



CREDIT UNION COMMISSION

Commissioner Evaluation Committee Meeting

*Credit Union Department Building
914 East Anderson Lane
Austin, Texas*

**Thursday, November 2, 2023
1:00 p.m.**

*** * * AGENDA * * ***

This meeting of the Texas Credit Union Commission's Commissioner Evaluation Committee will be held at the Credit Union Department Building at 914 E. Anderson Ln., Austin, Texas 78752 and is open to the public. Only onsite testimony will be allowed; however, the meeting will be transmitted live through a link on the Department's webpage at www.cud.texas.gov on the day of the meeting, November 2, 2023 at 1:00 p.m.

An electronic copy of the agenda is now available at www.cud.texas.gov under Credit Union Commission, Commission Meetings, along with a copy of the meeting materials. A recording of the meeting will be available after November 17, 2023. To obtain a recording, please contact Isabel Velasquez at 512-837-9236.

Public comment on any agenda item or issue under the jurisdiction of the Credit Union Commission Rules Committee is allowed. Unless authorized by a majority vote of the meeting quorum, the comments of any persons wishing to address the Committee will be limited to no more than ten (10) minutes.

The Committee may discuss and/or take action regarding any item on this agenda.

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A.	Call to Order (1:00 p.m.) – Committee Chair Karyn Brownlee	4
	1. Ascertain Quorum	
	2. Appoint Recording Secretary	
	3. Acknowledge Guests	
	4. Invitation for Public Input	
B.	Receive and Approve Minutes of the Commissioner Evaluation Committee's Meeting on November 3, 2022	6
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D.	FY 2024 Commissioner Performance Goals and Evaluation Process	28

Commissioner Evaluation Committee Meeting

November 2, 2023

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E. Future Committee Meeting Dates and Agenda Items

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Adjournment

Executive Session: The Committee may go into executive session (close its meeting to the public) on any agenda item if appropriate and authorized by the Open Meetings Act, Texas Government Code, Chapter 551.

Meeting Recess: In the event the Commission does not finish deliberation of an item on the first day for which it was posted, the Commission might recess the meeting until the following day at the time and place announced at the time of recess.

Meeting Accessibility: Under the Americans with Disabilities Act, the Credit Union Commission will accommodate special needs. Those requesting auxiliary aids or services should notify Joel Arevalo, Texas Credit Union Department, 914 East Anderson Lane, Austin, Texas 78752--(512) 837-9236, as far in advance of the meeting as possible.

A

CALL TO ORDER

**TEXAS CREDIT UNION COMMISSION
COMMISSIONER EVALUATION COMMITTEE**

- *Karyn Brownlee, Chair*
- *Kay Swan*
- *David Shurtz*
- *Jim Minge, Ex-officio*

Legal Counsel

- *Karen L. Miller*

Staff

- *Michael S. Riepen*
- *Isabel Velasquez*

B

COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES

A draft copy of the minutes of the Committee's meeting held on November 3, 2022, is located under **Tab B**.

RECOMMENDED ACTION: The Department requests that the Commission approve the minutes as presented.

RECOMMENDED MOTION: I move that the minutes of the Committee's November 3, 2022, meeting be approved as presented.

**CREDIT UNION COMMISSION
COMMISSIONER EVALUATION COMMITTEE
MEETING MINUTES
Credit Union Department Building
914 East Anderson Lane, Austin, Texas**

November 3, 2022

A. CALL TO ORDER – ASCERTAIN A QUORUM – Chair Karyn Brownlee called the meeting to order at 3:10 p.m., in the conference room of the Credit Union Department Building, Austin, Texas pursuant to Chapter 551 of the Texas Government Code and declared that a quorum was present. Other members present were Sherri Merket, Kay Swan, David Shurtz, and Commission Chairman Jim Minge, ex-officio member. Nancy Elmlady, General Counsel, was in attendance to serve as legal counsel. Representing the Department staff were Michael S. Riepen, Commissioner and Isabel Velasquez, Executive Assistant. The Chair welcomed Melodie Durst, Executive Director, Credit Union Coalition of Texas, who was in attendance. Chair Brownlee appointed Isabel Velasquez as recording secretary. The Chair also inquired regarding notice, and the Commissioner confirmed that the notice of the meeting was properly posted (**October 17, 2022 TRD#2022006263**).

➤ **GENERAL PUBLIC COMMENT** – Chair Brownlee invited comment and no public comments were received.

