



## CREDIT UNION DEPARTMENT

John J. Kolhoff  
Commissioner

Robert W. Etheridge  
Deputy Commissioner

May 27, 2020

Via email: [budgetandpolicyreports@gov.texas.gov](mailto:budgetandpolicyreports@gov.texas.gov)

The Honorable Greg Abbott  
Governor, State of Texas  
Governor's Budget and Policy Teams  
P.O. Box 12068  
Austin, Texas 78711-2068

Dear Governor Abbott:

In accordance with Section 2056.002(d) of the Texas Government Code, enclosed is one copy of the Credit Union Department's Strategic Plan for 2021-2025.

Please contact Robert Etheridge in this office if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "John J. Kolhoff".

John J. Kolhoff  
Commissioner

JJK/iv

Enclosure

# AGENCY STRATEGIC PLAN

## FISCAL YEARS 2021 TO 2025

BY THE

### CREDIT UNION DEPARTMENT STATE OF TEXAS

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#### CREDIT UNION COMMISSION OF TEXAS

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Commission Member

Dates of Term

Hometown

Yusuf E. Farran	July 16, 2015 to February 15, 2021	El Paso, Texas
Elizabeth L. "Liz" Bayless	August 8, 2019 to February 15, 2025	Austin, Texas
Karyn C. Brownlee	August 8, 2019 to February 15, 2023	Coppell, Texas
Beckie Stockstill Cobb	July 16, 2015 to February 15, 2021	Deer Park, Texas
Steven "Steve" Gilman	July 16, 2015 to February 15, 2021	Katy, Texas
Sherri Brannon Merket	April 13, 2011 to February 15, 2023	Midland, Texas
James L. "Jim" Minge	May 21, 2017 to February 15, 2023	Arlington, Texas
David F. Shurtz	August 8, 2019 to February 15, 2025	Hudson Oaks, Texas
Kay Swan	August 8, 2019 to February 15, 2025	Monahans, Texas

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DATE OF SUBMISSION, JUNE 1, 2020

SIGNED:

  
John J. Kolhoff, Commissioner

APPROVED:

  
Yusuf E. Farran, Commission Chair

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## **PART 1. STRATEGIC PLAN**

### **AGENCY MISSION**

The mission of the Credit Union Department is to safeguard the public interest, protect the financial interests of credit union members, and promote public confidence in the credit union industry in accordance with TEX. FIN. CODE §15.102.

### **AGENCY PHILOSOPHY**

The Credit Union Department will serve the public, credit unions and their members, exercising the highest standards of regulatory oversight, emphasizing professionalism and personal ethics. The Department will guide credit unions toward continuous improvement in financial strength and effectiveness in the provision of financial services to their members. Supervision and examination will be fairly and consistently administered as appropriate to ensure fiscal integrity of the industry. Preservation of public confidence in credit unions and the protection of members' interests, and shares and deposits of credit unions will remain a principal focal point of the agency. This will be accomplished through effective regulation and open communication with credit unions and the general public.

### **AGENCY OVERVIEW**

The Credit Union Department ("Department"), under the oversight of the Credit Union Commission ("Commission"), is charged with assuring the safety and soundness of state-chartered credit unions in Texas. The agency also oversees branches of out-of-state credit unions operating in the state.

**PART 1. STRATEGIC PLAN**

**AGENCY GOALS AND ACTION PLAN**

<b>AGENCY OPERATIONAL GOAL AND ACTION PLAN</b>
<i>Goal 1. To ensure a safe and sound credit union industry.</i>
<p style="text-align: center;"><b>SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL</b></p> <ol style="list-style-type: none"><li>1. Ensure the Department anticipates, understands, addresses, and communicates risk to credit unions.</li><li>2. Ensure the Department cooperates with other regulatory authorities on common interests.</li><li>3. Develop and deploy supervisory methods and analytical tools appropriately pacing industry and economic changes in the financial services industry.</li></ol>
<p><b>DESCRIBE HOW YOUR GOAL OR ACTION ITEMS SUPPORTS EACH STATEWIDE OBJECTIVE</b></p> <ol style="list-style-type: none"><li>1. Accountable to tax and fee payers of Texas.<ul style="list-style-type: none"><li>• Ensuring no state funds are spent on Department operations; as a self-directed, semi-independent agency, the Department’s revenue is derived from state-chartered credit unions operating fees and assessments.</li><li>• Being a prudent steward of its financial resources.</li><li>• Providing transparency through its reporting.</li><li>• Establishing the appropriate regulatory framework.</li><li>• Complying with the examination requirements of 7 TEXAS ADMIN. CODE (TAC) Section 97.105.</li></ul></li><li>2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.<ul style="list-style-type: none"><li>• Ensuring risk-based supervision is properly implemented and focused on material risks to the industry and individual credit unions.</li><li>• Identifying emerging risk areas related to industry and individual credit unions.</li><li>• Working effectively with the NCUA, private share insurance providers, and other state regulators to identify and address risks and emerging issues.</li><li>• Resolving problem credit unions in a timely fashion, effectively, and when possible, without loss to the share insurance provider.</li></ul></li><li>3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.<ul style="list-style-type: none"><li>• Resolving problem credit unions in a timely fashion, effectively, and when possible, without loss to the share insurance provider.</li><li>• Ensuring risk-based supervision is properly implemented and focused on material risks to the industry and individual credit unions.</li><li>• Identifying emerging risk areas related to industry and individual credit unions.</li><li>• Taking prompt and effective enforcement actions when warranted.</li></ul></li><li>4. Providing excellent customer service.<ul style="list-style-type: none"><li>• Implementing and developing new coordination and collaboration agreements with the NCUA, private share insurance providers, and other applicable state regulators regarding supervisory activities performed in credit unions and information exchange.</li><li>• Working effectively with the NCUA, private share insurance providers, and other state regulators to identify and address risks and emerging issues.</li></ul></li><li>5. Transparent such that agency actions can be understood by any Texan.<ul style="list-style-type: none"><li>• Complying with the examination requirements of 7 TAC Section 97.105.</li></ul></li></ol>

**PART 1. STRATEGIC PLAN**

- Implementing and developing new coordination and collaboration agreements with the NCUA, private share insurance providers, and other applicable state regulators regarding supervisory activities performed in credit unions and information exchange.
- Adhering to performance measures.

**DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO YOUR GOAL OR ACTION ITEM**

1. The Department fosters safe and sound credit union practices through regular risk-focused examinations, publication of guidances and policies, ongoing communications with credit union officials, and the review of applications submitted by credit unions to expand activities. When appropriate, the Department has a range of informal and formal enforcement options available to resolve safety and soundness problems identified at these institutions. The Department also devotes resources to administering off-site monitoring programs and to enhance its ability to timely identify emerging safety and soundness issues and trends.
2. Should a situation arise where a noncompliant business is discovered, the Department has statutory authority to take enforcement action against the entity. Disputes are investigated by staff and every attempt is made to bring about a fair resolution. State leadership and other interested parties are routinely provided information about credit unions, and the associated laws, rules, policies, and practices of the Department.
3. This strategic plan reaffirms the Department’s mission to ensure that credit unions operate in a safe and sound manner, provide fair access to credit union services, treat members fairly, and comply with applicable laws and rules. The plan presents a vision in which the Department is a preeminent agency that adds value through proactive and risk-based supervision, is sought after as a source of knowledge and expertise and promotes a vibrant and diverse credit union system that benefits the Texas economy. To succeed in that mission and achieve that vision, the Department commits itself to the core values of integrity, expertise, collaboration, and independence—values that always have been the bedrock of the Department’s culture.
4. The Department works closely with federal and other state regulators to provide credit unions seamless supervision, minimal disruption and costs, and effective use of resources. The Department continues its collaboration with the National Credit Union Administration (NCUA) started in 2003. The program results in more efficient and less burdensome examinations for credit unions. Furthermore, effective January 1, 2019, the Department was one of six state credit union regulators to begin participating in an alternating examination pilot (AEP) program with the NCUA. A select group of seventeen Texas state-chartered credit unions were selected to participate in the pilot which will last for approximately three years. The AEP is similar to the existing joint examination program with the exception that the two agencies will alternate responsibilities for issuing the joint examination report over two complete examination cycles.

**AGENCY OPERATIONAL GOAL AND ACTION PLAN**

*Goal 2. To provide a flexible regulatory framework that enables credit unions to provide a full array of competitive financial services.*

**SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL**

1. Ensure each Commission rule is current, clearly written, and necessary for an effective supervisory process.
2. Support credit union efforts to remain competitive and viable, consistent with safety and soundness implications.

