

WORKFORCE PLAN

Fiscal Years 2025-2029



Texas Department of Banking
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Table of Contents

OVERVIEW	2
DEPARTMENT OF BANKING MISSION	3
AGENCY GOALS AND ACTION PLANS	3
Goal: Effective Bank and Trust Regulation	3
Actions Required to Achieve Goal.....	3
Goal: Effective Regulation of Non-Depository Supervision Licensees	4
Actions Required to Achieve Goal.....	5
Goal: Effective Regulation Through Corporate Activities	6
Actions Required to Achieve Goal.....	6
Goal: Effective and Efficient Operations Compliant with State Laws	6
Actions Required to Achieve Goal.....	6
Anticipated Changes	7
CURRENT WORKFORCE PROFILE (SUPPLY ANALYSIS).....	8
Workforce Demographics	8
Department Workforce by Job Category	9
Employee Turnover	10
Retirement Eligibility and Return to Work Retirees.....	12
Veteran Workforce.....	12
FUTURE WORKFORCE PROFILE (DEMAND ANALYSIS)	13
Critical Functions	13
Expected Workforce Changes	13
Anticipated Increase in Employees Needed	13
Future Workforce Skills Needed	14
GAP ANALYSIS.....	15
Succession Planning, Retention and Recruiting	15
Anticipated Shortage/Surplus of Employees	16
Gap Analysis	17
STRATEGY DEVELOPMENT	18
Gap: Current employees need additional training to gain and retain critical skills.....	18
Gap: Attracting and retaining talented employees.	18
Gap: Leadership Development	19

Overview

The Department of Banking's (Department) mission is carried out primarily through chartering, licensing, examination, supervision, and consumer assistance. Regulated entities receive examinations and off-site monitoring to ensure they are operating in a safe and sound manner and complying 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 is a Self-Directed, Semi-Independent (SDSI) agency operating under the oversight of the Finance Commission of Texas (FC). As a SDSI agency, the Department is not required to have its budget approved by the Legislature. The FC is responsible for setting the spending authority or limits for the agency each year.

The Department competes with financial service providers, other state agencies, and federal regulatory agencies for its professional examination staff. The agency is authorized to employ 220 full-time equivalent (FTE) employees and as of March 31, 2024, it employed 184 individuals, the majority of whom are financial examiners. The Bank and Trust Supervision Division is staffed with 94 field examiners and the Non-Depository Supervision Division is staffed with 16 field examiners. As of March 31, 2024, there are 24 vacant field financial examiner positions.

The Department has worked diligently to reduce turnover and must continue its efforts to sustain a qualified workforce. Changes in the labor market along with the resignation trends in 2022 and 2023, heightened the importance of monitoring turnover and employee satisfaction.

Historically, industry crises highlighted the need to retain well-trained and tenured staff to provide appropriate regulatory supervision during adverse events such as an economic downturn. The Department must be well positioned to handle these potential contingencies rather than become complacent during times of prosperity. The agency strives for examiner salaries that are comparable to the Federal Deposit Insurance Corporation (FDIC) counterparts. With SDSI status, the agency has had the ability to reasonably adjust salaries to remain competitive.

Offering competitive employment incentives and career opportunities remains a priority. Flexible work weeks and work-at-home options are requested benefits from staff and applicants for employment. The Department works under a hybrid workforce model that allows for some work at home opportunities. Though the travel burden cannot be fully eliminated, the Department continually searches for avenues to reduce the amount of overnight travel and related staff turnover. With that goal, the Department has implemented technological improvements in the agency's infrastructure over time, such as increased network bandwidth, information sharing through the secure data exchange portal, and the use of Microsoft Teams to enhance the Department's information exchange capabilities, complementing the hybrid work model. In addition, leveraging technology such as the enhanced imaging methods used by regulated entities has allowed examination staff to access required documents for off-site review, further contributing to a reduction in travel.

The Department offers a Student Educational Employment Program (SEEP), which is a paid internship program in partnership with Texas A&M University, Sam Houston State University, Stephen F. Austin State University, Texas Tech University, and other universities with dedicated banking programs. The purpose of the SEEP is to introduce students to a financial examiner career. Interns who are successful in the SEEP program (as evaluated by the Regional Director) are offered employment as a Financial

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Examiner I upon graduation, contingent on positions being available and the student's ability to meet the minimum qualifications for the position.