B. APPROVAL OF MINUTES OF PRIOR MEETING (September 15, 2022). Mrs. Swan moved to approve the minutes of September 15, 2022, as

presented. Ms. Merket seconded the motion, and the motion was unanimously adopted.

C. FY 2023 Commissioner Performance Evaluation Process and Plan - Chair

Brownlee stated that it is the Committee's responsibility to develop, establish, and review the policies and forms used to carry out the Commissioner's annual performance review. It is also the Committee's responsibility to make recommendations to the Commission with respect to the establishment of performance standards for the coming fiscal year, because this work relates to the evaluation and continued employment of our Commissioner. At this time the Committee would be entering into Executive Session as provided under Section 551.074 of the Texas Government Code for personnel matters to discuss this agenda item. The Committee entered Executive Session at 3:15 p.m.

At 4:39 p.m., the committee returned to open session. Chair Brownlee inquired if there were any members who wished to bring forth any motion related to the Committee's discussion in executive session.

Vice Chair Merket moved that the Committee approve the revisions to the FY 2023 Commissioner Performance Evaluation Process and Plan as discussed in executive session. Mr. Shurtz seconded the motion, and the motion was unanimously adopted.

Chair Brownlee inquired if there were additional motions the Committee would like to make at this time.

Mr. Shurtz moved that the Committee approve and recommend to the full commission the performance standards included in the FY 2023 Commissioner Performance Evaluation Process and Plan at the upcoming commission meeting. Mrs. Swan seconded the motion, and the motion was unanimously adopted.

D. Future Meeting Date (Next Tentative Scheduled Committee Meeting) –

Chair Brownlee announced the next meeting of the Committee has been tentatively scheduled for March 9, 2023, if needed it.

There being no other business to come before the committee, the meeting adjourned at 4:42 p.m.

Karyn Brownlee
Chair

Isabel Velasquez
Recording Secretary

Distribution:

Legislative Reference Library

C

NEW BUSINESS

C. Recommend that the Credit Union Commission Approve the Proposed FY 2023 Performance Evaluation and FY 2024 Remuneration for the Commissioner.

BACKGROUND: Commission policy calls for an annual performance review of the commissioner. Accordingly, the Commission will be expecting a recommendation from the committee relative to the FY 2023 performance evaluation and FY 2024 remuneration for the commissioner.

RECOMMENDED MOTION: I move that the Committee recommend that the Commission take action to approve the proposed FY 2023 Performance Evaluation and FY 2024 remuneration for the commissioner.



CREDIT UNION DEPARTMENT COMMISSIONER PERFORMANCE EVALUATION PROCESS

Per the Texas Credit Union Commission's Policy Manual, the Evaluation Committee will coordinate an annual review of the Credit Union Commissioner's performance. Each annual review will reflect the Commissioner's leadership of the Department during the recently completed Fiscal Year. The purpose of this annual review is to ensure the effective management and oversight of the Texas Credit Union Department, to consider adjustments to the Commissioner's salary, and to set leadership goals with the Commissioner for the ensuing year. The evaluation process will begin at the Fiscal Year end (August 31,) and will culminate at the last regularly scheduled Commission meeting of the calendar year.

This process is fully outlined in this document and is to be updated yearly as necessary and as instructed within. The process includes the Commissioner Performance Evaluation Tool (Parts I-V,) the Commissioner Performance Evaluation Report, and the Commissioner Performance Evaluation Decision (Re: Commissioner Renumeration.)

At the close of the Fiscal Year, the Commissioner shall complete Part I: Self-Evaluation of the Commissioner Performance Evaluation Tool according to the instructions given and shall send all required information in electronic form to the Commission Members by September 30. (The Part I submission shall include at a minimum: completed tables from Parts II and III with FY actual results, self-scores, leadership goal documentation, written reflections, and proposal of new goals.) The Chair of the Evaluation Committee shall communicate with the Commissioner and Executive Assistant to confirm this important step occurs.

After this, the Chair will work with the Executive Assistant to ensure the immediate distribution of this Commissioner Performance Evaluation Process document to all Commission Members for their use. Subsequently, the Commission Members shall refer to the Commissioner's submission of Part I: Self-Evaluation to individually complete Parts II, III and IV. They may choose to also use any other documentation available to them. Members shall return their completed Performance Evaluation Tools Parts II, III and IV directly to the Chair of the Evaluation Committee to provide confidentiality and protect the integrity of this process. Tools shall be sent to the Chair of the Evaluation Committee by October 20.