## **PART 1. STRATEGIC PLAN**

### **DESCRIBE HOW YOUR GOAL OR ACTION ITEMS SUPPORTS EACH STATEWIDE OBJECTIVE**

1. Accountable to tax and fee payers of Texas.
  - Ensuring no state funds are spent on Department operations; as a self-directed, semi-independent agency, the Department's revenue is derived from state-chartered credit unions operating fees and assessments.
  - Being a prudent steward of its financial resources.
  - Providing transparency through its reporting.
  - Drafting, amending, and implementing rules to fulfill Legislative directives and to ensure relevance to current marketplace conditions.
  - Implementing rulemaking through successful collaboration and consultation with interested parties.
  - Communicating attributes of the state charter within and outside the Department.
  - Implementing and maintaining processes for prompt screening of applications.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
  - Drafting, amending, and implementing rules to fulfill Legislative directives and to ensure relevance to current conditions.
  - Developing and modernizing attributes of the credit union charter and the role and status of the industry.
  - Enhancing communication with the NCUA and other state regulators to facilitate better coordination on issues affecting credit unions.
  - Implementing and maintaining processes for prompt screening of applications.
  - Enhancing existing technology solutions that support effective application operations.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
  - Meet or exceed performance measures.
  - Conducting the mandatory rule review in accordance with Commission's approved plan.
  - Implementing and maintaining processes for prompt screening of applications.
  - Establishing policies and procedures that provide clear and comprehensive guidance.
  - Enhancing existing technology solutions that support effective application operations.
4. Providing excellent customer service.
  - Accessible staff who are a resource for consumers and the regulated industry.
  - Supporting the continued recognition of the attributes of the state credit union charter through appropriate opinions and rules.
  - Investigate and resolve customer complaints in a timely manner.
  - Establishing policies and procedures that provide clear and comprehensive guidance.
  - Enhancing existing technology solutions that support effective application operations.
  - Providing useful information for consumers and the regulated industry on the Department's website.
5. Transparent such that agency actions can be understood by any Texan.
  - Adhering to performance measures.
  - Implementing rulemaking through successful collaboration and consultation with interested parties.
  - Communicating attributes of the state charter within and outside the Department.
  - Establishing policies and procedures that provide clear and comprehensive guidance.

**PART 1. STRATEGIC PLAN**

**DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO YOUR GOAL OR ACTION ITEM**

1. The Department places a high priority on its responsiveness to inquiries, requests, and complaints from citizens, members, credit unions, public officials, and other state and federal governmental entities. Pursuant to statute, the Department accepts complaints against credit unions and reviews them for potential violations of applicable laws or rules. When the Department receives complaints, credit unions are contacted and given an opportunity to respond to a member’s concern or inquiry. Member complaints have increased over the last five years and the Department expects this trend to continue. In fiscal year 2013, the Department resolved 223 complaints, rising to 230 in 2014, 253 in 2015, 265 in 2016, 280 in 2017, 338 in 2018 and 376 in 2019. Through its response to these complaints and inquiries, the Department attempts to help members better understand their rights and responsibilities under applicable laws and regulations. The Department monitors the level of satisfaction with its responses to member complaints and inquiries.
2. The Department works closely with federal and other state regulators to provide credit unions seamless supervision, minimal disruption and costs, and effective use of resources. The Department continues its collaboration with the National Credit Union Administration started in 2003. The joint program results in more efficient and less burdensome examinations for credit unions.
3. The Department cooperates with the Financial Crimes Enforcement Network (“FinCEN”) and numerous other federal agencies to monitor compliance with the BSA/AML and USA Patriot Act and other laws governing credit unions. The rise in popularity of virtual or digital currencies has the attention of federal and state regulators for many reasons including money-laundering concerns. FinCEN has issued guidance which labels certain digital currency entities as money transmitters and requires them to implement AML programs.

**AGENCY OPERATIONAL GOAL AND ACTION PLAN**

*Goal 3. To safeguard the interest of credit union members.*

**SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL**

1. Ensure consumer complaints are processed in a timely fashion and investigated appropriately.
2. Encourage credit union involvement in providing financial services in underserved communities.

**DESCRIBE HOW YOUR GOAL OR ACTION ITEMS SUPPORTS EACH STATEWIDE OBJECTIVE**

1. Accountable to tax and fee payers of Texas.
  - Ensuring no state funds are spent on Department operations; as a self-directed, semi-independent agency, the Department’s revenue is derived from state-chartered credit unions operating fees and assessments.
  - Being a prudent steward of its financial resources.
  - Providing transparency through its reporting.
  - Drafting, amending, and implementing rules to fulfill Legislative directives and to ensure relevance to current conditions.
  - Reinforcing the importance of fair and honest treatment of credit union members through appropriate supervisory and enforcement action.
  - Supporting the efforts of credit unions to expand their fields of membership to include underserved and low-income communities.



**PART 1. STRATEGIC PLAN**

2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
  - Supporting the efforts of credit unions to expand their fields of membership to include underserved and low-income communities.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
  - Strengthening role in addressing member privacy, information security, and identity theft.
  - Supporting the efforts of credit unions to expand their fields of membership to include underserved and low-income communities.
4. Providing excellent customer service.
  - Strengthening role in addressing member privacy, information security, and identity theft.
  - Supporting the efforts of credit unions to expand their fields of membership to include underserved and low-income communities.
5. Transparent such that agency actions can be understood by any Texan.
  - Reinforcing the importance of fair and honest treatment of credit union members through appropriate supervisory and enforcement action.

**DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO YOUR GOAL OR ACTION ITEM**

1. Through its response to the complaints and inquiries, the Department attempts to help members better understand their rights and responsibilities under applicable laws and regulations. The Department monitors the level of satisfaction with its responses to member complaints and inquiries.
2. The National Association of State Credit Union Supervisors (“NASCUS”) has established accreditation standards for credit union supervision and regulation. Patterned after university accreditation, the accreditation process requires a comprehensive review of all factors needed to have a fully functional regulatory agency. The Department has been continuously accredited by NASCUS since 1996. Every year, the accreditation committee of NASCUS requires updated information to maintain accredited status; a full-scale re-accreditation occurs on-site every five years, which for the Department will occur in 2021. Accreditation provides the Department with national recognition among its peers and professional respect from the institutions it regulates.

**AGENCY OPERATIONAL GOAL AND ACTION PLAN**

*Goal 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.*

**SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL**

1. Ensure the Department maintains a competent, highly motivated, and diverse workforce in a fair and inclusive work environment.
2. Ensure the Department is an efficient, effective, and ethical organization.
3. Ensure the Department’s resource decisions and operations reflect sound financial, security, and risk management principles.

**DESCRIBE HOW YOUR GOAL OR ACTION ITEMS SUPPORTS EACH STATEWIDE OBJECTIVE**

1. Accountable to tax and fee payers of Texas.
  - Ensuring no state funds are spent on Department operations; as a self-directed, semi-independent agency, the Department’s revenue is derived from state-chartered credit unions operating fees and assessments.
  - Being a prudent steward of its financial resources.

## PART 1. STRATEGIC PLAN

- Providing transparency through its reporting.
  - Drafting, amending, and implementing rules to fulfill Legislative directives and to ensure relevance to current marketplace conditions.
  - Maintaining a comprehensive Equal Employment and Workforce Diversity Plan.
  - Ensuring compliance with laws, rules, and stewardship of its resources through program evaluations and a quality management framework.
  - Ensuring compliance with the rules, policies and procedures for ethical conduct by its employees.
  - Achieving reliable, accurate and timely financial resources management information.
2. Efficient such that maximum results are produced with a minimum waste of taxpayer funds, including through the elimination of redundant and non-core functions.
- Executing an aggressive recruiting and comprehensive training strategy for new entry-level examiners.
  - Developing proactive initiatives focused on the retention of employees, including addressing pay differentials for examiners to bring base pay more in line with the examiner pay at other regulatory agencies, maintaining staffing to achieve the ideal level of 160 exam days annually for each examiner, mentoring, employee feedback, incentives, and recognition programs.
  - Creating a leadership development program to support and enhance management succession.
  - Ensuring compliance with laws, rules, and stewardship of its resources through program evaluations and a quality management framework.
  - Ensuring reliable, secure, modern information technology systems are in place in support of an environment that meets the Department's mission, goals, and objectives.
  - Ensure that ongoing training for examiners keeps pace with industry needs in areas such as information technology, member business loans, asset-liability management, compliance, etc.
  - Achieving reliable, accurate and timely financial resources management information.
  - Implementing security controls to mitigate risk and to protect confidential information.
  - Improving contingency planning for business continuity, including information technology recovery, compliance with Homeland Security requirements, and crisis management strategies.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
- Executing an aggressive recruiting and comprehensive training strategy for new entry-level examiners.
  - Developing proactive initiatives focused on the retention of employees, including addressing pay differentials for examiners to bring base pay more in line with the examiner pay at other regulatory agencies, maintaining staffing to achieve the ideal level of 160 exam days annually for each examiner, mentoring, employee feedback, incentives, and recognition programs.
  - Creating a leadership development program to support and enhance management succession.
  - Maintaining a comprehensive Equal Employment and Workforce Diversity Plan.
  - Ensuring compliance with laws, rules, and stewardship of its resources through program evaluations and a quality management framework.
  - Ensuring compliance with the rules, policies and procedures for ethical conduct by its employees.
  - Ensuring reliable, secure, modern information technology systems are in place in support of an environment that meets the Department's mission, goals, and objectives.
  - Ensure that ongoing training for examiners keeps pace with industry needs in areas such as information technology, member business loans, asset-liability management, compliance, etc.
  - Leveraging technology, with a focus on information management initiatives, such as records and knowledge management.
  - Implementing security controls to mitigate risk and to protect confidential information.