Department of Banking Mission

The mission of the Department of Banking is to ensure Texas has a safe, sound, and competitive financial services system.

Agency Goals and Action Plans

The Department's mission is accomplished primarily by the examination and supervision of our chartered and licensed entities. To meet our goals and fulfill our mission, the Department will abide by these core values and operating principles:

- Adhere to the highest ethical and professional standards.
- Be statutorily accountable and responsible.
- Anticipate and respond to a dynamic environment.
- Identify and promote innovative practices.
- Operate efficiently and maintain consistent and prudent regulatory standards.
- Communicate effectively.
- Foster teamwork while encouraging individual excellence and career development.
- Provide a desirable work environment that values cultural and individual differences.
- Seek input from and be responsive to the public, our supervised entities, and State leadership.
- Adhere to the principle of "Tough but Fair" regulatory oversight.

Goal: Effective Bank and Trust Regulation

Ensure timely, fair, and effective supervision and regulation of the financial institutions under our jurisdiction. The regulatory process promotes a stable banking and financial services environment and provides the public with convenient, safe, and competitive financial services. Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, federal banking regulators, and other government agencies.

Actions Required to Achieve Goal

- Conduct commercial bank, trust company, and foreign bank agency, foreign bank branch, and foreign bank representative office (foreign bank organizations) examinations, in cooperation with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Bank (FRB), while conforming with the Department's examination priority schedule and in a thorough, accurate, and timely manner.
- Maintain contact with, and monitor the condition of, regulated entities between examinations through processes which include an off-site monitoring program. Continue to improve off-site monitoring processes by augmenting our management information systems (MIS).

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- Research and report on changing industry, statutory, and economic conditions, and develop appropriate supervisory strategies to adapt to these changes.
- React timely and appropriately when needed to implement disaster preparedness plans and adjust to changing situations as applicable to continue providing effective oversight of regulated entities.
- Monitor industry status and engage in regular communication with federal regulators (FDIC and FRB) and the Conference of State Bank Supervisors (CSBS).
- Obtain feedback from regulated entities regarding proposed rule changes.
- Promote cybersecurity awareness and best practices among our regulated entities and employees.
- Maintain a cybersecurity tracking system and monitor remediation efforts associated with cybersecurity incidents reported by our regulated entities.
- Identify and investigate fraudulent activities and insider abuse.
- Ensure correction-oriented enforcement actions are taken, as appropriate, against regulated entities that demonstrate higher than normal weakness or risk, including consideration of noncompliance with laws, regulations, and policies.
- Maintain sufficient regulatory resources in the event of industry deterioration or systemic industry problems, the reallocation of federal regulatory resources away from Texas, or a significant increase in the regulated asset base.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.
- Optimize efficiencies in the examination process by utilizing electronic examination tools and the Department's secure data exchange portal to share information with regulated entities and federal counterparts.
- Improve the agency's technologies through the adoption of cloud offerings, where appropriate, and by ensuring current technologies are in use to support regulatory obligations and operations.
- Enhance the Department's examination procedures and scoping processes to effectively utilize examination resources for evaluating risks and risk management practices of our regulated entities.
- Provide regulatory and supervisory information through the agency's website.
- Maintain accreditation status by CSBS.

Goal: Effective Regulation of Non-Depository Supervision Licensees

Ensure timely, fair, and effective supervision and regulation of the non-depository licensees under our jurisdiction. The regulatory process promotes a stable financial services environment and provides the public with convenient, safe, and competitive financial services. Provide quality regulation and maintain the credibility of the Department with the public, industries we regulate, and other government agencies.

