



Texas Credit Union Department Fiscal Year 2015-2016 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, Austin, 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 25 FTEs and will consider expanding the workforce as the complexity and assets of regulated credit unions increases. 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.

B. Strategic Goals and Objectives

The Department has four strategic goals:

1. To ensure a safe and sound credit union industry;
2. To provide a flexible regulatory framework that enables credit unions to provide a full competitive array of financial services;
3. To safeguard the interest of credit union members; and
4. To develop a professional and motivated staff that provides quality service to the citizens of Texas and supports achievement of the Department's statutory mission.

Objectives and strategies are established for each strategic goal. Objectives further define the intended outcomes of each goal. Strategies are the means to align the Department's operational processes, skills, technologies, and resources to achieve strategic goals and objectives.

Strategic Goal 1: A SAFE AND SOUND CREDIT UNION INDUSTRY

Strategic Objective 1: The Department anticipates, understands, addresses, and communicates risk to credit unions. The Department seeks to fulfill this objective by:

1. Establishing the appropriate regulatory framework.
2. Ensuring risk-based supervision is properly implemented and focused on material risks to the industry and individual credit unions.
3. Identifying emerging risk areas related to industry and individual credit unions.
4. Complying with the examination requirements of 7 TAC Section 97.105.
5. Resolving problem credit unions in a timely fashion, effectively, and when possible, without loss to the share insurance provider.
6. Taking prompt and effective enforcement actions when warranted.

Strategic Objective 2: The Department cooperates with other regulatory authorities on common interests. The Department seeks to fulfill this objective by:

1. Working effectively with the NCUA, private share insurance providers, and other state regulators to identify and address risks and emerging issues.
2. Implementing and developing new coordination and collaboration agreements with NCUA, private share insurance providers, and other applicable state regulators regarding supervisory activities performed in credit unions and information exchange.

Strategic Objective 3: Supervisory methods and analytical tools keep pace with industry changes and appropriately support the broader mission of the Department. The Department seeks to fulfill this objective by:

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1. Utilizing analytical tools and reports to effectively use the data collected from credit unions to foster informed decision making for supervisory operations and policy.
2. Deploying supervisory technology solutions to enhance data quality and provide user-friendly examiner access to key credit union and industry information.

Strategic Goal 2: A FLEXIBLE REGULATORY FRAMEWORK

Strategic Objective 1: Each Commission rule is current, clearly written, and necessary for an effective supervisory process. The Department seeks to fulfill this objective by:

1. Drafting, amending, and implementing rules to fulfill Legislative directives and to ensure relevance to current conditions.
2. Conducting the mandatory rule review in accordance with Commission's approved plan.
3. Implementing rulemaking through successful collaboration and consultation with interested parties.

Strategic Objective 2: The Department supports credit union efforts to remain competitive, consistent with safety and soundness. The Department seeks to fulfill this objective by:

1. Supporting the continued recognition of the attributes of the state credit union charter through appropriate opinions and rules.
2. Developing and modernizing attributes of the credit union charter and the role and status of the industry.
3. Enhancing communication with NCUA and other state regulators to facilitate better coordination on issues affecting credit unions.
4. Communicating attributes of the state charter within and outside the Department.

Strategic Objective 3: Application procedures are efficient and consistent with safety and soundness. The Department seeks to fulfill this objective by:

1. Providing a standardized application package.
2. Establishing policies and procedures that provide clear and comprehensive guidance.
3. Implementing and maintaining processes for prompt screening of applications
4. Enhancing existing technology solutions that support effective application operations.

Strategic Goal 3: PROTECT CREDIT UNION MEMBER INTERESTS

Strategic Objective 1: All credit union members have reasonable access to credit union services and are treated fairly and lawfully. The Department seeks to fulfill this objective by:

1. Reinforcing the importance of fair and honest treatment of credit union members through appropriate supervisory and enforcement action.

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2. Expanding the agency's role in resolving and/or mediating member complaints handled by the Department.
3. Strengthening role in addressing member privacy, information security, and identity theft.
4. Enhancing the Department's consumer compliance examination program.

Strategic Objective 2: Credit unions are involved in providing financial services in underserved communities within this State. The Department seeks to fulfill this objective by:

1. Supporting the efforts of credit unions to expand their fields of membership to included underserved and low income communities.
2. Facilitating the process for credit unions to obtain a low-income designation from NCUA.
3. Participating in financial literacy efforts by the industry and other agencies.

