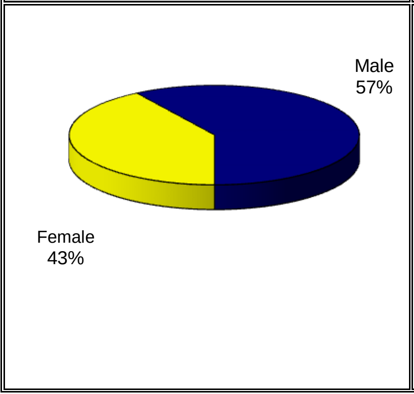
- Financial examination experience and expertise
- Customer service expertise
- Information technology expertise
- Financially related legal knowledge
- Database development and maintenance expertise
- Regulatory and accounting experience and expertise
- Financial regulatory legal expertise

B. Workforce Demographics (as of April 30, 2012)

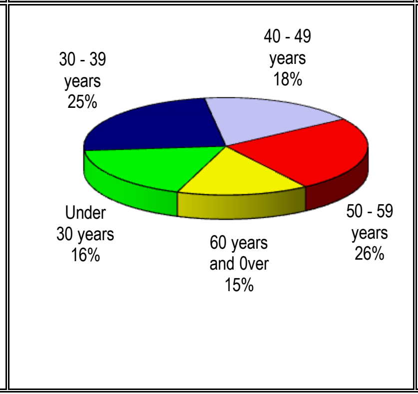
Workforce Breakdown: The following chart profiles the Department's current workforce that includes both full and part-time employees. The Department's workforce is comprised of 57% males and 43% females. Approximately 59% of our workforce is over the age of 40 and approximately 41% have less than five years of Department service. Over 78% of these less-tenured employees represent financial examiners. This percentage is high enough to warrant strong programs to ensure examiner retention.

Workforce Breakdown at April 30, 2012

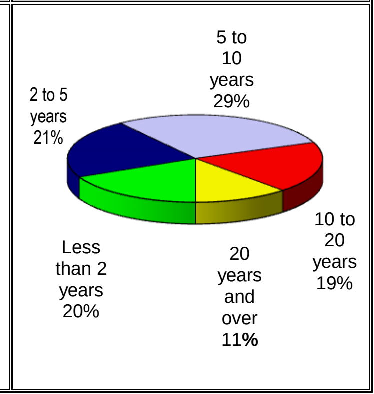
Gender



Age



Department Tenure



Department Workforce by Job Category: The following table compares African-American, Hispanic American, and female Department staffing as of April 30, 2012, to the statewide civilian workforce as reported by the Texas Workforce Commission, Civil Rights Division. The Department strives to meet various diversity targets. The Department's percentage of African-American employees in the Technical job category exceeds the state civilian workforce. The agency lags, however, in the Official/Administrative, Professional and Administrative Support categories. Hispanic Americans are under-represented in all job categories except Administrative Support as compared to the state civilian workforce. Females are under-represented in all categories except Administrative Support. The Department is vigilant in its effort to continue to monitor, address, recruit, and improve the minority representation.

Department Workforce by Job Category as of April 30, 2012

Job Category Employee Count	African-American		Hispanic American		Females	
	Department %	Civilian Workforce	Department %	Civilian Workforce	Department %	Civilian Workforce
Official/Administration 14	7%	8%	7%	21%	21%	38%
Professional 136	7%	10%	15%	19%	35%	53%
Technical 5	40%	14%	0%	27%	20%	54%
Admin. Support 28	11%	13%	36%	32%	93%	67%

C. Employee Turnover

The turnover rate for FY 2011 was 10.3%, an increase from the prior two years, as reflected in the next chart. Economic indicators suggest competition for financial examiner job skills will continue. The Department must be vigilant in researching and refining retention methods.

Twelve Year Turnover: The following chart compares the Department's turnover to that of the state over the last twelve years.

Twelve Year Turnover		
Fiscal Year	**Department Turnover Rate**	**State Turnover Rate***
FY 2011	10.3%	17.7%
FY 2010	6.2%	15.9%
FY 2009	7.1%	15.6%
FY 2008	13.6%	19.3%
FY 2007	10.8%	19.2%
FY 2006	15.8%	17.9%
FY 2005	20.9%	19.1%
FY 2004	14.4%	41.8%**
FY 2003	10.2%	17.9%
FY 2002	14.1%	15.3%
FY 2001	22.0%	18.5%
FY 2000	23.8%	18.9%

* Information obtained from the State Auditor's Office E-Class System including interagency transfers.