Actions Required to Achieve Goal

- Conduct Money Services Business (MSB), Prepaid Funeral Contract (PFC), and Perpetual Care Cemetery (PCC) examinations, in conformance with the Department's examination priority schedule and in a thorough, accurate, coordinated, and timely manner. MSB examinations are conducted either independently or jointly with other state regulatory entities, or in cooperation with federal regulatory entities.
- Maintain contact with and monitor the condition of regulated entities between examinations.
- Monitor fluctuations in economic conditions, geopolitical risks, and inflationary pressures that will impact non-depository financial service providers.
- Promote cybersecurity awareness and best practices among our employees, and regulated entities.
- Maintain a cybersecurity tracking system for cybersecurity incidents reported by MSBs.
- Actively participate in the Multi-State MSB Examination Task Force (MMET), Money Transmitter Regulators Association (MTRA), and CSBS and its various committees, to promote a nationwide framework for cooperation and coordination among state regulators to ensure a uniform regulatory oversight of the MSB industry.
- Maintain MSB examination efficiencies through cooperation and coordination among states by developing uniform examination procedures and practices and actively participating in the standardization of a networked supervision approach. Participation in the MMET's multi-state networked supervision system conserves Department resources and minimizes the regulatory burden on supervised entities while achieving our objectives.
- Collaborate and coordinate with MSB regulators in other states in the implementation of the Model Money Transmission Modernization Act (Model Law).
- Collaborate with stakeholders, industry auditors, and legislators in the implementation of the Digital Assets Service Provider laws passed by the 88th Texas Legislature in 2023.
- Optimize efficiencies in the examination process utilizing electronic examination tools and the secure data exchange portal to share information with regulated entities and other state regulators.
- Research, monitor, and report on changes to the industry, including statutory and economic conditions, and digital assets market evolutions. Develop appropriate supervisory strategies to adapt to these changes.
- Monitor the impact of potential federal legislation on licensed money transmitters and engage in regular communication with federal and state regulators.
- Provide the industry access to regulatory and supervisory information through the agency's website.
- Obtain feedback from license holders regarding proposed rule changes.
- Identify and investigate non-licensed entities and illegal activities.
- Ensure proper enforcement actions are issued against unlicensed entities to bring such establishments into compliance with rules and regulations.

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- Ensure correction-oriented enforcement actions are issued against regulated entities that demonstrate noncompliance with rules and regulations.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.
- React appropriately when needed to implement disaster preparedness plans and adjust to changing situations as needed to continue to provide effective oversight of regulated entities.
- Maintain MSB accreditation status by CSBS.

Goal: Effective Regulation Through Corporate Activities

Provide an effective process to evaluate and act upon corporate filings requesting to initiate, expand, or modify financial services to Texans. In doing so, ensure that the prospective owners, managers, and operators of financial service entities are capable of offering citizens of Texas access to convenient, safe, sound, and competitive financial services.

Actions Required to Achieve Goal

- Process all filings in a timely and thorough manner while adhering to the principle of providing Texans with access to convenient and competitive financial services operating in a safe and sound manner.
- Optimize efficiencies in the application process by enhancing automated systems, where possible, to improve the quality and speed of information exchanged internally and between the Department, its stakeholders, applicants, and the various federal and state agencies that we partner with to process applications.
- Reduce dependencies on obsolete technologies through the adoption of cloud offerings where appropriate and by ensuring current technologies are in use to support regulatory obligations and operations.
- Perform thorough background checks as appropriate to determine if the individuals proposed have the experience, personal and financial integrity, and financial acumen to direct and/or lead a financial institution or MSB's affairs in a safe, sound, and legal manner.
- Attract and retain qualified employees through a competitive salary program, specialized training, and career advancement opportunities. Promote a culture of state service as a career.

Goal: Effective and Efficient Operations Compliant with State Laws

Ensure that Texans and stakeholders are effectively and efficiently served by high-quality professionals entrusted to implement regulatory requirements and industry standards, utilize advanced technologies, safeguard confidential information, provide educational opportunities to support and strengthen the financial services industry, and assist consumers in resolving complaints with the financial service providers regulated and licensed by the Department.

Actions Required to Achieve Goal

- Investigate, process, and respond to consumer complaints related to Department-supervised entities in a professional, appropriate, and timely manner.

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- Modernize the internal consumer complaint tracking program and enhance reporting.
- Develop a comprehensive annual budget and staffing plan.
- Adhere to the agency's annual budget.
- Update and test the Continuity of Operations Plan (COOP) as directed by the State Office of Risk Management (SORM).
- Promote information security and cybersecurity awareness within the agency through training and processes designed to protect sensitive data.
- Position the Department for continual modernization of MIS to support regulatory obligations and operations.
- Utilize technology to streamline processes throughout the agency.
- Complete upgrade of the secure Internet portal for regulated entities and federal counterparts to exchange information with the Department in fiscal year 2025.
- Engage in regular communication with and reporting to the FC.
- Prepare and deliver accurate SDSI agency reports to the Governor and Legislature in a timely manner.
- Attract and retain qualified staff and maintain professional service. Promote a culture of state service as a career.
- Promote financial education.
- Collaborate, when possible, with the Office of Consumer Credit Commissioner (OCCC) and Department of Savings and Mortgage Lending (DSML) on the FC's efforts to achieve greater efficiencies.

