



Texas Credit Union Department Fiscal Year 2014-2015 Workforce Plan

I. Agency Overview

The Texas Credit Union Department was established as a separate agency in 1969 to supervise and regulate state chartered unions. This is accomplished through annual examinations of each credit union to ensure enforcement of laws, rules, bylaws, and sound business practices, imposing appropriate administrative sanctions, diligent monitoring between examinations, and aggressive remedial efforts when needed.

The administrative office of the agency is domiciled in Austin, but field examiners are based in Dallas/Fort Worth and Houston. The largest percentage of employees are directly associated with the examination process including field examiners, a Chief Examiner, an administrative technician and the Deputy Commissioner. The remaining positions include the Commissioner, Assistant Commissioner/General Counsel, Network Specialist and supporting staff in Austin (See Attachment A: TCUD Organizational Chart).

The Department currently is authorized for 24.5 FTEs and does not anticipate expanding the workforce unless the number and assets of regulated credit unions increase significantly. Operating fees paid by the credit unions cover all agency expenses, including payments to other state agencies, such as the Office of Attorney General, for services performed.

A. *Agency Mission*

The mission of the Texas Credit Union Department is to supervise, regulate and examine Texas state-chartered credit unions in order to safeguard the public interest, protect the financial interests of credit union members and promote public confidence in the credit union industry.

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B. Strategic Goals and Objectives

The Texas Credit Union Department has three main goals

Goal A	EFFECTIVE SUPERVISION AND REGULATION
Objective	To effectively supervise and regulate state-chartered credit unions through enforcement of safety and soundness standards and compliance with the Texas Finance Code, and in a manner that balances the interest of the membership and the need for public confidence in the credit union system.
Strategies	<ul style="list-style-type: none"> • Examine all credit unions within 18 months of previous examination • Take appropriate enforcement action in problem credit unions • Perform remedial examinations when necessary • Respond promptly to consumer complaints • Respond promptly to requests for interpretations or opinions • Process applications in a timely manner

Goal B	INSURE SAFETY AND SOUNDNESS
Objective	Through interaction with the Credit Union Commission and the Legislature, recommend statutory and rule changes to ensure that credit unions operate in a safe and sound manner in a competitive and ever-changing financial services industry.
Strategies	<ul style="list-style-type: none"> • Promulgate new and amended rules • Recommend statutory changes to the Legislature • Provide oversight of departmental operations

Goal C	PROCUREMENT USING HISTORICALLY UNDERUTILIZED BUSINESSES
Objective	To establish and carry out policies governing purchasing and public works contracting which foster meaningful and substantive inclusion of historically underutilized businesses.
Strategies	<ul style="list-style-type: none"> • Contact HUB contractors for bid proposals • Purchase from state contracted HUB providers

C. Anticipated Changes in Strategies

The agency does not anticipate major changes to its business or workforce strategies. Offsetting the decline in the number of state-chartered credit unions is the increase in total assets of credit unions. The current growth in assets of state chartered credit unions has come primarily from expansion of field of membership and services offered by existing credit unions.

Using a risk-focused examination process, examiners give additional attention to areas of operation which have been identified in a risk assessment. Because of the disparity in the size and complexity of credit unions, examiners remain generalists in terms of their expertise. However, examiners exhibiting an interest in or special abilities in a particular discipline (lending, investments, internal controls, etc.) will be provided with more specific training in that discipline. Due to the increased use of information technology in credit union operations and the critical need for adequate back up and security for these systems, the Department anticipates increasing the scope of the information technology examination of credit unions each year. This will be accomplished by providing additional training to examiners.

II. Current Workforce Profile

A. Critical Workforce Skills

The agency has a core group of qualified employees at the present time. The examiners, which represent the majority of employees, must have degrees in accounting, finance, or economics with a minimum of six hours of accounting. Other skills that are important to the agency's ability to perform our business function include:

- Financial statement analysis
- Investment analysis
- Oral and written communication
- Investigative
- Loan analysis
- Internal control analysis
- Information technology analysis

The support staff must also possess skills that are critical to the operation of the agency. These skills include:

- Database development and maintenance
- Customer service
- Document processing
- Accounting/Payroll

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B. Workforce Demographics

The following charts profile the agency's workforce as of December 31, 2011. The agency is authorized 24.5 FTEs; currently it has 22.5 FTEs. The TCUD workforce is comprised of 63 percent males and 37 percent females. Sixty-eight percent of the employees are over the age of 40; the average age of a TCUD employee is 45 years. The average age of the examination staff is 37 years. The average tenure of an agency employee is 11.3 years; the average tenure of the examiners is only 9.2 years. Four examiners have been with the Department less than two years. There are two vacant examination positions.