The Chair of the Evaluation Committee will then compile results in preparation for an annual Evaluation Committee meeting to be held during the week of the last regularly scheduled Commission meeting of the calendar year. The Committee shall discuss the results in Executive

Session and prepare two recommendations for the Commission. These shall include: 1) adoption of the Committee's reporting of results for the Commissioner Performance Evaluation, and 2) adoption of the Commissioner Performance Evaluation Process document for the ensuing fiscal year as updated by the Evaluation Committee. These recommendations shall be presented to the Commission for consideration and approval at the last regularly scheduled Commission meeting of the calendar year, typically held in November.

The Commission should address the recommendations above and discuss in Executive Session the Commissioner's Renumeration for the coming year. The Commissioner is the only position at the Department that is exempt from the State's Position Classification Plan. The Credit Union Commission has sole authority to determine the salary for this position. It is prudent for the Commission to make current salary comparisons through reports such as the State Auditor's Office August 2020 Report on Executive Compensation at State Agencies (Report No. 20-706) and comparable salary information of selected positions at state and federal regulatory agencies with similar responsibilities. Currently, the Commissioner's salary state position classification is 6.

The Chair of the Evaluation Committee will meet with the Commissioner immediately following the Commission Meeting for necessary signatures and ensure appropriate filing of documents. The Commissioner and Executive Assistant will send the required copies to the appropriate individuals and departments. The originals shall be kept on file at the Department.

CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION TOOL
Credit Union Commissioner: Mike Riepen
Fiscal Year of Evaluation: September 1, 2022-August 31, 2023

Part I. Self-Evaluation (Must be completed by Commissioner)

A. Documentation

Review and respond to Part II: Objective Evaluation. Complete Table A with actual results for FY 2023 and score your performance using the scoring key provided. Complete Table B by scoring yourself on each leadership goal, noting what type of documentation you are including with your submission. All data and documentation, as well as your self-scores, will be reviewed by each Commission Member as they complete their individual evaluation of your performance.

B. Reflection

Review and respond to Part III: Subjective Evaluation. Score your performance using the scoring key provided. Choose 2-3 items in each of the three sections and provide written reflections. This is your opportunity to explain your reasoning for the scores you have given yourself. You may provide additional documentation or information if you choose, but it is not required. Your self-scores, written reflections and any additional documentation will be reviewed by each Commission Member as they complete their individual evaluation of your performance.

C. Projection

Write at least three or more leadership goals for the ensuing fiscal year for the Evaluation Committee's consideration.

First, consider these guiding questions and others that may come to mind. You may share your written thoughts with the committee or keep them to yourself.

- What are the top five priorities of the Department at present?
- What are the needs of your staff?
- What obstacles did you encounter this year?
- How can your leadership style be improved and made more effective?
- Are there any books or professional development programs you would like to pursue?

After reflecting on the questions above, propose your new leadership goals for next year. The Committee will review your input as they prepare their recommendations to the Commission.

Write your proposed goals with the starter, “The Commissioner will...”

- ✓ What leadership goals would you propose for yourself for FY 2024? (Minimum 3)

Part II. Objective Evaluation (65%)

Scoring of Goals and Measured Objectives:

- 3 = Goal/obj was exceeded
- 2 = Goal/obj was achieved
- 1 = Goal/obj was partially achieved
- 0 = Goal/obj was not achieved

A. Performance Measures from FY 2023 Annual Operating Plan & Budget

Measured Objective	Target	FY Actual	Score
Strategic Goal 1			
Percentage of credit unions receiving regular examination annually	75%		
Percentage of applications approved or denied within 60 days	100%		
Percentage of credit unions with composite CAMEL ratings of 1 or 2	85%		
Percentage of assets held in credit unions with CAMEL ratings of 1 or 2	95%		
Percentage of credit unions that are "Well Capitalized" as defined by federal statute	95%		
Percentage of reports mailed to credit unions within 25 days	98%		
Percentage of total available work time utilized to conduct both regular and remedial examination work (aka E-Time Ratio)	65%		
Assets examined per examiner day	\$17.6 million		
Average time to complete analysis of quarterly financial data (after the submittal deadline for the most recent 5300 Call Report)	within 40 days		
Strategic Goal 2			
Percentage of rule changes provided to credit unions within 60 days after adoption	100%		
Percentage of interpretations/opinions issued within 30 days	100%		
Strategic Goal 3			
Percentage of complaints responded to within 30 days	95%		
Strategic Goal 4			
Percentage of exam related travel cost reduced by remote work	20%		
Annual examiner turnover rate	16%		
Average regulated assets per examiner (billions)	\$3.0 billion		
Percentage of purchases made from HUB vendors*:			
Professional Services	23.7%		
Other Services	26.0%		

