**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULES F. AGENCY WORKFORCE PLAN AND THE TEXAS WORKFORCE SYSTEM STRATEGIC PLAN**

# Credit Union Department
# Fiscal Year 2017-2018 Workforce Plan

## I. Agency Overview

The 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 Director of Examination Support Activities, 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 Appendix B: CUD Organizational Chart).

The Department currently is authorized for 28.5 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 Credit Union Department is to safeguard the public interest, protect the interests of credit union members and promote public confidence in credit unions industry in accordance with Tex. Fin. Code §15.102.*

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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 | • Examine all credit unions within 18 months of previous examination<br>• Take appropriate enforcement action in problem credit unions<br>• Perform remedial examinations when necessary<br>• Respond promptly to member complaints<br>• Respond promptly to requests for interpretations or opinions<br>• 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 | • Promulgate new and amended rules<br>• Recommend statutory changes to the Legislature<br>• 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 | • Contact HUB contractors for bid proposals<br>• 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, and federal credit unions converting to a state charter.

Using a risk-focused examination process, examiners give additional attention to areas of operation that 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 may be accomplished by requiring credit unions to perform a third-party information technology audits that the examiners will review and/or hiring qualified third-parties to perform specific functions.

## 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 major course work in accounting, finance, economics, business administration or a job related field with a minimum of six hours, nine preferred, in accounting (including basic and intermediate 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

### *B. Workforce Demographics*

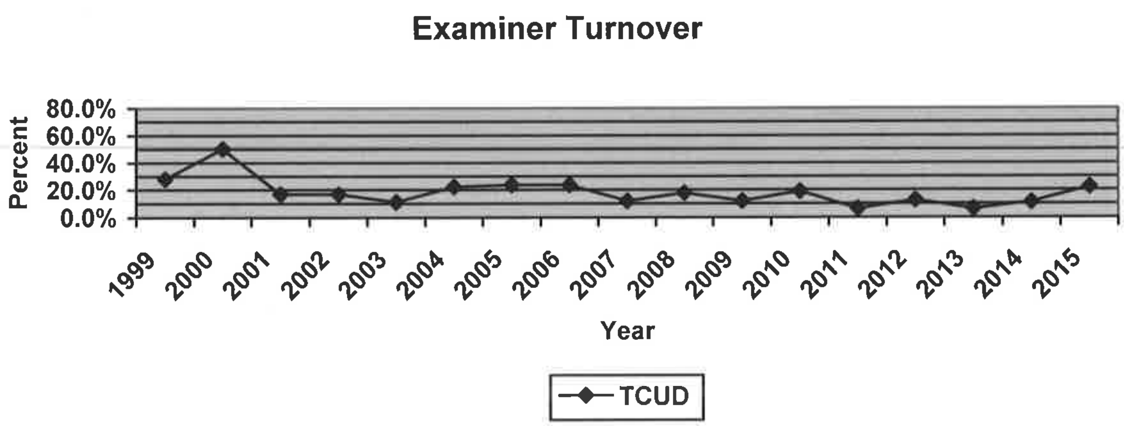
The following charts profile the agency's workforce as of December 31, 2015. The agency is authorized 28.5 FTEs. The CUD workforce is comprised of 53.6 percent males and 46.4 percent females. 57 percent of the employees are over the age of 40; the average age of a Department employee is 42 years. The average age of the examination staff is 34 years. The average tenure of an agency employee is 10.8 years; the average tenure of the examiners is 7.4 years. 10 examiners have been with the Department less than two years.

The ethnic breakdown of the workforce is 57 percent Anglo, 25 percent African-American, 11 percent Hispanic and 7 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 1990s, attributable to noncompetitive 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 2015, five examiners (average tenure of 83 months) were hired by credit unions and one examiner (tenure of 44 months) was hired by NCUA. Another 12 examiners left employment with an average tenure of 30 months.




### *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 1970s soon after the agency became independent from the Banking Department; four employees have retired from 1996-2002, one medically. At the end of FY 2003, two employees retired, prompted by the retirement incentive package authorized by the 78th Legislature. At the beginning of FY 2013, two employees retired. During FY 2016, one more employee retired. At the current time, five employees are eligible for retirement, with three more employees becoming eligible within the next five 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 percent - 16 percent annually for at least the next few years. The Department is looking at other benefits and work condition enhancements to help with examiner retention.

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## 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

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

- The FTE count is anticipated to increase by up to two 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

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### 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, and provide career opportunities, and support innovation and excellence. |
| Action Steps | • Continue regular pay increases for performance<br>• Allow employees who are seeking new challenges to work on special projects, or assign development projects |

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 28.5 FTEs, retirements are not expected to adversely affect 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.