** The exceptionally high statewide turnover in FY 2004 is due to the reorganization of the health and human services agencies.

FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE
AS OF AUGUST 31, 2011
(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	# of Financial Examiners	% of Financial Examiners	Financial Examiner Turnover Rate FY 2011
Less than 2 years	34	26%	12%
2 – 5 years	28	22%	12%
5 – 10 years	34	26%	9%
10 – 15 years	14	11%	17%
15 – 20 years	6	5%	20%
20 years and over	13	10%	7%
TOTAL	**129**	**100%**	

FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE
FOR CERTAIN FISCAL YEARS
(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	Financial Examiner Turnover Rate FY 2010	Financial Examiner Turnover Rate FY 2011	Financial Examiner Turnover Rate FY 2012*
Less Than 2 yrs	11%	12%	3%
2 – 5 years	6%	12%	21%
5 – 10 years	4%	9%	6%
10 – 15 years	10%	17%	14%
15 – 20 years	0%	20%	0%
20 yrs and over	0%	7%	0%

** FY 2012 data as of April 30, 2012*

Financial Examiner Turnover: The financial examiner series is the largest component of the Department's workforce. Turnover in this group is most costly to the Department because examiners receive extensive professional training and direct supervision in the first four to five years of employment, which requires substantial monetary commitment by the Department.

As of August 31, 2011, 74% of financial examiners had tenure of ten years or less and constitute 33% of the turnover for FY 2011, an increase over the 21% turnover in the same category in fiscal year 2010. As of April 2012, the turnover in the 10-year and below tenure category is 30% of total turnover.

NON-FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE AS OF AUGUST 31, 2011

(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	# of Non-Examiner Employees	% of Non-Examiner Employees	Non-Examiner Turnover Rate FY 2011
Less than 2 years	6	11%	20%
2 – 5 years	10	18%	0%
5 – 10 years	21	37%	14%
10 – 15 years	8	14%	0%
15 – 20 years	4	7%	0%
20 years and over	7	13%	0%
TOTAL	**56**	**100%**	

NON-FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE FOR CERTAIN FISCAL YEARS

(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	Non-Examiner Turnover Rate FY 2010	Non-Examiner Turnover Rate FY 2011	Non-Examiner Turnover Rate FY 2012*
Less than 2 yrs	20%	20%	0%
2 – 5 years	0%	0%	0%
5 – 10 years	0%	14%	5%
10 – 15 years	0%	0%	0%
15 – 20 years	29%	0%	0%
20 yrs and over	0%	0%	0%

** FY 2012 data as of April 30, 2012*

Non-Financial Examiner Turnover: The low turnover rate across the board is likely a reflection of the economic situation and the Department's retention efforts. The Department has implemented additional flexible schedules and a work-at-home policy to encourage retention of this employee group. It is expected that non-examiner turnover will increase with time due to retirement eligibility and an improved job market.

All Employee Turnover: Overall turnover has increased since FY 2010. During FY 2011, 13% of the employees resigning their positions had been with the Department for less than two years, but there is still less than optimal turnover in all tenure categories. The Department must continue to provide incentives for employees to make employment with the Department an attractive long-term career choice.

ALL EMPLOYEE TURNOVER BY LENGTH OF SERVICE
AS OF AUGUST 31, 2011
(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	# of All Department Employees	% of All Department Employees	% of State Employees	Department Turnover Rate FY 2011	State Turnover Rate FY 2011*
Less than 2 years	40	22%	17%	13%	40%
2 – 5 years	38	20%	20%	9%	19%
5 – 10 years	55	30%	18%	11%	12%
10 – 15 years	22	12%	15%	11%	10%
15 – 20 years	10	5%	13%	11%	8%
20 years and over	20	11%	17%	5%	15%
TOTAL	**185**	**100%**	**100%**		

*Information obtained from the State Auditor's Office E-Class System including interagency transfers.

Workforce by Age: Employees over the age of 40 comprised 55% of the Department's workforce as of August 31, 2011. Employees under the age of 30 comprised 21% of the workforce.

WORKFORCE BY AGE AS OF AUGUST 31, 2011
(The denominator for the turnover percentages is the beginning balance for the period.)