Commodities <i>*Three percentages reported but scored as one measure</i>	21.1%		
Percentage of credit unions indicating quality service annually	90%		
Staffing level	95%		
Number of jobs fairs attended	2		
Turnover ratio (excluding retirements)	Less than 15%		
Accreditation by NASCUS Maintained in Good Standing	Yes		
Total Department costs relative to every \$100,000 in assets regulated	\$9.44		
Average Score (Total divided by 22)			

B. FY 2023 Leadership Goals

Goal	Documentation Included with Self-Evaluation (list (i.e., chart, certificate, summary, agenda, pictures, etc.))	Score
1. The Commissioner will...		
2. The Commissioner will...		
3. The Commissioner will...		
Average Score (Total divided by 3)		

Overall Average Score for All Goals and Measured Objectives (Total Averages divided by 2)	
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Part III. Subjective Evaluation (35%)

Rating of Performance Behaviors:

3 = Exceeds expectations: Superior performance that consistently exceeds expectations.

2 = Meets expectations: Performance consistently meets and sometimes exceeds expectations.

1 = Below expectations: Performance may meet some expectations for the position, but improvement is necessary to move expectation to a satisfactory level.

0 = Does not meet expectations: Overall performance is unsatisfactory in all or most expectations.

A. Leadership

Leadership Performance Behavior	Score
1. Oversees the state credit union system and overall operation of the Department to ensure it is safe, sound, and competitive.	
2. Demonstrates expertise of the credit union industry, incl. state and federal statutory frameworks, applicable laws and regulations, and issues surrounding the industry.	
3. Identifies and proposes plans for strategic long-term goals so to fulfill the mission of the Department, cost-effectively and in compliance with all applicable laws and policies.	
4. Actively participates in regional and national meetings with federal regulators and in regulatory associations such as NASCUS.	
5. Ensures the Department is effectively staffed, and that staff are properly supervised, developed, and motivated to achieve their goals.	
6. Evaluates and proposes statutory and rule changes to promote the safety, competitiveness, and viability of Texas state-chartered credit unions.	
7. Reviews and revises Department policies and programs with sufficient frequency to ensure all internal and external policies and programs are current and appropriate.	
8. Represents the Department as a capable, dependable leader with great professionalism and integrity who has high standards for self as well as subordinates.	
9. Leads worthwhile, effective initiatives to ensure the viability of the Texas charter.	
Average Score (Total divided by 9)	

B. Financial Management

Financial Management Performance Behavior	Score
1. Develops and submits an appropriate annual budget for review and approval by the Commission.	
2. Monitors the status of the annual budget with effective frequency and detail.	
3. Keeps the Commission timely informed of significant deviations from the budget.	
4. Oversees all Department funds, financial activities, and funding requests so to assure the Department maintains a good financial position.	
5. Ensures integrity and fiscal responsibility by all staff involved in revenue collections and expenditures.	
6. Provides timely and effective written financial reports to the Commission.	
7. Demonstrates good judgment in financial decisions, ensuring expenditures are necessary, prudent, and within budgetary constraints.	
Average Score (Total divided by 7)	

C. Communication

Communication Performance Behavior	Score
1. Demonstrates the abilities to gain the respect of others, to be persuasive and to motivate others to a desired objective in difficult circumstances.	
2. Takes the initiative in interpreting programs to the Commission, in suggesting new ideas or plans, and in presenting matters for consideration.	
3. Maintains cohesive relationships and open communication with Commission members, staff, and other credit union leaders within the state and across state lines.	
4. Keeps the Commission informed of the financial condition and future needs of the Department and informs the Commission of potential problems in a timely manner.	
5. Keeps the Commission continuously informed of the functions of the Department and provides routine reports of the Department's programs and performance.	
6. Notifies the Commission of conservation orders and, immediately, of any request for a hearing to appeal a conservation order.	
7. Communicates well with the public, the media, various trade groups and associations, and when appropriate, the Legislature and Governor's office.	
8. Communicates effectively with the League and Coalition in a timely and appropriate manner, using a variety of communication measures.	
9. Promotes a positive organizational culture of mutual respect, service, teamwork, and care.	
10. Handles complaints, conflicts, issues, and concerns in a timely and professional manner.	
Average Score (Total divided by 10)	

Overall Average Score for All Performance Behaviors (Total Averages divided by 3)	
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Part IV. Additional Feedback

A. Commendations/Comments

Write a few sentences summing up your view of the Commissioner's performance for the past fiscal year. Highlight specific accomplishments or areas. Attention to strengths is appreciated. Note any suggestions for individual or Department improvement or changes for the future.