Anticipated Changes

- Specialized staff and training are necessary to assess chartered and licensed entities procedures and preparedness to prevent cybersecurity attacks.
- Financial technology continues to change as new forms of payment systems arise, such as digital assets. Therefore, the Department must devote additional resources to evaluate emerging technologies and provide training to enhance the skillsets of staff for any new products and technologies.
- As banks, trust companies, and MSB's under the Department's supervision become larger and more complex, more resources will be required for staff development in areas related to digital asset technology.
- Large bank examinations are requiring a higher level of expertise in the areas of target industry credit analysis, model and enterprise-wide risk management, capital planning and stress/shock testing.

Current Workforce Profile (Supply Analysis)

Critical Workforce Skills

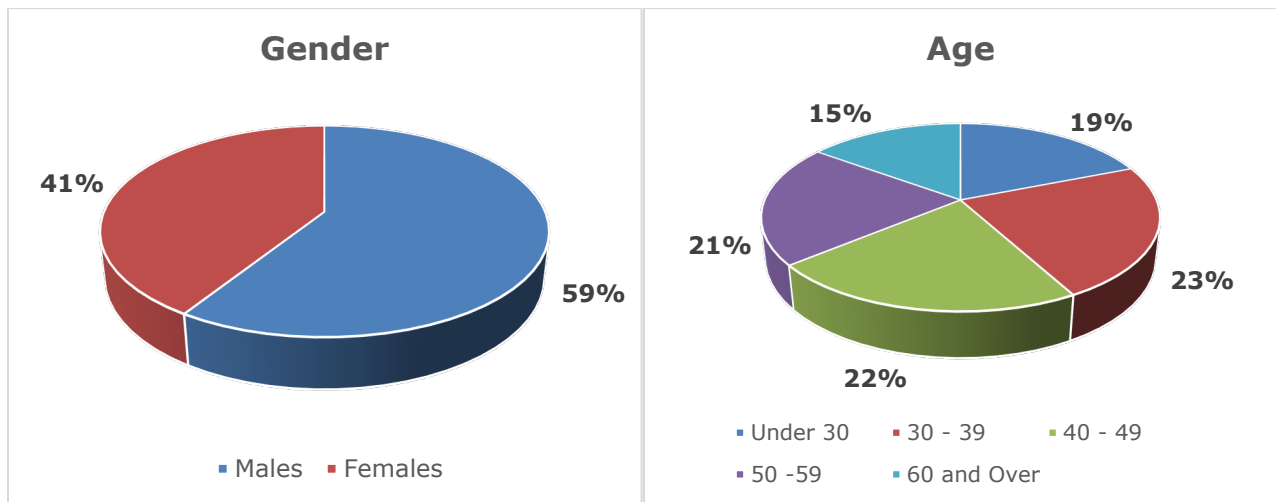
Several critical skills are vital to maintaining the Department’s ability to operate effectively and efficiently. Without these, the Department could not provide basic business and regulatory functions.

These skills include:

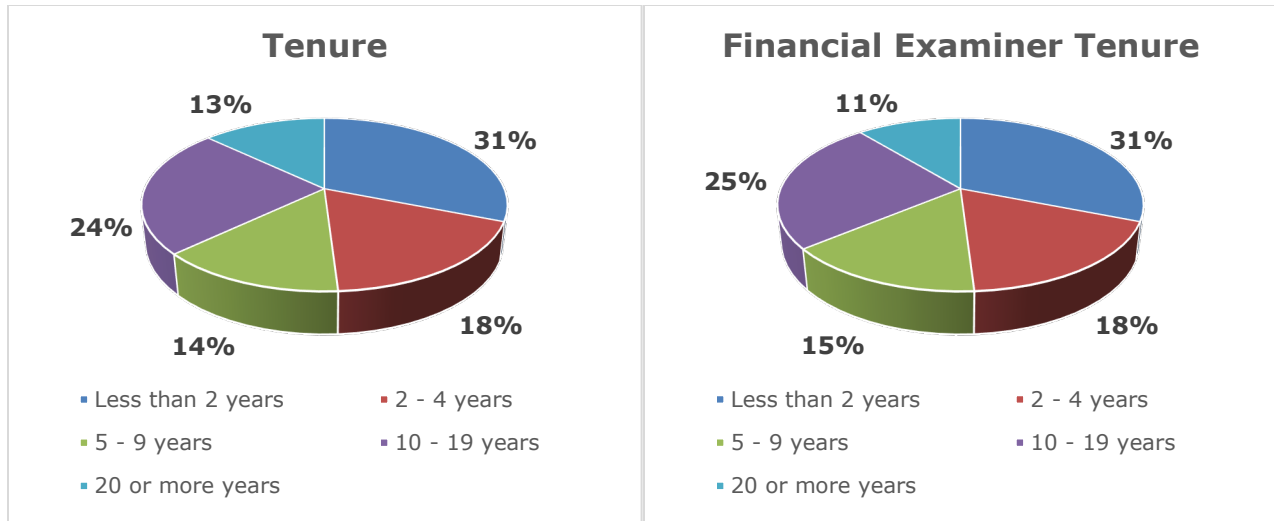
- Financial examination and regulatory experience.
- Specific regulatory expertise in capital markets, model risk management, trust operations, BSA/AML compliance, MSB activities, investigations, digital assets, and corporate governance.
- Customer service expertise.
- Information technology and cybersecurity expertise.
- Trust activities and financially related legal knowledge.
- Legal expertise.
- Human resources and financial management expertise.
- Database development and maintenance expertise; and
- Regulatory and accounting experience and expertise.

