APPENDIX E
Workforce Plan 2015-2019

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Workforce Plan 2015-2019

I. Department Overview

The Department is a Self-Directed, Semi-Independent (SDSI) agency operating under the 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 200 full-time equivalent (FTE) employees and as of April 30, 2014, employs 185 individuals. Field examiner staffing for the Bank and Trust Supervision Division is 99.25 and 16 for the Special Audits Division, leaving 13.75 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. Continuation of equity adjustments for financial examiner salaries to better align with federal counterparts has led to an overall decline in examiner turnover. Although examiner turnover rose in Fiscal Year (FY) 2012 to 17.05% (mainly due to terminations, retirements and death) only 7.75% of FY 2012 turnover was voluntary. Total financial examiner turnover significantly decreased in FY 2013 (8.20%). As of April 30, 2014, the financial examiner turnover for FY 2014 was 6.06% (2.28% 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. Lessons learned from the past banking crisis highlight the need to retain a sufficient number of trained and tenured staff to stay abreast of economic and industry changes and be prepared for adverse events that will occur sometime in the future. The Department needs to be prepared for these contingencies rather than become complacent during times of prosperity. 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 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 Pre-Examination Program (PREP) 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 have also contributed in reducing travel. Infrastructure, such as increasing headquarters and regional offices online bandwidths, has been implemented to enhance the methods of information exchange. To compensate for the burden of prolonged travel, the Department offers a stipend program to individuals who meet a minimum number of nights in "stay-out" travel status on an annual basis.

In 2012, the Department developed the Student Educational Employment Program (SEEP) which is a paid internship program in partnership with Texas A&M University and Sam Houston State University.

Each has a dedicated banking program. The purpose of the SEEP is to introduce students to the career of a Financial Examiner so they may consider applying for a regular position with the Department upon their graduation.

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; an aging workforce; increased ethnic diversity; and technology that improves efficiency and productivity. The Texas unemployment rate as of March 2014 was 5.5%. It has fallen dramatically since it peaked in March 2010 at 8.3%, 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 reasonable 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 22% 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	FY 2013	FY 2014*
7.8%	11.3%	8.8%	6.2%	11.4%	17.0%	8.2%	6.1%

**As of April 30, 2014*

Fiscal year 2012 financial examiner turnover included seven retirements, five involuntary separations, five employees left for employment with banks, two with a federal regulatory agency, two to private or public sector and one cited personal reasons.

Fiscal year 2013 financial examiner turnover included one retirement and two involuntary separations. Two individuals left for employment with banks, one for a federal regulatory agency, and two for private industry. The remaining three cited personal reasons, some related to travel. Fiscal year 2014 (as of April 30, 2014) financial examiner turnover (eight in total) includes two retirements and one death. Three left for employment with a federal agency, one left to work for a bank and another left for personal reasons.

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 efforts that have been implemented include:

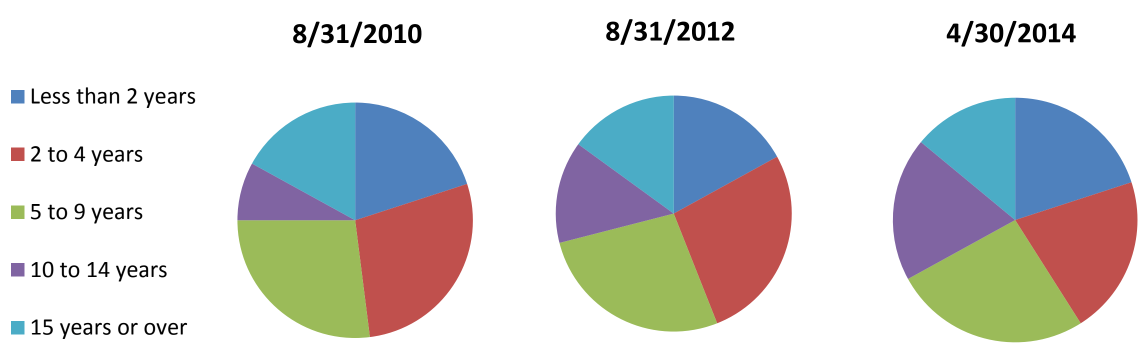
- Noncompetitive promotion through Financial Examiner VI classification.

- 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.
- Flexible work schedules to accommodate employees and their families.
- One-time or permanent merit based pay increases.