B. Possible Goals for Next Year

Write any suggestions for possible leadership goals for the Commissioner for the ensuing year. Examples of annual goals: (a) projects that move the Department to a more automated environment, (b) professional development for the Commissioner or staff, (c) strategies for increasing efficiency and effectiveness.

Commission Member's Printed Name

Commission Member's Signature

Date of Completion

Part V. Final Steps

There are four final steps in the Commissioner Performance Evaluation Process to be completed by the Chair of the Evaluation Committee in conjunction with the Commission and their approval.

First, the Chair will compile the information, calculate the results, and complete the Commissioner Performance Evaluation Report. The Chair will bring this completed report to the Evaluation Committee in Executive Session for their review. Upon their decision, the Chair will then present these results to the entire Commission at the end-of-year Commission Meeting and share the committee's recommendation for their approval.

Second, the Chair, in collaboration with the Evaluation Committee, will update the Commissioner Performance Evaluation Process document for the subsequent Fiscal Year, revising appropriate dates and addressing specific items in its Tool. The Commissioner Performance Evaluation Tool shall be updated to reflect the leadership goals recommended by the Committee and approved by the Commission. It shall also be updated to modify the internal measure target percentages as needed from the new fiscal year budget; (this budget was previously approved by the Commission at the summer meeting.) The committee should also review the wording in the entire Process document and consider any revisions to improve these procedures.

Third, the Chair will complete the form, Commissioner Performance Evaluation Decision – Commissioner Renumeration. This will be completed after the end-of-year Commission Meeting to reflect the Commission's official decision.

Finally, the Chair will meet privately with the Commissioner immediately following the end-of-year Commission Meeting for the necessary signatures. The Chair will communicate with the Commissioner and Executive Secretary to ensure each of these documents is filed appropriately and the state takes necessary action regarding any changes to remuneration. The originals shall be kept on file at the Department.



**CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION REPORT**
Fiscal Year of Evaluation: September 1, 2022-August 31, 2023
Credit Union Commissioner: Mike Riepen

Part I. Self-Evaluation (Informational)

_____ Satisfactorily Completed and Submitted on Time
_____ Satisfactorily Completed and Submitted Substantially Late
_____ Not completed

Part II. Objective Evaluation (65%)

Total of Commission Members' Part II Overall Average Scores: _____

_____ ÷ 9 = _____
(Total from Above) (Number of Members) (Part II Average)

_____ X 65% = _____
(Part II Average) (Weight) (Part II Score)

Part III. Subjective Evaluation (35%)

Total of Commission Members' Part III Overall Average Scores: _____

$$\frac{\text{_____}}{\text{(Total from Above)}} \div \frac{9}{\text{(Number of Members)}} = \frac{\text{_____}}{\text{(Part III Average)}}$$

$$\frac{\text{_____}}{\text{(Part III Average)}} \times \frac{35\%}{\text{(Weight)}} = \frac{\text{_____}}{\text{(Part III Score)}}$$