## PART 1. STRATEGIC PLAN

- Improving contingency planning for business continuity, including information technology recovery, compliance with Homeland Security requirements, and crisis management strategies.
  - Achieving reliable, accurate and timely financial resources management information.
4. Providing excellent customer service.
- Developing proactive initiatives focused on the retention of employees, including addressing pay differentials for examiners to bring base pay more in line with the examiner pay at other regulatory agencies, maintaining staffing to achieve the ideal level of 160 exam days annually for each examiner, mentoring, employee feedback, incentives, and recognition programs.
  - Ensuring compliance with laws, rules, and stewardship of its resources through program evaluations and a quality management framework.
  - Ensuring compliance with the rules, policies and procedures for ethical conduct by its employees.
  - Ensuring reliable, secure, modern information technology systems are in place in support of an environment that meets the Department's mission, goals, and objectives.
  - Ensure that ongoing training for examiners keeps pace with industry needs in areas such as information technology, member business loans, asset-liability management, compliance, etc.
  - Achieving reliable, accurate and timely financial resources management information.
5. Transparent such that agency actions can be understood by any Texan.
- Developing proactive initiatives focused on the retention of employees, including addressing pay differentials for examiners to bring base pay more in line with the examiner pay at other regulatory agencies, maintaining staffing to achieve the ideal level of 160 exam days annually for each examiner, mentoring, employee feedback, incentives, and recognition programs.
  - Maintaining a comprehensive Equal Employment and Workforce Diversity Plan.
  - Ensuring compliance with laws, rules, and stewardship of its resources through program evaluations and a quality management framework.
  - Ensuring compliance with the rules, policies and procedures for ethical conduct by its employees.
  - Achieving reliable, accurate and timely financial resources management information.

### **DESCRIBE ANY OTHER CONSIDERATIONS RELEVANT TO YOUR GOAL OR ACTION ITEM**

- The Commission sets the spending limits of the Department. As a SDSI agency, the Department continues to be self-funding and no General Revenue Funds are used to support its operation.
- Financial crimes consist of several broad categories such as fraud, money laundering, and corruption with many subcategories such as terrorist financing, identity theft, kickbacks, and bribery. The United States government has powerful tools to pursue financial criminals and the framework to force credit unions into compliance with a wide range of laws, such as the Bank Secrecy Act/Anti-Money Laundering and USA Patriot Acts. Financial crimes are a threat for credit unions and the Department alike. Having a knowledgeable and trained staff that understands the risks and how they can be managed is essential.
- No single factor is more critical to the Department's ability to accomplish its mission and to its success than its staff. Acquiring, developing, and retaining a competent workforce continues to be one of the Department's top priorities and is one of its four strategic goals. At the same time, and similar to the rest of state government, significant internal and external factors affect the Department's current and future workforce, challenging the Department's ability to ensure that the its staff is well trained, skilled, and capable of meeting the needs of the rapidly changing and growing complex industry.
- The Department operates and maintains its only office in Austin. Agency examiners work from their residences, located primarily in the Dallas/Fort Worth and Houston metropolitan areas. Because credit unions are located throughout the state, examiners are required to travel extensively in examining credit unions with overnight travel of approximately 40 to 55 percent. Given the amount

**PART 1. STRATEGIC PLAN**

of travel required, stationing field staff in these two metropolitan areas helps to minimize travel-related costs. The Department is solely responsible for the upkeep and maintenance of the Credit Union Department Building. Each year during the budgeting process, the Commission reviews and approves any necessary maintenance, major repairs, and long-term improvements.

**REDUNDANCIES AND IMPEDIMENTS**

The agency does not have any services, state statutes, and state rules or regulations applicable to the agency that may result in barriers to the economic prosperity of Texans or make the agency less effective and efficient in achieving its core mission and merit additional executive and legislative review nor does the agency have any state services, state laws, and state regulations administered by the agency that are redundant, distract from the core mission of the agency, and/or produce workload costs for agency staff or regulated entities that may exceed the initial time, cost, or effort assumptions that existed when the law or regulation was implemented.

The statutes pertaining to the operation of the Department and the regulation and supervision of Texas state-chartered credit unions are considered comprehensive and current, and correctly delineate the Department’s responsibilities and authorities. One impediment to the Texas state charter has been identified and detailed below. The Commission has the means by which to propose necessary statutory changes to the Legislature. TEX. FIN. CODE §§15.103 and 15.405, require the Department to periodically study the credit union statutes of the state and report its legislative recommendations to the Legislature for consideration. Notwithstanding these requirements, the Department continually reviews State of Texas statutes pertaining to credit union operations. The Commissioner, with the approval of the Commission, reports the recommendations of the Department as necessary to the Legislature for its consideration (TEX. FIN. CODE §15.405).

REDUNDANCIES AND IMPEDIMENTS (REPEAT SECTION AS NECESSARY FOR EACH IDENTIFIED REDUNDANCY AND IMPEDIMENT)	
<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF</b>	<b>TFC Section 123.003</b>
<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b>	The Act provides parity for Texas state-chartered credit unions with foreign and non-domesticated federal credit unions who operate a branch in Texas. However, parity is not provided to Texas state-chartered credit unions when a foreign state-chartered credit union is operating in Texas without a physical presence (i.e. through electronic delivery channels only). This puts Texas chartered credit unions at a competitive disadvantage to foreign state charters.
<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	The Department recommends the removal of the language in TFC Section 123.003, which requires that a competing foreign credit union must have a branch in Texas, to be considered a competitor. Some institutions choose to provide services through electronic delivery channels without “brick and mortar” assets held in the state.

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<p><b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b></p>	<p>The benefit is that Texas chartered credit unions would meet the public policy requirements of ensuring Texas credit unions are able to maintain competitiveness with foreign state-chartered credit unions and ensure low-cost, safe financial services are available to Texas residents.</p>
<p><b>NATURAL DISASTER-RELATED REDUNDANCIES AND IMPEDIMENTS (IF APPLICABLE)</b></p>	
<p><b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF</b></p>	<p><b>NONE</b></p>
<p><b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY</b></p>	<p><b>N/A</b></p>
<p><b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b></p>	<p><b>N/A</b></p>
<p><b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH</b></p>	<p><b>N/A</b></p>

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE A: BUDGET STRUCTURE**

**AGENCY BUDGET STRUCTURE ELEMENTS  
(GOALS, STRATEGIES, MEASURES AND MEASURE DEFINITIONS)  
FOR THE 2021–22 BIENNIUM**

**AGENCY NAME:** Credit Union Department

<b>ELEMENT</b> Identify the current Goal, Strategy, Measure or Measure Definition.	<b>REQUESTED CHANGE</b>	<b>JUSTIFI- CATION FOR REQUESTED CHANGE</b>	<b>LBB OR OOG APPR'D</b>	<b>LBB / OOG COM- MENT</b>	<b>STATUS</b>
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Outcome Measure: Percentage of Credit Unions Receiving Regular Examination Annually	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Outcome Measure: Percentage of Credit Unions with Composite CAMELS Ratings of 1 or 2	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Outcome Measure: Percentage of Assets Held in Credit Unions with Composite CAMELS Ratings of 1 or 2	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Output Measure: Number of Regular Examinations Performed	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Explanatory Measure: Number of State-Chartered Credit Unions	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Outcome Measure: Percentage of Complete Applications Approved or Denied Within 60 Days	None	None	NA		NA

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE A: BUDGET STRUCTURE**

**AGENCY BUDGET STRUCTURE ELEMENTS  
(GOALS, STRATEGIES, MEASURES AND MEASURE DEFINITIONS)  
FOR THE 2021-22 BIENNIUM**

Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Efficiency Measure: Department E-Time Ratio	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Outcome Measure: Assets Examined per Examiner Day	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Ensure Efficiency of Examination Method</i> Efficiency Measure: Average Cost per Examination	None	None	NA		NA
Goal 2: A Flexible Regulatory Framework <i>Strategy: Process, Investigate and Evaluate Applications</i> Output Measure: Number of Applications Processed	None	None	NA		NA
Goal 2: A Flexible Regulatory Framework <i>Strategy: Provide Oversight of Department Operations</i> Outcome Measure: Percentage of Rule Changes provided to Credit Unions Within 60 Days After Adoption	None	None	NA		NA
Goal 2: A Flexible Regulatory Framework <i>Strategy: Communicate with the Industry</i> Explanatory Measure: Number of Public Forums in Which the Department Participated.	None	None	NA		NA
Goal 3: Protect Credit Union Member Interests <i>Strategy: Examine Credit Union Operations</i> Explanatory Measure: Percentage of Credit Unions Providing Services to Low Income or Underserved Populations	None	None	NA		NA
Goal 3: Protect Credit Union Member Interests <i>Strategy: Investigate and Process Consumer Complaints</i> Efficiency Measure: Percentage of Complaints Investigated and Responded to Within 30 Days of Receipt	None	None	NA		NA

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE A: BUDGET STRUCTURE**

**AGENCY BUDGET STRUCTURE ELEMENTS  
(GOALS, STRATEGIES, MEASURES AND MEASURE DEFINITIONS)  
FOR THE 2021-22 BIENNIUM**

Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Turnover Ratio	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Efficiency Measure: Average Regulated Assets per Examiner (billion)	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Number of Days of Employee Training	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Staffing Levels	None	None	NA		NA



**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE B. PERFORMANCE MEASURES**

**Outcome Measure: Percentage of Credit Unions Receiving Regular Examination Annually**

**Definition**

The number of credit unions examined within an examination cycle of no more than 18 months during the fiscal year, expressed as a ratio of the total number of state-chartered credit unions for same period.

**Purpose/Importance**

This measure monitors the Department's performance in meeting the Commission's mandate and 7 TEX. ADMIN. CODE §97.105.

**Source/Collection of Data**

Supporting information regarding each examination is tracked in the Department's internal database.

**Method of Calculation**

Divide the number of credit unions examined during the reporting period by the total number of credit unions for the same period.

**Data Limitations**

None

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment:**

75.0% annual

**Outcome Measure: Percentage of Credit Unions with Composite CAMELS Ratings of 1 or 2**

**Definition**

The number of credit unions with composite CAMELS rating of 1 or 2 during the applicable period based upon a rating system, expressed as a percentage of the total number of credit unions regulated for the same period.