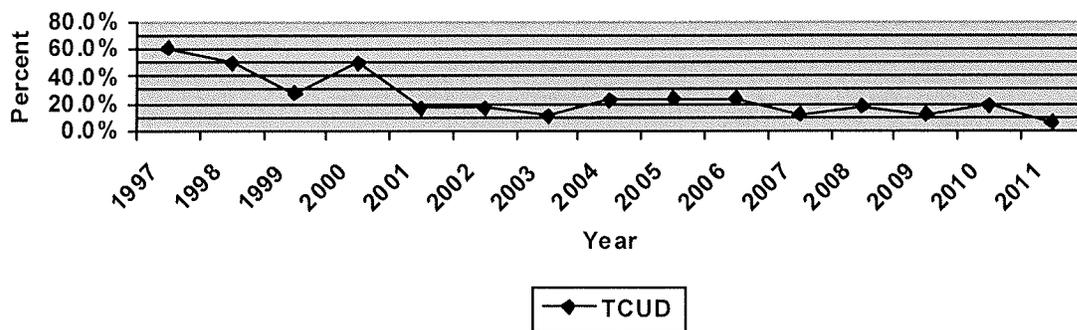
The ethnic breakdown of the workforce is 63% Anglo, 35% African-American, 8% Hispanic and 4% Other. The 2010 Census showed a Texas population that was 45.3% Anglo, 11.8% African-American, 37.6% Hispanic, and 4.6% Other. Most census projections predict a rising Hispanic population in the state of Texas over the next 40 years.

C Employee Turnover

Employee turnover is experienced by every business entity or governmental agency. It is costly to continually train new employees, diminishes efficiency of the staff, and adversely affects employee morale. The Credit Union Department experienced very high examiner turnover rates during the late 1990's, attributable to non-competitive salaries, travel requirements, and the nature of the work as a regulatory agency. Management and support staff positions remained constant during the same period. Examiners with experience in excess of 2-3 years become attractive to credit unions due to their wide diversity of experiences, exposure to many different situations, and familiarity with credit union laws and regulations. Experienced examiners were also attracted to the National Credit Union Administration (NCUA), the federal regulator, by higher salaries, less travel, and, in some cases, a recruitment bonus.

During the period from FY 2006 to FY 2011, three examiners (average tenure of 85.8 months) were hired by credit unions, one examiner (tenure of 44 months) was hired by NCUA, and one examiner (tenure of 65 months) was hired by the FDIC. Another 11 examiners left employment with an average tenure of 20.3 months.

Examiner Turnover



D. Retirement Eligibility

The agency was created in 1969, but through the years very few employees have remained with the agency until retirement. Based on available information, only nine employees have retired from the agency. Three retired in the early 1970's soon after the agency became independent from the Banking Department; four employees have retired from 1996-2002, one medically. At the end of FY2003, two employees retired, prompted by the retirement incentive package authorized by the 78th Legislature. At the current time, five employees are eligible for retirement, with two more employees becoming eligible within the next two years.

E. Other Considerations

While there is now an improved beginning salary for examiners, retention of experienced examiners will still be a problem as financial institutions and federal agencies still pay a higher salary and require less travel. Agency-wide, the turnover rate is expected to stay between 12% - 16% annually for at least the next few years. The Department is looking at other benefits and work condition enhancements to help with examiner retention.

III. Future Workforce Profile

A. Critical Functions

- Risk based examination program
- Electronic delivery of examinations
- Offsite monitoring
- E-commerce security

B. Expected Workforce Changes

- Increased use of technology to revise and streamline work processes
- Examiners having specialized areas of expertise

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

- No immediate increase or decrease expected in FTE count

D. Future Skills Needed

To effectively perform and process examinations, the agency relies upon a competent and knowledgeable staff. The skills mentioned previously under *Critical Workforce Skills* should be constant for the future; no immediate new skill requirements are anticipated at this time. As employees gain more tenure and experience, their skills should become more refined; employees whose skills do not significantly improve or expand may not be retained.

IV. Gap Analysis

A. Anticipated Surplus or Shortage of Workers or Skills

After analyzing the workforce information, the Credit Union Department believes that there is only one main gap between the agency's workforce supply and demand that needs to be addressed.

1. Attracting and retaining the right employees for the job

- Competing for business majors with at least 6 hours of accounting
- Younger employees are not staying with agency
- Assuring experienced, well-performing employees of regular salary increases and competitive salaries

V. Strategy Development

Gap	Attracting and Retaining the Right Employees
Goal	Become an employer of choice and offer career opportunities
Rationale	There is a competitive job market for qualified individuals with the skills required to perform the duties of an examiner. The agency will continue to reward exceptional performance within statutory limitations, provide staff development through training opportunities, provide career opportunities, and support innovation and excellence.

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Action Steps	<ul style="list-style-type: none">• Continue regular pay increases for performance• Allow employees who are seeking new challenges to work on special projects, or assign development projects• Provide training in specialized areas related to the examination process
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With the exception of increasing the scope of the information technology examination, the Credit Union Department is not anticipating changes in the examination process during the next 2-3 years. While the agency has only 24.5 FTEs, retirements are not expected to adversely impact the organization. Other employee turnover is expected to stabilize with the salary increases and other incentives aimed at retention. Major organizational changes are also not anticipated.