The Department continues to use a work style profile in the hiring process 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. Recent implementation of competency based interviewing will also help the Department better identify the most qualified and potentially successful candidates for hire.

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. 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. The charts above show a positive movement towards a balanced 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 87% commissioned examiners in Bank and Trust Supervision. Special Audits aims to have 75% senior examiners.

C. TRENDS AND FACTORS RELATED TO THE AGING WORKFORCE

Within the next five years, 33% of the Department's workforce will be eligible to retire. 22% of this group is eligible to retire today. The loss of these employees combined represents over 900 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; 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 68.75% 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. The agency has begun to require all Financial Examiner level VI and above to enroll and participate in this type of management training. 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. 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: 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 2019: • Examinations of regulated entities will be performed when due. • Correction-oriented enforcement action will be taken against any regulated entity that demonstrates higher than normal weakness or risk. • Accreditation status by the Conference of State Bank Supervisors (CSBS) will be 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 CSBS 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. • Provide substantive training to staff. • 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 2019: • Examinations of regulated entities will be performed when due. • Correction-oriented enforcement action will be taken against regulated any entity that demonstrates higher than normal weakness or risk. • Agency will strive to attract and retain qualified employees. • Agency will seek out illegal entities operating without a charter or license.
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 swift and efficient investigation/prosecution of illegal operatives. • Provide the industry with electronic access to regulatory and supervisory information and filings though the website.
Objective	**A-3 Corporate Activities:** To provide convenient and competitive financial services and protect the public by striving through 2019, 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. • Provide on-line filing of applications and forms. • Process applications and information request timely and thoroughly, resulting in knowledgeable and competent recommendations.

V. Anticipated Changes in Strategies

Specialized staff and training are necessary in order to assess financial service provider's procedures to prevent cyber-security fraud, which is a constantly evolving threat. Technology and electronic payment systems continue to change as new forms of payment systems arise. Therefore, the Department must devote additional resources to evaluating licensing and regulation issues, monitoring risks associated with emerging technologies, and providing education and training to staff to keep up with these new products and technologies.

The Department may become more involved in compliance examinations of the larger financial institutions and will be participating in compliance examinations of large money service businesses with the Consumer Financial Protection Bureau.

APPENDIX E
Workforce Plan 2015-2019

VI. Supply Analysis - Current Workforce Profile

A. Critical Workforce Skills

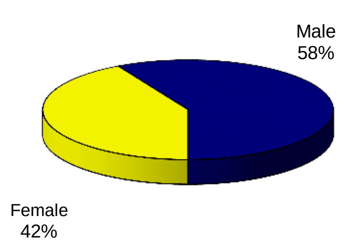
As mentioned in the Department Overview, as of April 30, 2014, the Department employs 185 individuals. Several critical skills are vital to maintaining the Department's ability to operate effectively and efficiently. Without these, the Department could not provide basic business functions. The skills are:

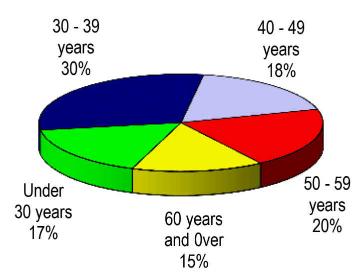
- Financial examination experience and expertise
- Customer service expertise
- Information technology expertise
- Financially related legal knowledge
- Database development and maintenance expertise
- Regulatory and accounting experience and expertise
- Financial regulatory legal expertise

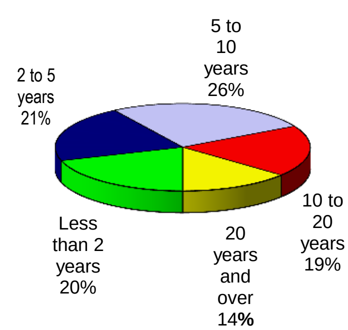
B. Workforce Demographics (as of April 30, 2014)

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 58% males and 42% females. Approximately 53% of our workforce is over the age of 40 and approximately 41% have five years or less of Department service. Over 47% of financial examiners have less than five years of Department experience. This percentage is high enough to warrant strong programs to ensure examiner retention.