**Purpose/Importance**

Measures the financial health of the Texas state-chartered credit unions. Ties directly to a statewide regulatory benchmark.

**Source/Collection of Data**

Supporting information regarding each examination is tracked in the Department's internal database.

**Method of Calculation**

Divide the number of credit unions assigned a composite CAMELS rating of 1 or 2 by the total number of credit unions for the same reporting period.

**Data Limitations**

Limited control over events that could lead a credit union to receiving a lower CAMELS rating.

**Calculation Type**

Noncumulative

## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE B. PERFORMANCE MEASURES

**New Measure**  
No

**Target Attainment:**  
Informational

**Outcome Measure: Percentage of Assets Held in Credit Unions with Composite CAMELS Ratings of 1 or 2**

**Definition**

The consolidated total assets of credit unions with composite CAMELS rating of 1 or 2 as reported in the designated quarterly call report based upon a rating system, expressed as a percentage of the consolidated total assets of all credit unions regulated for the same period.

**Purpose/Importance**

This informational measure indicates the financial health of the Texas chartered credit union industry. Ties directly to a statewide regulatory benchmark.

**Source/Collection of Data**

Quarterly financial and statistical Call Report data filed with the Department by each credit union.

**Method of Calculation**

Divide the consolidated total assets of credit unions assigned a composite CAMELS rating of 1 or 2 by the consolidated total assets of all credit unions for the same reporting period.

**Data Limitations**

Limited control over events that could lead a credit union to receiving a lower CAMELS rating.

**Calculation Type**  
Noncumulative

**New Measure**  
No

**Target Attainment:**  
Informational

**Output Measure: Number of Regular Examinations Performed**

**Definition**

The number of regular examinations the Department performs during the reporting period.

**Purpose/Importance**

The measure indicates whether the Department is meeting the frequency of examination requirements of 7 TEX. ADMIN. CODE §97.105.

**Source/Collection of Data**

Supporting information regarding each examination is tracked in the Department's internal database.

**Method of Calculation**

Count the regular, full-scope or limited-scope examinations, in which the report of examination was received for processing during the period being measured.

## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE B. PERFORMANCE MEASURES

**Data Limitations**

High turnover of trained examiners has a negative impact.

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment:**

Informational

**Explanatory Measure: Number of State-Chartered Credit Unions****Definition**

The number of active Texas state-chartered credit unions under the Department's jurisdiction during the reporting period, less the number of credit unions in the process of being liquidated.

**Purpose/Importance**

This explanatory measure is an indicator of the extent of the Department's responsibility over the safe and sound regulation of state-chartered credit unions.

**Source/Collection of Data**

The Department maintains a database which tracks all active, liquidating, and cancelled state credit union charters.

**Method of Calculation**

Count the total number of active state-chartered credit unions under the supervision of the Department from the database, less any being liquidated.

**Data Limitations**

No control over number of new charter requests, mergers, or conversions.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment:**

Informational

**Outcome Measure: Percentage of Complete Applications Approved/Denied within 60 days****Definition**

The number of complete applications approved or denied not later than the 60<sup>th</sup> day after the date notice of the applications are published, or after the date the applications are received if notice is not required to be published, expressed as a percentage of all applications approved or denied for the same period. Applications include applications for mergers, for charter conversions (federal to state, state to federal, state credit union to mutual savings associations, and mutual savings associations to state credit unions), for insurance conversions, and for amendments to bylaws and articles of incorporation. If an application is protested, it is not considered complete until responses from all parties have been received.

**Purpose/Importance**

Finance Code §122.005 requires the Commissioner to approve or disapprove applications not later than the 60<sup>th</sup> day after the date notice of the application is published, or after the date the application is

## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE B. PERFORMANCE MEASURES

received if the notice is not required to be published.

#### Source/Collection of Data

Supporting information regarding each application is tracked in the Department's internal database.

#### Method of Calculation

Divide the number of complete applications approved or denied not later than the 60<sup>th</sup> day after the date notice of the application is published, or after the date the application is received if the notice is not required to be published, whichever is later, by the total number of applications approved or denied during the same reporting period.

#### Data Limitations

Protests

#### Calculation Type

Noncumulative

#### New Measure

No

#### Target Attainment:

100%

### Efficiency Measure: Department E-Time Ratio

#### Definition

The E-Time Ratio is the percentage of all Field Examiners (excluding the Field Supervisors) paid time that is actively spent performing examinations.

#### Purpose/Importance

This measure assesses efficient usage of Field Examiners' time for the entire Department. The measure also allows the Department to assess efficiency of Field Examiners on an individual basis and by assigned zone (i.e. A, B, etc.).

#### Source/Collection of Data

Tracked from a monthly report generated in the CAPPs time management system. That report identifies the aggregate exam hours for each examiner for the month. This data is input into a monthly e-time spreadsheet, which automatically computes the E-Time Ratio for each Field Examiner, each zone and for all Department Field Examiners. The E-Time Ratio for all field examiners is the performance measurement in the above definition.

#### Method of Calculation

The E-Time Ratio is computed by taking the Aggregate Exam Hours for a specific period (i.e. monthly, annually, etc.), divided by the Total Hours Available for Examinations for all Field Examiners (excluding Field Supervisors) for the same period.

The Aggregate Exam Hours include all time charged for all regular examination work both on-site and off-site, remedial examination work both on-site and off-site, and all remote examination work. It also includes on-the-job training hours for new Examiners (Assistant Examiners) who have not yet completed six full months (excludes partial months) of examination training. The Total Hours Available for Examinations is the Days Available for Examinations multiplied by the total number of Field Examiners, multiplied by the work hours (8) in a day. The Days Available for Examinations equals the

## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE B. PERFORMANCE MEASURES

total number of weekdays (M-F) for the period (i.e. monthly, annually, etc.) being measured, less the number of state and federal holidays which occur on a weekday during the same period.

**Data Limitations**

None

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment:**

65%

#### **Outcome Measure: Assets Examined per Examiner Day**

**Definition**

Total assets examined by the Department over the reporting period, divided by the total regular examination days related to those specific examinations.

**Purpose/Importance**

To assist in review of the efficiency of the Department's examinations, and to benchmark against other regulators.

**Source/Collection of Data**

Financial information is obtained during each regular examination and is uploaded into the Department's database.

**Method of Calculation**

To calculate the assets examined per examiner day, run the Regular Exams Received Report for the appropriate fiscal quarter. Divide the sum of the total assets examined by the total examination days, under the header "curr" (Total exam days for the most recent examination).

**Data Limitations**

Increase in asset size of credit unions due to mergers, consolidations, etc.;

**Calculation Type**

Noncumulative

**New Measure**

Yes

**Target Attainment:**

\$13.3 Million

#### **Efficiency Measure: Average Cost per Credit Union Examination**

**Definition**

Total direct field examination costs expressed as a ratio of the number of total regular and remedial examinations performed over the reporting period.

**Purpose/Importance**

To assist in review of the efficiency of the Department's examinations, and to benchmark against other regulators.

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE B. PERFORMANCE MEASURES**

**Source/Collection of Data**

Examiners prepare detailed time and expense reports about their duties. Monthly, this information is transferred into the Department's database.

**Method of Calculation**

The total direct field examination expenses for the fiscal quarter, divided by the number of regular and remedial examinations performed. These expenses are salaries, benefits, travel, cell phone and supply related costs. Supplies include the cost of printer ink cartridges and an additional \$5 per month per examiner for other miscellaneous items.

**Data Limitations**

No control over legislative increases in allowable travel costs

**Calculation Type**

Noncumulative

**New Measure**

Yes

**Target Attainment:**

Informational

**Output Measure: Number of Applications Processed**

**Definition**

The number of complete applications approved or denied during the reporting period. Applications include applications for mergers, for charter conversions (federal to state, state to federal, state credit union to mutual savings associations, and mutual savings associations to state credit unions), for insurance conversions, and for amendments to bylaws and articles of incorporation.

**Purpose/Importance**

This measure is used as the denominator to calculate the outcome measure percentage of complete applications approved or denied within 60 days.

**Source/Collection of Data**

Supporting information regarding each application is tracked in the Department's internal database.

**Method of Calculation**

Total the number of applications processed for the reporting period.

**Data Limitations**

No control over the number of applications received

**Calculation Type**

Cumulative

**New Measure**

No

**Target Attainment:**

Informational

## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE B. PERFORMANCE MEASURES

#### **Outcome Measure: Percentage of Rule Changes Provided to Credit Unions Within 60 Days After Adoption**

##### **Definition**

The number of new, amended, and readopted rules that are mailed out within 60 days of their final adoption by the Commission.

##### **Purpose/Importance**

The measure indicates how quickly credit unions are informed of changes affecting their operations or Department operations.

##### **Source/Collection of Data**

The date a new, amended, or readopted rule is adopted, as well as the date the letter of transmittal for the Texas Laws and Regulations for Credit Unions are sent out to credit unions, is entered into a database and tracked accordingly.

##### **Method of Calculation**

Divide the number of rule changes provided to credit unions within 60 days of the effective date of their adoption by the number of rule changes adopted during the same reporting period.

##### **Data Limitations**

None

##### **Calculation Type**

Noncumulative

##### **New Measure**

No

##### **Target Attainment:**

100%

#### **Explanatory Measure: Number of Public Forums in Which the Department Participated**

##### **Definition**

The number of public forums attended by the senior Department management.

##### **Purpose/Importance**

This measure is one of the tools used to track the Department's interaction with credit unions and the general public in order to disseminate information about the credit union industry and the mission of the Department.