Workforce Demographics

The following chart profiles the Department’s workforce (as of March 31, 2024) of 184 individuals, which includes both full and part-time employees. The workforce is comprised of 59% males and 41% females. Approximately 58% of employees are over the age of 40 and approximately 31% have five years or less of Department service. Approximately 55% of financial examiners have less than five years of Department experience.



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Department Workforce by Job Category

The following table compares the percentages of African American, Hispanic American, Female and Male Department employees, to the Statewide Civilian Workforce as reported by the Texas Workforce Commission’s (TWC) Civil Rights Division (Civilian labor force data is from the Equal Employment Opportunity (EEO) report FY 2021-2022).

The Department strives to meet these diversity targets and is vigilant in its effort to continue to monitor, address, recruit, and improve the minority representation within the agency.

Workforce Demographics by Job Category – FY 2023								
Job Categories	African American		Hispanic		Female		Male	
	% DOB*	% TWC	% DOB	% TWC	% DOB	% TWC	% DOB	% TWC
Officials / Administrators	0.0%	12.9%	14.3%	16.2%	28.6%	57.2%	71.4%	42.8%
Administrative Support	6.3%	18.3%	6.3%	33.7%	93.7%	81.6%	6.3%	18.4%
Professionals	10.1%	11.5%	30.5%	17.8%	38.9%	58.5%	61.1%	41.5%
Technicians	11.1%	17.6%	44.4%	28.2%	0.0%	58.3%	100.0%	41.7%

Statewide Civilian Workforce Composition, 2022 1-year PUMS file from the American Community Survey (ACS), U.S. Census Bureau.

*DOB – Department of Banking

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Employee Turnover

Overall Agency Turnover

Overall turnover has fluctuated over the last five fiscal years but has been consistently lower than the State Turnover Rate. Excluding retirements, the overall turnover rate for FY 2022 was 18.3% and FY 2023 was 15.1%.

Due to the increase in external job opportunities and tenured employees entering retirement, retention efforts have become more challenging. The Department must remain vigilant in researching and refining retention methods, especially as the job market continues to change, as well as continue implementing succession planning for the replacement of retiring employees.

Five Year Turnover		
Fiscal Year	Department Turnover Rate	State Turnover Rate
FY 2023	15.1%	18.7%
FY 2022	18.3%	22.7%
FY 2021	13.2%	21.5%
FY 2020	10.7%	18.6%
FY 2019	12.3%	20.3%

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

All Employee Turnover by Length of State Service – FY 2023				
Years of Service	# of All Department Employees	% of All Department Employees	% of Department Employee Turnover	% of State Turnover
Less than 2 years	28.0	16.0%	25%	39.8%
2 – 5 years	28.5	16.3%	15.6%	16.8%
5 – 10 years	22.5	12.9%	25%	10.1%
10 – 15 years	28.0	16.0%	12.5%	9.7%
15 – 20 years	24.5	14.0%	3.1%	9.3%
20 years and over	43.0	24.6%	18.8%	15%

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

Agency Turnover by Gender & Ethnicity

For FY 2023, the Department was comprised of 174.50 total employees. The charts below depict the turnover rate for gender and ethnicity for FY 2023.