Workforce Breakdown as of April 30, 2014		
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, 2014, to the statewide civilian workforce as reported by the Texas Workforce Commission, Civil Rights Division. The Department strives to meet these diversity targets. Hispanic Americans, African-American and Females are under-represented in Official/Administration category. African-American and Females are under-represented in the Professional category. Females and Hispanic-Americans are under-represented in the Technical category. African-Americans are under-represented in the Administrative Support category. We have only one para-professional who is a Hispanic-American, Female. 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, 2014

Job Category Employee Count	African-American		Hispanic American		Females	
	Department %	Civilian Workforce	Department %	Civilian Workforce	Department %	Civilian Workforce
Official/Administration 14	7%	9%	7%	20%	21%	39%
Professional 140	7%	11%	18%	17%	36%	59%
Technical 5	40%	14%	0%	21%	20%	41%
Admin. Support 25	8%	14%	36%	30%	88%	66%
Para-Professional 1	0%	14%	100%	48%	100%	41%

C. Employee Turnover

Overall turnover has remained relatively static over the past three fiscal years, but is still higher than the target turnover rate of 8%. The turnover rate for FY 2013 was 11.9%, a decrease from the prior year, as reflected in the next chart. Excluding retirements and involuntary separations, the turnover rate for FY 2012 is 7% and FY 2013 is 6%. 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 2013	11.9%	18.9%
FY 2012	12.6%	19.6%
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%

* 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, 2013
(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	# of Financial Examiners	% of Financial Examiners	% of Financial Examiner Turnover FY 2013
Less than 2 years	28	21%	10%
2 – 5 years	33	25%	20%
5 – 10 years	32	25%	40%
10 – 15 years	22	17%	0%
15 – 20 years	6	5%	0%
20 years and over	10	7%	30%
TOTAL	**131**	**100%**	**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	% of Financial Examiner Turnover FY 2012	% of Financial Examiner Turnover FY 2013	% of Financial Examiner Turnover FY 2014*
Less Than 2 years	9%	10%	12%
2 – 5 years	36%	20%	38%
5 – 10 years	18%	40%	12%
10 – 15 years	5%	0%	26%
15 – 20 years	0%	0%	12%
20 years and over	32%	30%	0%

** FY 2014 data as of April 30, 2014*

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, 2013, 71% of financial examiners had tenure of ten years or less and constitute 70% of the turnover for FY 2013, an increase over the 63% turnover in the same category in fiscal year 2012. As of April 2014, the turnover in the 10-year and below tenure category is 62% of total financial examiner turnover.

NON-FINANCIAL EXAMINER TURNOVER BY LENGTH OF SERVICE
AS OF AUGUST 31, 2013
(The denominator for the turnover percentages is the beginning balance for the period.)

Years of Service	# of Non-Examiner Employees	% of Non-Examiner Employees	% of Non-Examiner Turnover FY 2013
Less than 2 years	5	9%	12%
2 – 5 years	7	12%	26%
5 – 10 years	15	27%	0%
10 – 15 years	18	32%	38%
15 – 20 years	1	2%	12%
20 years and over	10	18%	12%
TOTAL	**56**	**100%**	**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	% of Non- Examiner Turnover FY 2012	% of Non- Examiner Turnover FY 2013	% of Non- Examiner Turnover FY 2014*
Less than 2 years	0%	12%	0%
2 – 5 years	0%	26%	0%
5 – 10 years	100%	0%	50%
10 – 15 years	0%	38%	50%
15 – 20 years	0%	12%	0%
20 years and over	0%	12%	0%

** FY 2014 data as of April 30, 2014*

Non-Financial Examiner Turnover: The majority of non-examiner turnover is occurring with employees with more than ten years of experience. Two exceptions to this trend are one employee in FY 2012 and another in FY 2014 who were in the 5-10 year category. It is expected that non-examiner turnover will increase with time due to retirement eligibility and an improved job market.

ALL EMPLOYEE TURNOVER BY LENGTH OF SERVICE
AS OF AUGUST 31, 2013
(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	% of Department Turnover FY 2013	% of State Turnover FY 2013*
Less than 2 years	33	18%	18%	11%	42%
2 – 5 years	40	21%	20%	17%	19%
5 – 10 years	47	25%	20%	28%	12%
10 – 15 years	40	21%	14%	17%	11%
15 – 20 years	7	4%	12%	5%	10%
20 years and over	20	11%	16%	22%	6%
TOTAL	**187**	**100%**	**100%**	**100%**	**100%**

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

All Employee Turnover: Retirement will remain a major factor in our turnover rate. The highest rates of Department turnover in FY 2013 occurred in the 5-10 year and 20 plus year categories. The Department must continue to provide incentives for employees to make employment with the Department an attractive long-term career choice.