Part IV. Additional Feedback

Part V. Final Evaluation

_____ + _____ = _____
(Part II Score) (Part III Score) (Total Score)

_____ Clearly Outstanding
_____ Exceeds Expectations
_____ Below Expectations
_____ Unsatisfactory

Evaluation Chair Printed Name

Evaluation Chair Signature

Date

Commissioner's Printed Name

Commissioner's Signature

Date



**CREDIT UNION DEPARTMENT
COMMISSIONER PERFORMANCE EVALUATION DECISION
COMMISSIONER RENUMERATION**

Fiscal Year of Evaluation: September 1, 2022-August 31, 2023

Credit Union Commissioner: Mike Riepen

Current Salary: \$ 200,000

Effective Date: October 3, 2022

Pay Adjustment: \$ _____ % _____

Future Salary: \$ _____ **Effective Date:** _____

Evaluation Chair Printed Name

Evaluation Chair Signature

Date

Commissioner's Printed Name

Commissioner's Signature

Date

D

Commissioner Leadership Goals

1. The Commissioner will ensure a migration away from the Sage Database to other solutions. Sage is no longer supported, and it is important to move Sage data and reports to other solutions in an orderly manner. Complaint information and associated development of reports is currently being moved from Sage to Access.
2. The Commissioner will develop a Succession Plan for Key Personnel in the Austin Office. Within the next few years, several key personnel (Commissioner, Deputy Commissioner, Executive Assistant to the Commissioner, Director of Information Systems & Technology) may leave the Department. It is essential that the Department have a plan in place which provides for as orderly of a transition in key positions as possible.
3. The Commissioner will encourage and help facilitate more rapid adoption of financial technology, particularly for small and medium sized credit unions. The Commissioner will gain greater understanding of the role that CUSO's, credit union industry fintech leaders, NACUSO, the Department, NCUA, NASCUS and Cornerstone League can play in facilitating quicker adoption of financial technology by credit unions. I envision this to be an on-going goal.



Credit Union Department
State of Texas

FY 2024 Annual Operating Plan & Budget

Approved by the Credit Union Commission
August 11, 2023

INTRODUCTION

In accordance with Chapter 16 of the Finance Code, the Department has crafted the following *FY 2024 Annual Operating Plan and Budget*. This document aligns the goals and measures developed for the Department's *Strategic Plan for Fiscal Years 2023-2027* with the Department's proposed budget. It aims to improve the links between the Department's resource needs, effectiveness, and outcomes.

THE DEPARTMENT TODAY

The Department is a self-directed and semi-independent agency that is responsible for ensuring a safe and sound credit union system for all Texans. This is accomplished through the effective chartering, regulation, and supervision of Texas-chartered credit unions. The operations of the Department are funded primarily by semiannual assessments levied on credit unions. The Department receives no state monies from the General Revenue Fund.

As of December 31, 2022, the Department was responsible for regulating and supervising 171 credit unions. Based on the year-end call reports, Texas-chartered credit unions held \$57.0 billion in assets or approximately 40 percent of total aggregate credit union assets in Texas.

GOALS AND OUTCOMES

The Credit Union Commission has established four strategic goals to guide the operations of the Department and to contribute to the achievement of its mission and performance goals. The Commission's goals are:

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

The Department works to meet these goals by, among other things, detecting violations and potential problems or issues in the Texas credit union system and ensuring that the violations are addressed; crafting rules that strengthen corporate governance and operations; ensuring credit union members are treated fairly; and making sure that the Department's human capital strategies, information technology initiatives, and resources are appropriately aligned to achieve the Department's mission, goals, and outcomes.

FY 2024 Annual Operating Plan & Budget

Like other regulatory agencies, the Department has found it challenging to develop measures that accurately depict the outcomes of the agency's activities. In many instances, the effects of the agency's efforts can only be indirectly assessed. The Department intends to continue refining its work in this area as it gains more experience in integrating its budget and performance functions. As part of this effort, the Department will continue to assess alternatives for measuring outcomes that help the public gauge the Department's progress in achieving its mission, as well as assisting staff in meeting their objectives.

Strategic Goal 1: To Ensure a Safe and Sound Credit Union Industry

Strategic Objective 1.1: The Department anticipates, understands, addresses, and communicates risk to credit unions. The Department seeks to fulfill this objective by:

1. establishing the appropriate regulatory framework;
2. being a prudent steward of Department resources;
3. ensuring risk-based supervision is properly implemented and focused on material risks to the industry and individual credit unions;
4. identifying emerging risk areas related to industry and individual credit unions;
5. complying with the examination requirements of [7 TAC Section 97.105](#);
6. resolving problem credit unions in a timely fashion, effectively, and when possible, without loss to the share insurance provider; and
7. taking prompt and effective enforcement actions when warranted.

Strategic Objective 1.2: The Department cooperates with other regulatory authorities on common interests. The Department seeks to fulfill this objective by:

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

Strategic Objective 1.3: Supervisory methods and analytical tools keep pace with industry changes and appropriately support the broader mission of the Department. The Department seeks to fulfill this objective by:

1. utilizing analytical tools and reports to effectively use the data collected from credit unions to foster informed decision making for supervisory operations and policy;
2. deploying supervisory technology solutions to enhance data quality and provide user-friendly examiner access to key credit union and industry information; and
3. Providing transparency through the Department's reporting.