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All Agency Turnover by Gender – FY 2023

Years of Service	# of Employees	% of Employees	% of Turnover
Male	108.5	62.2%	14.7%
Female	66	37.8%	24.2%

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

Agency Turnover by Ethnicity – FY 2023

Ethnic Category	# of Employees	% of Employees	% of Turnover
Asian	4.50	2.6%	0%
African American	16.25	9.3%	6.2%
Hispanic	51.75	29.7%	13.5%
Two or More Races	1.75	1%	57.1%
White	100.25	57.4%	22.9%

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

Financial Examiner Turnover

The financial examiner series is the largest component of the Department's workforce. Turnover in this group is the costliest to the Department because examiners receive extensive professional training and direct supervision in the first four years of employment. This requires a substantial monetary commitment by the Department.

As of August 31, 2023, 50% of financial examiners had tenure of less than ten years of state service. This group constitutes 62.4% of the financial examiner turnover for FY 2023. As of March 31, 2024, 88% of financial examiner turnover was for staff that had less than ten years of state service.

Financial Examiner Turnover by Length of State Service

Years of Service	# of Financial Examiners FY 23	% of Financial Examiners FY 23	% of Financial Examiner Turnover FY 23	# of Financial Examiners FY 24*	% of Financial Examiner Turnover FY 24*
Less than 2 years	21.50	17.8%	12.5%	35.0	37.5%
2 – 5 years	22.00	18.2%	18.7%	20.0	37.5%
5 – 10 years	16.75	13.9%	31.2%	16.0	12.5%
10 – 15 years	23.75	19.7%	25%	23.5	0%
15 – 20 years	18.00	14.9%	6.3%	15.0	12.5%
20 years and over	18.75	15.5%	6.3%	20.0	0%

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

*FY 2024 data as of March 31, 2024

SCHEDULE F: Agency Workforce Plan

Non – Financial Examiner Turnover

For FY 2024, through March 31, 2024, a majority of the turnover amongst non-examiner employees has been those employees with more than fifteen years of service. In FY 2023, the majority of non-examiner staff resignations were those with less than two years of service.

Non – Financial Examiner Turnover by Length of State Service					
Years of Service	# of Non-Examiner Employees FY 2023	% of Non-Examiner Employees FY 2023	% of Non-Examiner Turnover FY 2023	# of Non-Examiner Employees FY 2024*	% of Non-Examiner Turnover FY 2024*
Less than 2 years	6.50	12.1%	37.5%	10.0	16.6%
2 – 5 years	6.50	12.1%	12.5%	5.5	16.7%
5 – 10 years	5.75	10.7%	18.7%	4.5	0%
10 – 15 years	4.25	7.9%	0%	4.0	0%
15 – 20 years	6.50	12.1%	0%	9.0	16.7%
20 years and over	24.25	45.1%	31.3%	21.0	50%

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

**FY 2024 data as of March 31, 2024*

Retirement Eligibility and Return to Work Retirees

Management succession planning will continue to be a significant priority over the next five years, as approximately 28% of the agency's staff, or 51 employees, will be eligible to retire, including eight who are return-to-work retirees. Approximately 70% of the employees in the five-year period are eligible to retire in 2024.

As of March 31, 2024, 18% of the Bank and Trust Division staff and 24% of the Non-Depository Supervision Division staff are eligible to retire or are return to work retirees who may leave at any time in 2024. This overall anticipated loss of knowledge and expertise from so many potential retirees is a primary concern for the Department.

For FY 2023, only 9.68% of the turnover for the Department was due to retirement, however, this is expected to increase over the next biennium.

Veteran Workforce

The 84th Legislature amended and added to Texas Government Code, Section 657.004, requirements for state agencies to meet a veteran employment goal of hiring veterans in full-time positions to equal at least 20% of the total number of employees. Included in the law are requirements to interview a certain percentage of qualified veterans for each open position.

As reflected on FY 2024 second quarter Veterans Workforce Summary, veterans represent 5.55% of the Department's workforce. The Department continues to work to increase our veteran workforce through competitive recruitment and selection processes.

Future Workforce Profile (Demand Analysis)

Identifying the future workforce requirements of the Department encompasses a broad range of factors which have been identified through the Department's strategic planning process, interaction and discussion with federal and state regulators, and input from agency management. The evolution of the financial services industry means the Department will need an experienced and qualified professional staff to meet anticipated growth, complexity, and other changes in the industries regulated by the agency.