WORKFORCE BY AGE AS OF AUGUST 31, 2013
(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	% of Department Turnover FY 2013	% of State Turnover FY 2013*
Less than 30	30	16%	16%	11%	36%
30 – 39	55	29%	22%	22%	18%
40 – 49	31	17%	27%	6%	12%
50 – 59	42	22%	25%	28%	15%
60 and over	29	16%	10%	33%	19%
TOTAL	**187**	**100%**	**100%**	**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, 2013. Employees under the age of 30 comprised 16% of the workforce.

D. Retirement Eligibility

Forty-one (or 22% of) employees are qualified to retire in FY 2014. 48% of Headquarters staff and 25% of all field examiner staff are eligible to retire in the next five years.

Retirement from the Department does not account for the majority of separations. For this fiscal year through April 30, 2014, four staff members have retired and one has 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, 2014, the Department has 61 employees, including 29 financial examiners that could potentially retire within the next five years. Furthermore, 22% of this group is eligible to retire today. In the next five years 68.75% of senior management is eligible to retire.

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.

APPENDIX E
Workforce Plan 2015-2019

A. Critical Functions

- Increased Information Technology (IT) examination activity at the regulated entity and service provider level.
- Increased demand on supervisory resources due to changes in national, regional and local economic and regulatory conditions.
- Increased trust examination activity as the population ages and wealth management becomes more pronounced.
- Increased examination activity because of changes in products and technologies in the money services businesses area.
- Increased demand for Bank Secrecy Act/Anti-Money Laundering specialists.
- Increased need for Fraud Specialists.
- Implementation of Dodd-Frank requirements.

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 and/or illicit activity.

C. Anticipated Increase in Number of Employees Needed

- Number of new money services businesses continues to increase.
- Assets of and services offered by 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.
   - In FY 2014, noncommissioned examiners make up 33% of the bank and trust examiner workforce while commissioned examiners account for the remaining 67%. The Department's staffing plan calls for 13 % assistant examiners and 87% commissioned examiners. Although the Department has made great strides in closing this gap (In FY 2008 this percentage spread was 58.1% non-commissioned to 41.9% commissioned), continuing the trend of improving this ratio requires the Department to effectively retain assistant examiners and transition them to commissioned examiners while retaining the commissioned examiners that we already have.
3. An increase in assets or large institutions under the Department supervision would call for additional staffing.
4. An increase in fraud investigations or enforcement actions would call for additional staffing.
5. An increase in technology needs may call for additional Information Technology staff.
6. Current Increased staffing needs due to the following:
   - Increase in the number of money service business opinion requests, new applications and examinations required to be performed.

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, 2014

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	7	7	0`	0	0	0	3	3	0	10	10	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	6	6	0	0	0	0	7	7	0
Division of Strategic Support	0	0	0	3	3	0	0	0	0	6	6	0	9	9	0
Corporate Activities	0	0	0	5	5	0	0	0	0	3	3	0	8	8	0
Bank Supervision	2	2	0	103	103	0	0	0	0	6	6	0	111	111	0
Foreign Bank Supervision	0	0	0	1	1	0	0	0	0	0	0	0	1	1	0
Trust Company/ Department Supervision	0	0	0	9	9	0	0	0	0	0	0	0	9	9	0
IT Examinations	0	0	0	11	11	0	0	0	0	0	0	0	11	11	0
PFC/PCC	0	0	0	11	11	0	0	0	0	3	3	0	14	14	0
MSB	0	0	0	6	7	1	0	0	0	0	0	0	6	7	1
Total Department of Banking	**5**	**5**	**0**	**161**	**162**	**1**	**6**	**6**	**0**	**28**	**28**	**0**	**200**	**201**	**1**

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 to train less tenured employees. • Continue a program that allows time for senior personnel to mentor less tenured employees to ensure 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. • Continuation of 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 and develop the current internship program. Expand program to more universities. • 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. • The Department is also exploring new strategies to meet staffing needs. One strategy may be to over-staff in critical areas in order to increase the "bench-strength" of the Department. A cost/benefit analysis of this strategy will need to be analyzed.

Gap	Leadership Development
Goal	Identify high potential employees for succession to Director positions
Rationale	68.75% 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 that 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. • Provide opportunities for mid-level managers to attend management training programs.

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