##### **Source/Collection of Data**

Senior management employees are asked each month to itemize which, if any, of the following they have attended: Credit Union League chapter meetings, meeting with credit union officials for non-examination related purposes, participating in public forums, speaking at credit union functions such as annual meetings, serving as facilitators or instructors at seminars or specialized conferences, or attending conferences with other regulators. The information is entered into the database.

##### **Method of Calculation**

Count the number of public forums attended by the senior Department management. Database query is run for the reporting period and the number is given in the report. No calculation is necessary.

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE B. PERFORMANCE MEASURES**

**Data Limitations**

Travel budget limitations could restrict attendance

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment:**

Informational

**Explanatory Measure: Percentage of Credit Unions Providing Services to Low Income or Underserved Populations**

**Definition**

Number of credit unions with federal low-income designations as a percentage of the number of state-chartered credit unions for the same reporting period.

**Purpose/Importance**

This measure indicates the number of credit unions that primarily serve Texas citizens that are close to the national poverty level, as well as citizens that live in areas with limited access to financial institutions.

**Source/Collection of Data**

Low-income approval letters from the National Credit Union Administration are retained in a file. The Department also maintains an excel spreadsheet of the credit unions that have received a federal low-income designation.

**Method of Calculation**

Divide the number of state-chartered credit unions that are approved by the National Credit Union Administration for a low-income designation pursuant to Part 705.3(a) of the National Credit Union Administration's Rules and Regulation by the total number of state-chartered credit unions for the same reporting period.

**Data Limitations**

No control over how many credit unions will apply for designation.

**Calculation Type**

Noncumulative

**New Measure**

No

**Target Attainment:**

Informational

**Efficiency Measure: Percentage of Complaints Investigated and Responded to Within 30 Days of Receipt**

**Definition**

The number of written complaints from credit union members or members of the public, relating to actions or inactions of a state-chartered credit union, which are investigated and responded to in writing within 30 days of receipt of the complaint, expressed as a percentage of all complaints responded to for the applicable time period.



## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE B. PERFORMANCE MEASURES

#### **Purpose/Importance**

This measure provides an indication of the responsiveness of the Department in handling consumer complaints.

#### **Source/Collection of Data**

When the Department receives a written complaint, the following information is entered into a database: the date the complaint is received, name of the complainant, the name of the credit union, and the nature of the complaint. When resolved, the date closed and the cost of handling the complaint is entered into the database. The elapse time is then generated by the program.

#### **Method of Calculation**

Divide the number of written consumer complaints received and responded to within 30 days of their receipt by the number of consumer complaints responded to during the applicable period. A complaint is considered received once the complainant has provided sufficient information regarding the nature of the complaint for the Department to begin an investigation. The investigation includes obtaining a response from the subject credit union. A complaint is considered closed when the Department has sent a response to the complainant.

#### **Data Limitations**

No control over a credit union's response time

#### **Calculation Type**

Noncumulative

#### **New Measure**

Yes

#### **Target Attainment:**

95%

### **Explanatory Measure: Turnover Ratio**

#### **Definition**

The number of staff resignations (excluding retirements) as a percentage of the number of staff positions.

#### **Purpose/Importance**

Because turnover results in a less experienced staff, this measure is one indicator of the Department's ability to meet its goals.

#### **Source/Collection of Data**

New hires, resignations, and the reasons given for resignations are tracked in a spreadsheet by the Staff Services Officer.

#### **Method of Calculation**

Divide the number of staff resignations (excluding retirements) received during a reporting period by the total number of staff FTEs for the same period.

#### **Data Limitations**

No control over staff turnover

#### **Calculation Type**

Non-cumulative

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE B. PERFORMANCE MEASURES**

**New Measure**  
Yes

**Target Attainment:**  
<15%

**Efficiency Measure: Average Regulated Assets (in billions) per Examiner**

**Definition**

The total amount of credit union assets regulated per examiner.

**Purpose/Importance**

This measure is an indicator of the workload placed on the agency's examination staff.

**Source/Collection of Data**

Each credit union files a quarterly financial performance report (FPR), which contains various financial reporting schedules and includes the credit union's total assets. The Department pulls an aggregate FPR for the reporting period which includes the total assets for all state-chartered credit unions.

The number of examiners on staff is maintained on the Uniform Statewide Payroll System (USPS) system. Report 21 can be used to verify staff paid each month for the reporting period and to determine the number of examiners.

**Method of Calculation**

Divide the total assets of state-chartered credit unions by the average number of examiners on staff during the reporting period. Average number of examiners is the cumulative number of examiners on staff (excluding Field Supervisors) at the end of each month, divided by the number of months in the reporting period.

**Data Limitations**

No control industry asset growth

**Calculation Type**

Noncumulative

**New Measure**  
Yes

**Target Attainment:**  
Informational

**Explanatory Measure: Number of Days of Employee Training**

**Definition**

Number of days of formal training attended by staff members.

**Purpose/Importance**

This measure is an indicator of the Commission's willingness to invest in its most valuable resources.

**Source/Collection of Data**

This measure tracks the amount of time spent attending training or educational courses related to job performance or enhancing job skills.

**Method of Calculation**

The Executive Assistant III compiles this data from training spreadsheets provided by the Field

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE B. PERFORMANCE MEASURES**

Supervisors, as well as monthly emails from office staff confirming training attended for the prior month. Once all data is received, the EAIII compiles the data into one monthly report and calculates the total number of work days of training for the reporting period.

**Data Limitations**

None

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment:**

Informational

**Explanatory Measure: Staffing Levels**

**Definition**

Number of actual Full Time Equivalent (FTEs) divided by the number of authorized FTEs.

**Purpose/Importance**

To ensure the Department is adequately staffed to provide the necessary regulatory oversight of Texas state-chartered credit unions.

**Source/Collection of Data**

A roster of all actual FTEs is maintained by the Staff Services Officer. Authorized FTEs are detailed in the Department's Annual Operating Plan and Budget approved by the commission each year.

**Method of Calculation**

The number of actual FTEs at month-end is divided by number of authorized FTE's for the applicable fiscal year.

**Data Limitations**

No control over staff turnover

**Calculation Type**

Noncumulative

**New Measure**

Yes

**Target Attainment:**

Higher than target

## PART 2. SUPPLEMENTAL ELEMENTS

### SCHEDULE C. HISTORICALLY UNDERUTILIZED BUSINESS PLAN

#### HUB 7.07 REPORT CREDIT UNION DEPARTMENT 469 INTERNAL ASSESSMENT ON UTILIZATION OF HUBS POLICY COMPLIANCE REPORT

##### Demonstrating Compliance with HUB Purchasing Requirements

The Department consistently contacts Historically Underutilized Businesses (“HUBs”) for bids on spot purchases and small dollar amount procurements. Due to budget constraints, products and services are obtained from the lowest bidder. In addition to its HUB policy, the Department has a HUB Diversity Plan to ensure that our HUB purchases represent as many different minority and women-owned businesses as possible.

Although the Department has limited opportunities to award contracts, it makes every effort to foster meaningful and substantive inclusion of HUBS in the Department’s procurement processes. In addition, the Department makes every effort to ensure that it makes its purchases from a diverse group within the HUBs.

The Department has adopted a policy to achieve the proportional HUB expenditure targets established by the Texas Comptroller of Public Accounts and monitors its progress toward achieving these goals. The Department reviews this policy annually and the Department has a designated HUB coordinator, its Staff Services Officer.

The Department’s Agency Strategic Plan for 2019-2023 states the Department’s policy is to achieve the proportional HUB expenditure targets established by the Texas Comptroller of Public Accounts. **During fiscal year 2018 and fiscal year 2019, the Department has exceeded its HUB targets in the various categories.**

The total amount of expenditures with HUBs for fiscal year 2019 was \$58,187 and the total amount of non-HUB expenditures was \$61,200. In fiscal year 2018, the total amount of expenditures for HUBs was \$74,952 and the total amount of non-HUB expenditures was \$111,678.

Attached is a copy of the Department’s HUB Consolidated Agency Report for fiscal year 2018 and fiscal year 2019. **Both reports show that the Department exceeded its HUB goals.**

The Department only purchases from two procurement categories: other services and commodity purchasing. During fiscal year 2018, the Department’s HUB purchases for other services were 49.0 percent, which was over the stated goal of 26.0 percent and the Department’s HUB commodity purchases were 58.7 percent, which was over the stated goal of 21.1 percent. During fiscal year 2019, the Department’s HUB purchases for other services were 41.2 percent, over the stated goal of 26.0 percent and the Department’s HUB commodity purchases were 80.2 percent, over the stated goal of 21.1 percent.

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULE C. HISTORICALLY UNDERUTILIZED BUSINESS PLAN**

**HUB PARTICIPATION**

	<b>FY18</b>	<b>FY19</b>
<b>Total Agency Expenditure</b>	<b>\$186,631</b>	<b>\$119,387</b>
<b>Total Dollar Amount Spent with HUBs</b>	<b>\$74,952</b>	<b>\$58,187</b>
<b>Percent of Total Expenditure Spent with HUBs</b>	<b>40.16%</b>	<b>48.74%</b>
<b>Women</b>	<b>\$68,756</b>	<b>\$55,109</b>
<b>Black</b>	<b>\$1,518</b>	<b>\$987</b>
<b>Hispanic</b>	<b>\$394</b>	<b>\$70</b>
<b>Asian-Pacific</b>	<b>\$4,283</b>	<b>\$1,123</b>
<b>Native-American</b>	<b>\$0</b>	<b>\$895</b>

Plans to Maintain Compliance

The Department is strongly committed to using HUBs for purchases in future years to maintain its excellent compliance record. The Department will continue to include HUB policies, goals, and programs in its strategic plan. The Department will continue to contact HUBS for bids on spot purchases and small dollar amount procurements. The Department will continue to make a good faith effort to utilize HUBs in contracts for construction, services (including professional and consulting services) and commodities purchases in accordance with 34 TAC §20.13. The Department will continue to meet state reporting requirements and optional reporting requirements for self-directed and semi-independent agencies, such as this reporting requirement. The Department annually updates its HUB policy and will continue to maintain its HUB Diversity Plan to ensure that our HUB purchases represent as many different minority and women-owned businesses as possible.