Critical Functions

- Increased IT examination activity for regulated entities and service providers.
- 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 and supervisory responsibilities because of changes in products and technologies in the MSB industry.
- Increased demand for BSA/AML Specialists.
- Increased need for Fraud Specialists.
- Increased need for personnel with regulatory experience with digital assets.
- Increased demand for legal expertise for the areas regulated by the Department.
- Implementation of new or modified regulatory requirements.
- Increased need for cybersecurity experts.

Expected Workforce Changes

- Increased use of technology to maximize efficiency.
- Post pandemic standardization of telecommuting and remote work schedules that increase in office time.
- Increased use of subject matter specialists.
- Greater focus on audit programs, risk assessments, and problem resolution for regulated entities.
- Greater need to investigate unlicensed and/or illicit activity.
- Greater emphasis on cybersecurity.

Anticipated Increase in Employees Needed

- Number of new MSBs with more complex business plans and organizational structures licensed by the Department continues to increase.

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- State-chartered banks under supervision continue to increase in size, services offered, and complexity.
- Changes to federal counterpart priorities and reallocation of examination resources.
- Increased training needs.
- Increase in need to replace tenured employees that are retirement eligible.

Future Workforce Skills Needed

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

- IT operations, change management, and cybersecurity risks relating to a wide variety of products and services offered.
- Changing technology and diversity of products offered, such as digital assets.
- Financial crimes and risks.
- Project management.
- Investigations and fraud detection.
- Process analysis.
- Operational risk.
- Audit.
- Management and supervision of staff.
- Risk management, capital planning, and compliance with federal regulations.

GAP Analysis

Five Year Vacancy History

Vacancies	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
All Staff	16	14	31	32	32
Financial Examiner	10	10	17	23	16

Succession Planning, Retention and Recruiting

Historically, the agency has experienced high turnover with financial examiners within the first five years of employment, leaving a void in the number of examiners qualified to become mid-level examiners. This mid-level workforce gap has been difficult to fill given that there are so few applicants for mid-level positions which require a certain level of skills and experience. This is creating a “bar bell” effect in financial examiner staffing levels. The need to recruit mid to senior level examiners or promote internally is vital in order level out staffing amongst the financial examiner classifications. Further, senior management continues to face the challenges of having a high number of well-tenured financial examiners eligible to retire over the next five years and a shortage of mid-level examiners available to take their place once they retire.

Financial Examiner Staffing by Classification – March 31, 2024

Classification	# of Financial Examiners	% of Financial Examiners
Financial Examiner I	28	22%
Financial Examiner II	11	9%
Financial Examiner III	16	12%
Financial Examiner IV	8	6%
Financial Examiner V	7	5%
Financial Examiner VI	16	12%
Financial Examiner VII	23	18%
Financial Examiner VIII	21	16%

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

Additionally, the Department struggles with attracting specialized talent in the Austin area due to the high cost of living and related moving expenses. To allow internal employees the opportunity try a different role prior to committing, the Department opened a few temporary assignments for specialized positions located in Austin in 2024. The hands-on experience enables staff to determine if the work and career change is a good fit before committing to the position. As a smaller state agency, the opportunities for career advancement of the administrative staff are limited, and turnover of the administrative staff remains an issue for the agency.

To address the current and potential vacancies, the Department implemented an expanded recruiting strategy in 2023. Dedicated Human Resources staff focused on augmenting recruiting efforts, including

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engaging in active recruiting through CAPPS Recruit, LinkedIn and other online or application-based platforms, increasing attendance at university career fairs, creating employment marketing materials, enhancing the “Jobs” page on the Department’s website, and reducing the timeline from job postings to employment offer. In addition, Bank and Trust staff began conducting presentations to universities with banking school programs.

Although efforts to hire experienced examiners from external sources have not been productive, the Department has been successful in attracting talent for entry level financial examiner positions. To provide the new hires an opportunity for career development and advancement earlier in their career, an intense training program was implemented in June 2023. The internal training program is expected to shorten the timeframe for commissioning financial examiners and improve efficiencies and employee retention.

Retaining employees and encouraging them to make employment with the agency a career is critical to the Department’s success. The Department has adapted to the changing workforce and has worked to improve the work-life balance aspect of the job, including conducting examinations in a hybrid model when appropriate, allowing some personnel to work remotely to reduce travel and commute time. In the future, the Department will need to find more ways to use automation to make processes more efficient and continue striving for salaries that are comparable to FDIC counterparts.