Strategic Goal 4: A SKILLED AND MOTIVATED STAFF

Strategic Objective 1: The Department maintains a competent, highly motivated, and diverse workforce in a fair and inclusive work environment. The Department seeks to fulfill this objective by:

1. Maintaining a comprehensive Equal Employment and Workforce Diversity Plan.
2. Executing an aggressive recruiting and comprehensive training strategy for new entry-level examiners.
3. Developing proactive initiatives focused on the retention of employees, including mentoring, employee feedback, incentives, and recognition programs.
4. Creating a leadership development program to support and enhance management succession.
5. Implementing an external hiring strategy to augment specialized skills to enhance the Department's supervision of complex credit unions.

Strategic Objective 2: The Department is an efficient, effective, and ethical organization. The Department seeks to fulfill this objective by:

1. Ensuring compliance with laws, rules, and stewardship of its resources through program evaluations and a quality management framework.
2. Ensuring compliance with the rules, policies and procedures for ethical conduct by its employees.
3. Ensuring reliable, secure, modern information technology systems are in place in support of an environment that meets the Department's mission, goals, and objectives.
4. Leveraging technology, with particular focus on information management initiatives, such as records and knowledge management.

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Strategic Objective 3: The Department's resource decisions and operations reflect sound financial, security, and risk management principles. The Department seeks to fulfill this objective by:

1. Implementing security controls to mitigate risk and to protect confidential information.
2. Improving contingency planning for business continuity, including information technology recovery, compliance with Homeland Security requirements, and crisis management strategies.
3. Achieving reliable, accurate and timely financial resources management information.

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 and may include contracting with third party experts when appropriate.

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, business, economics, or directly related business field, 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
- Loan analysis
- Internal control analysis
- Information technology analysis

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- Investigative

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

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

B. Workforce Demographics

The following charts profile the agency's workforce as of December 31, 2013. The agency is authorized 25 FTEs; currently it has 24 FTEs. The TCUD workforce is comprised of 67 percent males and 33 percent females. 67 percent of the employees are over the age of 40; the average age of a Department employee is 45 years. The average age of the examination staff is 38 years. The average tenure of an agency employee is 11 years; the average tenure of the examiners is 10 years. Three examiners have been with the Department less than two years. There is one vacant examination position.

The ethnic breakdown of the workforce is 67 percent Anglo, 17 percent African-American, 12 percent Hispanic and four percent Other. The 2010 Census showed a Texas population that was 45.3 percent Anglo, 11.8 percent African-American, 37.6 percent Hispanic, and 4.6 percent Other. Most census projections predict a rising Hispanic population in the state of Texas over the next 40 years.

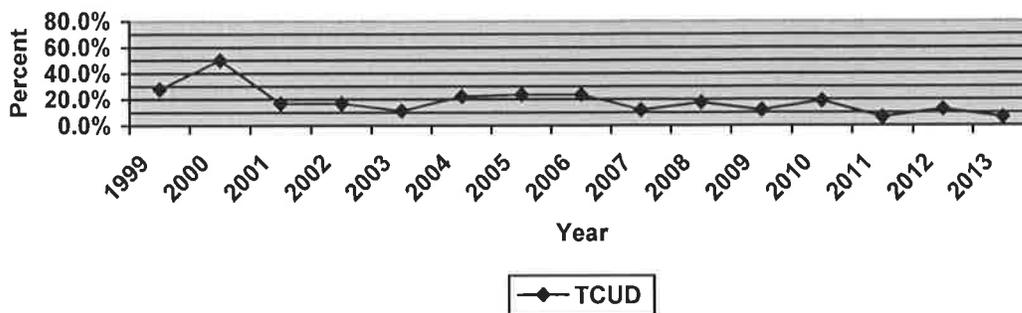
C Employee Turnover

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 2008 to FY 2013, four examiners (average tenure of 78 months) were hired by credit unions and one examiner (tenure of 44 months) was hired by NCUA. Another 8 examiners left employment with an average tenure of 27 months.

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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 eleven 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 beginning of FY 2013, two employees retired. At the current time, four employees are eligible for retirement, with one more employee 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 12percent - 16percent 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

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B. Expected Workforce Changes

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

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

- The FTE count is anticipated to increase by 2 over the next two years to ensure continuity of service and address the increasing complexity of credit union examinations.

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 25 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.