Age Groups	# of All Department Employees	% of All Department Employees	% of All State Employees	Department Turnover Rate FY 2011	State Turnover Rate FY 2011*
Less than 30	39	21%	16%	17%	34%
30 – 39	44	24%	21%	5%	17%
40 – 49	31	17%	28%	15%	11%
50 – 59	45	24%	26%	5%	14%
60 and over	26	14%	9%	14%	24%

*Information obtained from the State Auditor's Office E-Class System including interagency transfers.

D. Retirement Eligibility

Thirty-one employees were qualified to retire in FY 2011. As of August 31, 2011, two of the qualifying employees retired. Since August 31, 2011, three more have retired.

Retirement from the Department does not account for the majority of separations. For this fiscal year through April 30, 2012, seven staff members have retired or announced their intent to retire before year-end. Over the next five years our pool of retirement eligible employees increases. With these retirements, we will lose substantial institutional knowledge and expertise. As of April 30, 2012, the Department has 62 employees, including 28 financial examiners that could potentially retire within the next five years. Furthermore, 20% of this group is eligible to retire today. Approximately 22% of the financial examiner workforce is eligible to retire within the next five years. Of increasing concern is that 78.6 % of current Directors are eligible to retire within the next five years.

VII. Demand Analysis - Future Workforce Profile

Assessing the future workforce requirements of the Department encompasses a broad range of issues. These issues have been identified through the Department's strategic planning process, interaction and discussion with federal banking regulators, input of agency management, and input from industry representatives. The evolution of the financial services industry means the Department will need an experienced and qualified professional staff to meet anticipated growth and change in the industry.

A. Critical Functions

- Increased Information Technology (IT) examination activity at the regulated entity and service provider level including PFC/PCC researching illegal activities and technological changes in the money services businesses.
- Increased demand on supervisory resources due to changes in national, regional and local economic and regulatory conditions.
- Increased examination activity in supervision of problem banks.
- Increased trust examination activity as the population ages and the state's wealth increases.
- Increased examination activity in the money services businesses area.
- Increased demand for Bank Secrecy Act/Anti-Money Laundering Specialists.
- Increased need for Fraud Specialists.

B. Expected Workplace Dynamics

- Increased use of technology to maximize efficiency.
- Increased use of subject matter specialists.
- Greater focus on risk assessments and problem resolution of our regulated entities.
- Greater need to investigate unlicensed activity.

C. Anticipated Increase in Number of Employees Needed

- Number of unlicensed money services businesses continues to increase.
- Assets of state-chartered banks under supervision will increase.
- Federal counterpart priorities and reallocation of examination resources.
- Training needs increase.

D. Future Workforce Skills Needed

A competent and knowledgeable staff is necessary to efficiently and effectively supervise the variety of entities under the Department's oversight and to respond to changes in these industries. Employees must increase skills in the following areas:

- Comprehensive understanding of IT risk in a constantly changing environment.
- Changing technology and diversity of products offered.
- Knowledge of financial crimes and risks.
- Project management.
- Process analysis.
- Change management.
- Management and supervision of staff.

VIII. GAP Analysis

A. Anticipated Shortage of Workers or Skills

1. Recruiting experienced examiners remains a significant challenge.
2. An imbalance of experience exists between Bank and Trust Supervision assistant examiners and commissioned examiners.
    - Noncommissioned examiners make up 42% of the bank and trust examiner workforce while commissioned examiners account for the remaining 58%. The Department's staffing plan calls for 21% assistant examiners and 79% commissioned examiners. Closing this gap requires the Department to effectively retain assistant examiners and transition them to commissioned examiners.
3. Increased staffing needs due to the following:
    - Elevated workloads due to banks with 3, 4, and 5 ratings are currently being subsidized by limited term examiners.
    - Increase in assets under the Department's supervision.
    - The anticipated addition of $20.4 billion assets from the Frost National Bank conversion.

Gap Analysis: The Department's analysis of the current Finance Commission approved FTEs and anticipated workforce needs are presented in the chart below.