FY 2024 Annual Operating Plan & Budget

Key Performance Measures

- Percentage of credit unions receiving regular examination annually
 - Target for FY 2024: **75%**
- Percentage of applications approved or denied within 60 days
 - Target for FY 2024: **100%**
- Number of state-chartered credit unions
- Number of regular examinations performed
- Percentage of credit unions with composite CAMEL ratings of 1 or 2
 - Target for FY 2024: **85%**
- Percentage of assets held in credit unions with CAMEL ratings of 1 or 2
 - Target for FY 2024: **95%**

Internal Measures

- Number of follow-up contacts made
- Number of enforcement actions issued
- Percentage of credit unions that are “Well Capitalized” as defined by federal statute
 - Target for FY 2024: **95%**
- Percentage of reports mailed to credit unions within 25 days
 - Target for FY 2024: **98%**
- Percentage of total available work time utilized to conduct both regular and remedial examination work
 - Target for FY 2024: **65%**
- Average Cost per Credit Union Examination
- Assets Examined per Examiner Day
 - Target for FY 2024: **\$16.8 million***
- Average time to complete analysis of quarterly financial data
 - Target for FY 2024: **within 40 days after the submittal deadline for the most recent 5300 Call Report**

*Same as FY23 target which was based on FYE22 results. Will be amended for FY24, based upon 95% of actual level realized for FYE23.

Strategic Goal 2: To Provide a Flexible Legal and Regulatory Framework that Enables Credit Unions to Provide a Competitive Array of Financial Services

Strategic Objective 2.1: Each Commission rule is current, clearly written, and necessary for an effective supervisory process. The Department seeks to fulfill this objective by:

1. drafting, amending, and implementing rules to fulfill Legislative directives and to ensure relevance to current conditions;

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2. conducting the mandatory rule review in accordance with Commission's approved plan; and
3. implementing rulemaking through successful collaboration and consultation with interested parties.

Strategic Objective 2.2: The Department supports credit union efforts to remain competitive, consistent with safety and soundness. The Department seeks to fulfill this objective by:

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

Strategic Objective 2.3: Application procedures are efficient and consistent with safety and soundness. The Department seeks to fulfill this objective by:

1. providing a standardized application package;
2. establishing policies and procedures that provide clear and comprehensive guidance;
3. implementing and maintaining processes for prompt screening of applications; and
4. enhancing existing technology solutions that support effective application operations.

Key Performance Measures

- Percentage of rule changes provided to credit unions within 60 days after adoption
 - Target FY 2024: 100%

Internal Measures

- Number of new rules adopted
- Number of rules amended
- Number of rules re-adopted without change
- Number of applications processed
- Number of requests for interpretations/opinions of Act and Rules
- Number of contested cases referred to SOAH
- Number of Public Information Act requests processed
- Number of public forums in which Department participates
- Total Assets in state-chartered credit unions

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- Percentage increase in total aggregate credit union assets
- Percentage of interpretations/opinions issued within 30 days
 - Target FY 2024: **100%**

Strategic Goal 3: Safeguard the Interest of Credit Union Members

Strategic Objective 3.1: All credit union members have reasonable access to credit union services and are treated fairly and lawfully. The Department seeks to fulfill this objective by:

1. reinforcing the importance of fair and honest treatment of credit union members through appropriate supervisory and enforcement action;
2. expanding the agency's role in resolving and/or mediating member complaints handled by the Department;
3. strengthening role in addressing member privacy, information security, and identity theft; and
4. enhancing the Department's consumer compliance examination program.

Strategic Objective 3.2: Credit unions are involved in providing financial services in underserved communities within this State. The Department seeks to fulfill this objective by:

1. supporting the efforts of credit unions to expand their fields of membership to include underserved and low income communities;
2. facilitating the process for credit unions to obtain a low-income designation from NCUA; and
3. participating in financial literacy efforts by the industry and other agencies.

Key Performance Measure

- Percentage of credit unions providing services to low income or underserved populations

Internal Measures

- Number of complaints processed
- Percentage of complaints responded to within 40 days*
 - Target FY 2024: **95%**

*Due to increasing level of complexity in dealing with member complaints, we are recommending this performance measure be increased from 30 to 40 days.

Strategic Goal 4: Develop a Professional and Motivated Staff that Provides Quality Service and Supports Achievement of the Department's Statutory Mission.