Although the Department has limited opportunities to award contracts, the Department will continue to make every effort to foster meaningful and substantive inclusion of HUBS in the Department's procurement processes.

**PART 2. SUPPLEMENTAL ELEMENTS**

**SCHEDULES D. STATEWIDE CAPITAL PLANNING AND E. HHS STRATEGIC PLANNING**

**SCHEDULE D: STATEWIDE CAPITAL PLANNING**

**NOT APPLICABLE**

**SCHEDULE E: HEALTH AND HUMAN SERVICES STRATEGIC PLANNING**

**NOT APPLICABLE**

**PART 2. SUPPLEMENTAL ELEMENTS**

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



**Credit Union Department  
Fiscal Year 2021-2022 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 executive assistant and the Deputy Commissioner. The remaining positions include the Commissioner, Director of Information Technology, Network Specialist and supporting staff in Austin (See Appendix B: CUD Organizational Chart).

The Department currently is authorized for 30.0 full time equivalents (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.*

**PART 2. SUPPLEMENTAL ELEMENTS**

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

***B. Strategic Goals and Objectives***

The Texas Credit Union Department has three main goals

<b>Goal A</b>	<b>EFFECTIVE SUPERVISION AND REGULATION</b>
<b>Objective</b>	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.
<b>Strategies</b>	<ul style="list-style-type: none"> <li>• Examine all credit unions within 18 months of the previous examination</li> <li>• Take appropriate enforcement action in problem credit unions</li> <li>• Perform remedial examinations when necessary</li> <li>• Respond promptly to member complaints</li> <li>• Respond promptly to requests for interpretations or opinions</li> <li>• Process applications in a timely manner</li> </ul>

<b>Goal B</b>	<b>ENSURE SAFETY AND SOUNDNESS</b>
<b>Objective</b>	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.
<b>Strategies</b>	<ul style="list-style-type: none"> <li>• Promulgate new and amended rules</li> <li>• Recommend statutory changes to the Legislature</li> <li>• Provide oversight of departmental operations</li> </ul>

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

***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 the 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, each examiner is assigned a particular



## **PART 2. SUPPLEMENTAL ELEMENTS**

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

discipline (lending, investments, internal controls, information technology, etc.) of the examination process during their first year of employment. Subsequently, they are provided with more specific training in their discipline. The area of discipline for each examiner is assigned based on each examiner's preference and the availability of a 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 scope of the reviews for the information technology portion of examinations continues to expand. Many credit unions are now performing third-party information technology audits which the examiners review, and/or are hiring qualified third parties to perform specific information technology functions.

Beginning in 2018, the NCUA began using the Automated Cybersecurity Examination Tool (ACET) to conduct cybersecurity assessments of all federally insured credit unions. The ACET is based on the Federal Financial Institutions Examination Council's (FFIEC) Cybersecurity Assessment Tool. These reviews are being conducted to assess a credit union's cybersecurity preparedness. Initially, the tool was used on credit unions with over \$1 billion in assets. In 2019, the tool was used for credit unions with over \$250 million in assets and in 2020, the asset size was adjusted downward to include all federally insured credit unions with assets over \$100 million in assets. In some instances where NCUA staff has been unavailable, Department staff has performed these reviews. Moving forward, it is anticipated that the Department's role in performing these reviews will increase.

## **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 most of the Department's 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
- Proficient 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 August 31, 2019. The agency is authorized 30.0 FTEs. The CUD workforce is comprised of 65.5 percent males and 34.5 percent females. Just over two-thirds, or 69 percent, of the employees are over the age of 40. The average tenure of an agency employee is 11.6 years; the

## **PART 2. SUPPLEMENTAL ELEMENTS**

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

average tenure of the nineteen field examiners is 9.6 years. Only one examiner has been with the Department less than two years; while seven examiners have been with the agency less than five years.

The ethnic breakdown of the workforce is 45 percent Anglo, 17 percent African American, 24 percent Hispanic and 14 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***

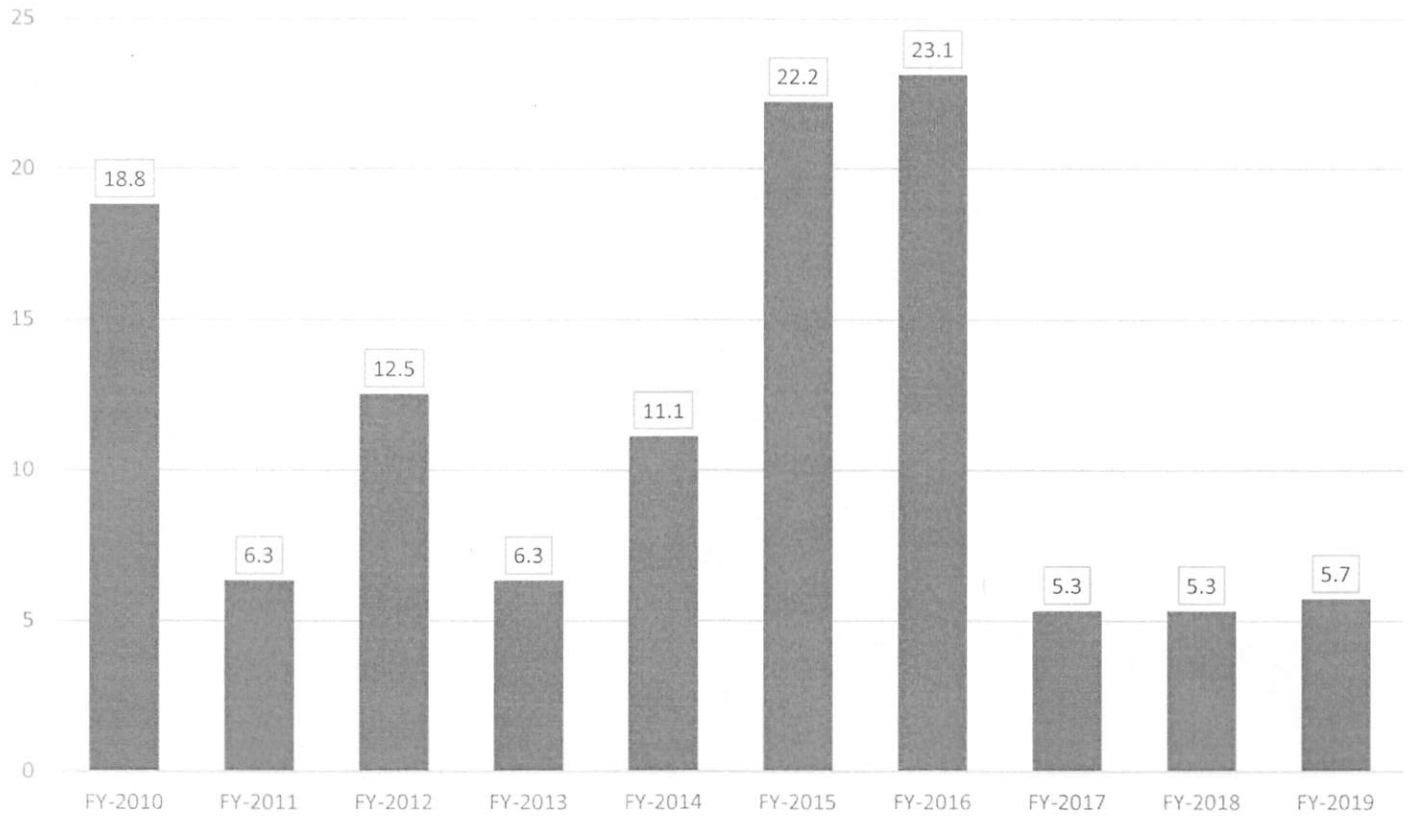
Employee turnover is experienced by every business entity or governmental agency. It is costly to continually train new employees, diminishes efficiency of the staff, and adversely affects employee morale. Historically, the Credit Union Department has experienced high examiner turnover rates, attributable to non-competitive salaries, extensive 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, 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 ten-year period from FY 2010 to FY 2019, six examiners (average tenure of 65 months) were hired by credit unions and two examiners (average tenure of 33 months) were hired by NCUA. Another thirteen examiners left employment with an average tenure of 55 months. One of the thirteen examiners was a Field Supervisor who retired after approximately 26 years with the Department. Excluding that individual, the average tenure of the other twelve examiners who left employment was 34 months.

PART 2. SUPPLEMENTAL ELEMENTS

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

Examiner Turnover for 10 Years



**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 retired between 1996-2002, one medically. At the end of FY 2003, two employees retired, prompted by the retirement incentive package authorized by the 78<sup>th</sup> Legislature. Since the beginning of FY 2015, five employees have retired; two in FY2016, one in FY2017, one in FY2018 and one more in FY2019. As of the beginning of FY2020, three employees are currently eligible for retirement, four more employees are eligible within the next 2 years, four more within 5 years and an additional three employees are eligible within 8 years. With approximately 23 percent of staff being eligible to retire within 2 years, approximately 37 percent within 5 years, and 47 percent eligible within 8 years, proper succession planning will be critical to ensure the identification and development of potential successors for key positions. The ability to staff the office positions over the next 5 years could be a critical challenge, with eight of the eleven (73%) office staff members eligible for retirement during that time. Of those eight; one is currently eligible to retire; three are eligible within 2 years; and the remaining four are eligible within 5 years.