Over the next five years, the Department will continue to focus on recruiting and retention efforts.

Anticipated Shortage/Surplus of Employees

- Recruiting experienced examiners is a significant challenge.
- Executive management retirements within the next five years will require cross training of senior staff members to allow for continuity during the transitional period.
- An increase in assets or large institutions under supervision call for additional seasoned and experienced staffing.
- A significant downturn in the state’s economy will require more field examinations and time reviewing a regulated entity’s financials and records.
- An increase in fraud investigations or enforcement actions would call for additional staffing or contracted investigators.
- An increase in technology and cybersecurity needs will require additional IT examination staff.
- Legislative mandates associated with digital assets may require additional staff to properly regulate entities offering these products.
- An increase in the number of MSB opinion requests, new applications, and examinations require expanded legal, corporate, and examiner resources.
- Additional BSA/AML Specialists will be needed to review and regulate industry compliance.
- The Department anticipates a loss of knowledge and skills due to retirements in the next five years.
- Digital asset technology is expected to continue evolving over the next five years could warrant additional staffing as regulated entities expand into this product line.

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Gap Analysis

The Department’s analysis of the current FC approved FTEs and anticipated workforce needs are presented in the chart below.

Gap Analysis – March 31, 2024															
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	1	1	0	0	0	0	2	2	0	6	6	0
Legal	0	0	0	7	7	0	0	0	0	2	2	0	9	9	0
Admin Services	0	0	0	7	7	0	0	0	0	0	0	0	7	7	0
Human Resources	0	0	0	4	4	0	0	0	0	0	0	0	4	4	0
IT	0	0	0	1	1	0	10	10	0	0	0	0	11	11	0
Division of Strategic Support	0	0	0	5	5	0	0	0	0	4	4	0	9	9	0
Corporate Activities	0	0	0	6	6	0	0	0	0	2	2	0	8	8	0
Bank Supervision	0	0	0	104	127	23	0	0	0	6	6	0	110	133	23
Foreign Bank Supervision	0	0	0	1	2	1	0	0	0	0	0	0	1	2	1
Trust Company / Department Supervision	0	0	0	12	12	0	0	0	0	0	0	0	12	12	0
IT Examinations	0	0	0	16	21	5	0	0	0	0	0	0	16	21	5
PFC / PCC	0	0	0	9	9	0	0	0	0	2	2	0	11	11	0
MSB	0	0	0	15	16	1	0	0	0	1	2	1	16	18	2
Total Dept of Banking	3	3	0	188	218	30	10	10	0	19	20	1	220	251	31

Strategy Development

Gap: Current employees need additional training to gain and retain critical skills.

Goal: Develop a competent, well-trained workforce.

Rationale: The presence of a well-trained workforce is 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 state and 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.
- Revise core training programs to include new technologies and products, such as cryptocurrency.
- 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 succession planning.
- Develop a knowledge transfer strategy that includes documenting processes, steps, dates, relationships, players, contacts, forms, and files.
- Institute checklists, flowcharts, reference guides, and job pairing to provide easy to access resources.

Gap: Attracting and retaining talented employees.

Goal: Become an employer of choice.

Rationale: There is a competitive job market for qualified individuals with the skills required to perform the duties of an examiner and to maintain the business operations of the Department.

Action Steps:

- Continue efforts to maintain examiner salaries comparable to the FDIC salaries.
- 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 flexible work schedules and telework options.
- Continue to mitigate travel exposure with alternative work methods and technology.

SCHEDULE F: Agency Workforce Plan

- Provide training in specialized areas related to the examination process.
- Explore new strategies to meet staffing needs. One strategy that has been discussed is to overstaff in critical areas to increase the “bench-strength” of the Department.
- Formalize a program for cross-training by exposing field staff to administrative, research, and other support duties.
- Develop strategies to attract qualified individuals to professional positions (attorneys and accountants) in the Department headquarters office.

Gap: Leadership Development

Goal: Through our annual performance appraisal process, identify potential employees for succession to Director positions.

Rationale: 62% 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.
- Continue to provide training, experience, or job shadowing on assignments.
- Provide opportunities for mid-level to senior examiners to rotate into headquarter positions or functions for exposure to the supervisory duties not obtained in the field.
- Provide opportunities for mid-level managers to attend management training programs.