Gap Analysis
As of April 30, 2010

Division	Executive			Professional			Technical			Administrative			Total		
	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap	Authorized	Need	Gap
Executive / Admin	3	3	0	0	0	0	0	0	0	2	2	0	5	5	0
Legal	0	0	0	6	6	0	0	0	0	3	3	0	9	9	0
Admin Services	0	0	0	4	4	0	0	0	0	5	5	0	9	9	0
IT Division	0	0	0	1	1	0	5	5	0	0	0	0	6	6	0
Division of Strategic Support	0	0	0	3	3	0	0	0	0	5	5	0	8	8	0
Corporate Activities	0	0	0	5	5	0	0	0	0	3	3	0	8	8	0
Bank Supervision	2	2	0	96.5	106.5	10	0	0	0	6	6	0	104.5	114.5	10
Limited Term Examiners	0	0	0	14	14	0	0	0	0	0	0	0	14	14	0
Foreign Bank Supervision	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0
Trust Company/ Dept Supervision	0	0	0	6	6	0	0	0	0	0	0	0	6	6	0
IT Examinations	0	0	0	6	6	0	0	0	0	0	0	0	6	6	0
PFC/PCC	0	0	0	10	10	0	0	0	0	4.5	4.5	0	14.5	14.5	0
MSB	0	0	0	5	5	0	0	0	0	0	0	0	5	5	0
Total Department of Banking	**5**	**5**	**0**	**157.5**	**167.5**	**10**	**5**	**5**	**0**	**28.5**	**28.5**	**0**	**196**	**206**	**10 ***

** An additional 12.5 employees would be needed to achieve 100% compliance with our outcome measures. See discussion in Appendix C.*

IX. Strategy Development

Gap	Current staffing levels contain an experience imbalance.
Goal	Reduce the existing experience gap within the Department.
Rationale	Closing the gap will reduce the impact of retirements or other loss of the most experienced personnel on the knowledge base and skill sets and preserve the Department's ability to act on and react to deterioration that might occur in regulated entities as a result of economic weakness or other factors not directly related to the economy.
Action Steps	• Continue a program that allows retirees to return-to-work in a limited term status to train less tenured employees. • Continue a program that allows time for senior personnel to mentor less tenured employees to insure knowledge and lessons learned from the past are appropriately considered in present day evaluations. • Allow mid-level managers to be in-charge of problem or more complex situations and confer with senior staff on findings. • Create a "spilled milk" notebook to record and memorialize historical approaches to problem and complex situations. • More aggressively recruit mid-level managers from outside the Department. • Continue to refine and improve our succession plan. • Implement BETS timeline for commissioning.

Gap	Current employees lack critical skills.
Goal	Develop a competent, well-trained workforce.
Rationale	The presence of a well-trained workforce is absolutely critical not only to the success of the Department, but also to the credibility of the agency and condition of the industry. The success of the Department is not only measured by whether and how well it meets its goals and objectives, but the level of credibility it maintains with its federal counterparts. The level of credibility maintained by the Department has a direct correlation on the cost of supervision and regulation to regulated entities. A loss of credibility could result in a higher volume and more frequent supervision by federal regulators and therefore increase regulatory burden upon the supervised businesses operating in Texas.
Action Steps	• Identify skills required to meet changes that have occurred and are anticipated in the financial services industries. • Expand core training programs to include more in-depth and comprehensive courses in areas of identified weakness. • Develop additional in-house training programs to supplement programs offered by CSBS and federal regulatory agencies. • Conduct a risk assessment to determine the level of risk facing the Department regarding the potential loss of knowledge and the areas of knowledge gaps. • Continue to refine and improve our succession plan. • Develop a knowledge transfer strategy that may include: documenting process, steps, dates, relationships, players, contacts, form and files. • Institute checklists, flowcharts, reference guides and job pairing to provide easy to access resources.

Gap	Attracting and retaining the right employees.
Goal	Become an employer of choice.
Rationale	There is competitive job market for qualified individuals with the skills required to perform the duties of an examiner.
Action Steps	• Continue efforts to maintain examiner salaries at no less than 90% of the FDIC salaries, with a goal of achieving parity. • Work in partnership with universities to recruit through job fairs and internship programs. • Continue to offer and expand family friendly schedules. • Continue to mitigate travel exposure with alternative work methods and technology. • Provide training in specialized areas related to the examination process.

Gap	Leadership Development
Goal	Identify high potential employees for succession to Director positions
Rationale	78.6% of current Directors are eligible to retire within the next five years.
Action Steps	• Identify the knowledge, skills and abilities of current successful leadership positions. • Identify high potential staff who possess or could more readily acquire the necessary abilities and knowledge. • Institute development plans into performance management. • Provide training, experience, or job shadowing on assignments.

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