## **PART 2. SUPPLEMENTAL ELEMENTS**

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#### ***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 continue to pay higher salaries and require less travel. Agency wide, the turnover rate is expected to stay between 5 to 15 percent annually. The Department continues to assess pay levels, other benefits and work condition enhancements to improve examiner retention.

### **III. Future Workforce Profile**

#### ***A. Critical Functions***

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

#### ***B. Expected Workforce Changes***

- Increased use of technology to revise and streamline work processes

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

- The FTE count is anticipated to increase by up to one 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 the agency
- Assuring experienced, well-performing employees of regular salary increases and competitive salaries

**PART 2. SUPPLEMENTAL ELEMENTS**

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

**V. Strategy Development**

<b>Gap</b>	<b>Attracting and Retaining the Right Employees</b>
<b>Goal</b>	Become an employer of choice and offer career opportunities
<b>Rationale</b>	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.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Continue regular pay increases for high performance</li> <li>• Consistently survey the market for similar positions to ensure the salaries being offered to our staff are competitive.</li> <li>• Allow employees who are seeking new challenges to work on special projects, or assign development projects</li> </ul>

<b>Gap</b>	<b>Train and Mentor Employees</b>
<b>Goal</b>	Develop staff where they can progress to key positions, as those key opportunities become available.
<b>Rationale</b>	There is a high concentration of existing Department employees in key positions who are either eligible for retirement, or will become so, during the next 5 years. The agency must identify high potential staff and provide them with the tools and training necessary to fill key positions which are vacated due to retirement. Those identified as high potential employees must be placed on a fast track approach for development and know that they have strong career prospects with the Department. 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.
<b>Action Steps</b>	<ul style="list-style-type: none"> <li>• Continue regular pay increases for high performance.</li> <li>• Allow employees who are seeking new challenges to work on special projects or assign development projects.</li> <li>• Identify above average performers and put them on a fast track approach for their career path.</li> <li>• Implement a training approach for high potential staff which focuses on accelerating their development and advancement with the agency.</li> </ul>

Except for increasing the scope of the information technology examination, the Credit Union Department is not anticipating significant changes in the examination process during the next 2-3 years. However, the agency has only 30.0 authorized FTEs and possible retirements could adversely affect the organization in the near future. Within the next 2 years a total of seven (7) employees, or approximately 23 percent of all Department staff, will be eligible for retirement. Proper succession planning will be critical to ensure the identification of staff for key positions if significant turnover occurs due to retirements, whenever that may be. The Department will need to

**PART 2. SUPPLEMENTAL ELEMENTS**

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

devote adequate resources to mentoring and supporting less tenured examiners to ensure they gain the skills and experience to carry out the responsibilities which are needed to progress rapidly with the Department.



# CREDIT UNION DEPARTMENT

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## CUSTOMER SERVICE REPORT

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May 2020



## 2020 REPORT ON CUSTOMER SERVICE

The Credit Department is dedicated to fulfilling its commitment to customer service as outlined in the agency’s *Compact with Texans*. In doing so, credit unions supervised and regulated by the Department, as well as consumers that have registered complaints about those credit unions, are given the opportunity to provide opinions regarding the level of customer service provided by the agency.

In accordance with TEX. GOV’T CODE CH. 2114, the Department provides a variety of methods for customers to supply feedback about the agency’s operations and services. Methods used for the solicitation of feedback include internet-based surveys, outreach meetings, and a convenient link on our public website for customers to discuss issues related to their interaction with the agency.

Inventory of Customers by Strategy	
Strategy	Customer
Safe and Sound Credit Union Industry	Texas-chartered credit union and foreign credit unions with offices in Texas
Safeguard the Interest of Credit Union Members	Customers (Members) of Texas-chartered credit unions (represented by written complaints received)

### External Customer Descriptions

#### Credit Union Industry

A safe and sound credit union industry helps ensure economic growth and stability, while assuring a safe place for depositors, available credit opportunities, and competitive financial services. As a result, the primary beneficiary or customer of the Department’s safety and soundness supervision of credit unions are the citizens of Texas – credit union members, borrowers, and creditors. Other direct beneficiaries of the Department’s examination and supervision are the National Credit Union Administration (NCUA) and the institutions under regulation. The Department must meet the highest expectations and supervisory standards in order to maintain the state’s role in enhancing the dual credit union system.

Quality examination and supervision provides credit union boards and management with an independent look at their performance in complying with applicable laws and operating a safe and sound credit union. Burdensome or arbitrary requests for information, improper use of authority, or inconsistently applied statutes, rules, and procedures can inconvenience, disrupt, and even damage credit unions. To monitor the agency’s performance as a regulator, the Department surveys credit unions under its jurisdiction. Ultimately, a credit union’s members and creditors benefit from examinations and supervision.



## Credit Union Members

The primary customers served in this regard are consumers doing business with credit unions such as depositors and borrowers. The Department focuses its surveys on credit union members who have recently gone through the complaint process.

### Description of Information Gathering Techniques/Methods

The Department assesses its customer service through communications with its constituents. The Department utilized an electronic survey to reach out to each of its customers.

#### Annual Questionnaire

Credit unions are sent an invitation by email to participate in an online survey. Responses are anonymous unless the respondent provides contact information. Completed surveys are tabulated automatically by the Department's survey service provider and results are posted on the agency's public website. The methodology of data collection does not follow random sampling guidelines, rather it allows 100% of the credit unions the opportunity to provide feedback. In the most recent annual survey, credit unions were asked to complete the annual survey between February 13, 2020 and March 31, 2020. The agency also emailed reminder notices at various times during the data collection period asking credit unions to participate if they had not already done so.

#### Examination Survey

The Department solicits input regarding the supervision provided by the agency through a separate post examination survey. The goal of this survey is to help target areas for improvement, as well as to identify what parts of the existing examination process are working well. Between September 2018 and May 2019, an invitation by email to participate in an online survey was sent to each credit union 45 days after completion of an examination. The survey covers areas such as the examination process, examination reports, and the examination correspondence.

#### Application Survey

The Department solicits input regarding its application process through a separate post application survey. The goal of this survey is to help target areas for improvement, as well as to identify what parts of the existing process are working well. Between September 2018 and May 2019, an invitation by email to participate in an online survey was sent to each credit union that submitted an application 30 days after a final decision was rendered on the application. The survey allows credit unions to provide feedback and rate the performance of the agency in processing the application.

#### Survey of Member Complainants

Since 2014, complainants of credit unions have been surveyed. The methodology of data collection does not follow random sampling guidelines; it allows 100% of the complainants over a certain period of time the opportunity to respond. No deadline for a response is given and the responses are anonymous. Between September 2018 and May 2019, and fifteen days after a written consumer

complaint was closed, an invitation by email to participate in an online survey is sent to each complainant. The survey allows complainants to provide feedback and rate the performance of the agency in reviewing their complaint.

## Results and Summary Analysis of Surveys

It is important to know that when reviewing the following data, low response rates may generally yield results that reflect the feelings of those with the most positive or negative impressions of, or experiences with, the agency and consequently may skew the analysis of the findings. The results show a general satisfaction by a majority of respondents with the Department’s services as a whole across the various surveys.

### Annual Questionnaire

The Department received 83 responses from 179 credit unions for a response rate of 46 percent. An overwhelming majority of the respondents were “very satisfied” or “satisfied” that the Department is conducting its affairs in a satisfactory manner. The questionnaire affirms the agency’s dedication to offer exceptional service to credit unions as accessibility, responsiveness, and quality of services were all highly rated.

**Strategic Goal:** To ensure a safe and sound credit union industry  
**Strategic Objective:** The department anticipates, understands, addresses, and communicates risk to credit unions.  
**Measure:** Outcome

Q 1. How satisfied are you with the agency’s facilities, including your ability to access the agency, the office location, signs, and cleanliness?		
Very Unsatisfied	2	2%
Unsatisfied	0	0%
Neutral	1	1%
Satisfied	11	13%
Very Satisfied	32	39%
Not Applicable	37	45%
<b>Total</b>	<b>83</b>	<b>100%</b>

Q 2. How satisfied are you with agency staff, including employee courtesy, friendliness, and knowledgeability, and whether staff members adequately identify themselves to customers by name, including the use of the name plates or tags for accountability?		
Very Unsatisfied	2	2%
Unsatisfied	0	0%
Neutral	2	2%
Satisfied	13	16%
Very Satisfied	58	70%
Not Applicable	8	10%
<b>Total</b>	<b>83</b>	<b>100%</b>



**Q 3. How satisfied are you with agency communications, including toll-free telephone access, the average time you spend on hold, call transfers, access to a live person, letters, electronic mail, and any applicable text messaging or mobile applications?**

Very Unsatisfied	1	1%
Unsatisfied	0	0%
Neutral	2	2%
Satisfied	16	19%
Very Satisfied	61	74%
Not Applicable	3	4%
<b>Total</b>	<b>83</b>	<b>100%</b>

**Q 4. How satisfied are you with the agency's internet site, including the ease of use of the site, mobile access to the site, information on the location of the site and the agency, and information accessible through the site such as a listing of services and programs and whom to contact for further information or to complain?**