Strategic Objective 4.1: The Department maintains a competent, highly motivated, and diverse workforce in a fair and inclusive work environment. The Department seeks to fulfill this objective by:

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

Strategic Objective 4.2: The Department is an efficient, effective, and ethical organization. The Department seeks to fulfill this objective by:

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

Internal Measures

- Percentage of exam related travel cost reduced by remote work
 - Target FY 2024: **20%**

Strategic Objective 4.3: The Department's resource decisions and operations reflect sound financial, security, and risk management principles. The Department seeks to fulfill this objective by:

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

FY 2024 Annual Operating Plan & Budget

Internal Measures

- Annual examiner turnover rate
 - Target FY 2024: **16%**
- Average regulated assets per examiner (billions)
 - Target FY 2024: **\$3.0 billion***
- Number of days of formal training attended by staff
- Number of purchases made from HUB vendors
- Percentage of purchases made from HUB vendors
 - Target FY 2024: **Professional Services - 23.7%; Other Services - 26.0%; and Commodities - 21.1%**
- Percentage of credit unions indicating quality service annually
 - Target FY 2024: **90%**
- Staffing level
 - Target FY 2024: **95%**
- Number of jobs fairs attended
 - Target FY 2024: **2**
- Turnover ratio (excluding retirements)
 - Target FY 2024: **Less than 15%**
- Accreditation by NASCUS Maintained in Good Standing
 - Target FY 2024: **Yes**
- Total Department costs relative to every \$100,000 in assets regulated
 - Target FY 2024: **\$6.94****

*Same as FY23 which was based on regulated assets as of March 31, 2023, divided by 19 examiners (fully staffed). As of May 31, 2023, this YTD figure is \$3.7 billion based on staffing (short 2 examiners) and regulated assets; an increase of approximately 79 percent from the FYE17 figure of \$2.08 billion. Once the two open field examiner positions are filled, this will reduce the existing level to the target level of \$3.0 billion, which supports the proposed FY24 target.

**Target based on FY22 cost of \$6.61/\$100k of regulated assets times 105% during the fiscal year. The high level of remote work has resulted in restricted travel and greatly reduced costs. It is anticipated more exams will be conducted on-site moving forward and examiner travel costs will increase. The FY23 costs have not yet been computed as we have not reached the FYE.

DEPARTMENT BUDGET – FY 2024			
REVENUE:			
Operating Fees			\$5,556,986 ¹
Examination Fees			
Application Fees			
Penalties			
Refund/Reimbursement of Expenditures			
Other			
TOTAL REVENUE			\$5,556,986
EXPENDITURES:			
Personnel Expenses			
Salaries and Wages	\$3,270,325		
Payroll Related Costs	968,021		
Total Personnel Expenses			\$4,238,346
Travel Expenses			
In State	\$426,372		
Out-of-State	25,000		
Commission	24,000		
Total Travel Expenses			\$475,372
Other Operating Expenses			
Professional Services/Fees	\$430,600		
Materials and Supplies	58,632		
Communications/Utilities	58,214		
Repairs/Maintenance	29,165		
Rentals and Leases	4,900		
Printing and Reproduction	1,000		
Other Expenditures	160,757		
Contingency Reserve Funding (FY22)	100,000		
Total Other Operating Expenses			\$843,268
TOTAL EXPENDITURES			\$5,556,986
CONTINGENCY RESERVE AFTER FY23 FUNDING			\$998,750
FULL-TIME-EQUIVALENT POSITIONS (FTEs)			35.0

¹ Budgeted operating fees will be set to cover the actual budget approved by the Commission. Any funds more than the prescribed Contingency Fund Reserve aggregate limit as of August 31, 2023, will also be used to reduce the operating fees for Texas credit unions during the fiscal year.

FY 2024 Annual Operating Plan & Budget

	CUMULATIVE RESOURCES					
Budget Year	2018	2019	2020	2021	2022	2023*
Authorized FTE	29.5	29.5	30.0	30.0	31.0	33.0
Actual FTE	28.5	29.0	29.0	27.0	27.5	30.5
Budgeted Dollars	\$4,063,453	\$4,260,909	\$4,445,694	\$4,307,682	\$4,894,832	\$5,057,455
Actual Dollars Spent	\$3,874,028	\$3,903,856	\$3,898,009	\$3,524,092	\$3,895,886	TBD

**As of May 31, 2023.*

FUTURE MEETING DATES

E. Discussion and Consideration of a Tentative Date for Next Committee Meeting.

BACKGROUND: The next regular meeting of the Committee has been tentatively scheduled for July 11, 2024.

ADJOURNMENT