Very Unsatisfied	1	1%
Unsatisfied	1	1%
Neutral	4	5%
Satisfied	34	41%
Very Satisfied	42	51%
Not Applicable	1	1%
<b>Total</b>	<b>83</b>	<b>100%</b>

**Strategic Goal:** To ensure a safe and sound credit union industry

**Strategic Objective:** The department anticipates, understands, addresses, and communicates risk to credit unions.

**Measure:** Explanatory

**Q 5. How satisfied are you with the agency's complaint handling process, including whether it is easy to file a complaint and whether responses are timely?**

Very Unsatisfied	0	0%
Unsatisfied	2	2%
Neutral	6	7%
Satisfied	14	17%
Very Satisfied	39	47%
Not Applicable	22	27%
<b>Total</b>	<b>83</b>	<b>100%</b>

**Q 6. How satisfied are you with the agency's ability to timely serve you, including the amount of time you wait for service in person?**

Very Unsatisfied	0	0%
Unsatisfied	0	0%
Neutral	1	1%
Satisfied	18	22%
Very Satisfied	48	58%
Not Applicable	15	18%
Skipped Question	1	1%
<b>Total</b>	<b>83</b>	<b>100%</b>

Q 7. How satisfied are you with any agency brochures or other printed information, including the accuracy of that information?		
Very Unsatisfied	0	0%
Unsatisfied	0	0%
Neutral	4	5%
Satisfied	19	23%
Very Satisfied	46	56%
Not Applicable	13	15%
Skipped Question	1	1%
<b>Total</b>	<b>83</b>	<b>100%</b>

Q 8. Please rate your overall satisfaction with the agency		
Very Unsatisfied	0	0%
Unsatisfied	0	0%
Neutral	2	2%
Satisfied	21	26%
Very Satisfied	59	71%
Skipped Question	1	1%
<b>Total</b>	<b>83</b>	<b>100%</b>

## Examination Survey

Forty-five days after the completion of an examination of each credit union, a separate invitation to participate in the examination survey is transmitted to the credit union. For the period from September 2018 through May 2019, 97 invitations were sent, and 30 responses were received for a 31 percent response ratio. The responses complimented the examining staff's professionalism and noted that the report of examination was easy to understand with strongly agreed or somewhat agreed responses of 90 percent.

**Strategic Goal:** To ensure a safe and sound credit union industry  
**Strategic Objective:** The department anticipates, understands, addresses, and communicates risk to credit unions.  
**Measure:** Outcome and Efficiency

Examinations		
<b>Q1. The lead-time was sufficient to gather the information requested prior to the on-site examination</b>		
Strongly Agree	25	83%
Somewhat Agree	5	17%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>



Q 2. The pre-examination requests were reasonable in scope		
Strongly Agree	26	87%
Somewhat Agree	3	10%
Neither Agree or Disagree	1	3%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 3. Materials requested in the pre-examination were used during the examination		
Strongly Agree	22	74%
Somewhat Agree	7	23%
Neither Agree or Disagree	1	3%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 4. The pre-examination request made the examination run more efficiently		
Strongly Agree	23	77%
Somewhat Agree	2	6%
Neither Agree or Disagree	5	17%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 5. The examiners were knowledgeable about your credit union		
Strongly Agree	23	77%
Somewhat Agree	7	23%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 6. The examiners demonstrated a thorough understanding of safety and soundness issues		
Strongly Agree	22	74%
Somewhat Agree	7	23%
Neither Agree or Disagree	1	3%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 7. The examiners were responsive to your questions and concerns		
Strongly Agree	23	77%
Somewhat Agree	7	23%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 8. The examiners communicated effectively with the credit union throughout the examination		
Strongly Agree	24	80%
Somewhat Agree	6	20%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 9. The examiners treated you professionally		
Strongly Agree	27	90%
Somewhat Agree	3	10%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 10. The examiners explained the CAMEL ratings in sufficient detail		
Strongly Agree	25	83%
Somewhat Agree	4	14%
Neither Agree or Disagree	1	3%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 11. All major findings of the examination were discussed with you prior to the examiners leaving your credit union		
Strongly Agree	28	94%
Somewhat Agree	0	0%
Neither Agree or Disagree	1	3%
Somewhat Disagree	1	3%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 12. Management was given the opportunity to react to the examination findings		
Strongly Agree	27	90%
Somewhat Agree	2	7%
Neither Agree or Disagree	0	0%
Somewhat Disagree	1	3%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>



Q 13. The examination was completed within a reasonable timeframe		
Strongly Agree	26	87%
Somewhat Agree	0	0%
Neither Agree or Disagree	4	13%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 14. The report accurately reflected the examination findings as conveyed to you during the examination		
Strongly Agree	27	90%
Somewhat Agree	1	3%
Neither Agree or Disagree	2	7%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 15. The report was easy to understand		
Strongly Agree	27	90%
Somewhat Agree	0	0%
Neither Agree or Disagree	1	3%
Somewhat Disagree	2	7%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 16. The report accurately portrayed your credit union's practices and condition		
Strongly Agree	24	80%
Somewhat Agree	1	3%
Neither Agree or Disagree	5	17%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 17. The transmittal letter and other written communications concerning the examination report was clear and concise		
Strongly Agree	24	80%
Somewhat Agree	6	20%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 18. The report contained useful recommendations for improving safety and soundness practices		
Strongly Agree	19	63%
Somewhat Agree	4	13%
Neither Agree or Disagree	7	24%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 19. The examination findings will assist you in enhancing your safety and soundness practices		
Strongly Agree	18	60%
Somewhat Agree	6	20%
Neither Agree or Disagree	6	20%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

Q 20. The examination was conducted in a fair and objective manner		
Strongly Agree	26	87%
Somewhat Agree	3	10%
Neither Agree or Disagree	1	3%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>30</b>	<b>100%</b>

## Application Survey

Thirty days after a final decision is rendered on a credit union's application, a separate invitation to participate in the application survey is transmitted to the credit union. For the period from September 2018 through May 2019, 37 invitations were sent, and 15 responses were received for a 41 percent response ratio. The responses complimented the Department's application process, with efficiency satisfaction responses of 100 percent.

**Strategic Goal:** To provide a flexible regulatory framework that enables credit unions to provide a full competitive array of financial services.

**Strategic Objective:** Credit union application procedures are efficient and consistent with safety and soundness.

**Measure:** Outcome

Applications		
Q 1. Department staff provided timely and accurate feedback/answers		
Strongly Agree	12	80%
Somewhat Agree	3	20%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>15</b>	<b>100%</b>



Q 2. Department staff communicated with me in a courteous and professional manner		
Strongly Agree	11	73%
Somewhat Agree	4	27%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>15</b>	<b>100%</b>

Q 3. The application process was efficient		
Strongly Agree	12	80%
Somewhat Agree	3	20%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>15</b>	<b>100%</b>

Q 4. The Department's requests for information were reasonable		
Strongly Agree	11	73%
Somewhat Agree	4	27%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>15</b>	<b>100%</b>

Q 5. The Department's website was helpful in completing my application		
Strongly Agree	9	60%
Somewhat Agree	5	33%
Neither Agree or Disagree	1	7%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>15</b>	<b>100%</b>

## Member Complainants

A total of 226 invitations to participate in the survey were transmitted to complainants who filed a complaint against a credit union between September 2018 and May 2019. A total of 27 responses were received for a 12 percent response rate.

Approximately 78 percent of complainants found it relatively easy to file a complaint with the agency. Overall, 48 percent of respondents were satisfied the Department understood the basis of their complaint, while 29 percent were dissatisfied. However, only 23 percent felt our response addressed the important aspects of their complaint.

**Strategic Goal:** To safeguard the interest of credit union members

**Strategic Objective:** All credit union members have reasonable access to credit union services and are treated fairly and lawfully.

**Measure:** Explanatory, Efficiency and Outcome

Complaints		
Q 1. It was relatively easy to file a complaint with the Department		
Strongly Agree	18	67%
Somewhat Agree	3	11%
Neither Agree or Disagree	3	11%
Somewhat Disagree	0	0%
Strongly Disagree	1	4%
Skipped Question	2	7%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 2. Department staff communicated with me in a courteous and professional manner		
Strongly Agree	14	52%
Somewhat Agree	3	11%
Neither Agree or Disagree	2	7%
Somewhat Disagree	4	15%
Strongly Disagree	4	15%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 3. I believe department staff understood the basis of my complaint		
Strongly Agree	10	37%
Somewhat Agree	3	11%
Neither Agree or Disagree	1	4%
Somewhat Disagree	5	19%
Strongly Disagree	6	22%
Skipped Question	2	7%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 4. The response provided by the department addressed the important aspects of my complaint		
Strongly Agree	5	19%
Somewhat Agree	1	4%
Neither Agree or Disagree	3	11%
Somewhat Disagree	8	29%
Strongly Disagree	10	37%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 5. The explanation given was fair considering applicable laws		
Strongly Agree	5	19%
Somewhat Agree	4	15%
Neither Agree or Disagree	2	7%
Somewhat Disagree	5	19%
Strongly Disagree	11	40%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 6. The Department website was helpful in the complaint process		
Strongly Agree	8	29%
Somewhat Agree	4	15%
Neither Agree or Disagree	10	37%
Somewhat Disagree	2	7%
Strongly Disagree	3	11%
Skipped Question	0	0%
Total	27	100%

## Customer Service Representative

The Department's Compact with Texans is posted on the agency's public website ([www.cud.texas.gov](http://www.cud.texas.gov)). The appointed customer service representative is Commissioner John J. Kolhoff.

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