

# AGENCY STRATEGIC PLAN

## FISCAL YEARS 2025 TO 2029

### BY THE

# CREDIT UNION DEPARTMENT STATE OF TEXAS

---

## CREDIT UNION COMMISSION OF TEXAS

---

### Commission Member

### Dates of Term

### Hometown

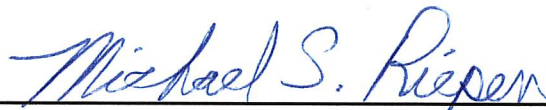
James L. "Jim" Minge	May 21, 2017 to February 15, 2029	Arlington, Texas
Becky L. Ames	Dec. 18, 2023 to February 15, 2029	Beaumont, Texas
Elizabeth L. "Liz" Bayless	August 8, 2019 to February 15, 2025	Austin, Texas
David Bleazard	April 5, 2022 to February 15, 2027	Katy, Texas
Karyn C. Brownlee	August 8, 2019 to February 15, 2029	Coppell, Texas
Beckie Stockstill Cobb	April 5, 2022 to February 15, 2027	Deer Park, Texas
Cody R. Huggins	Dec. 18, 2023 to February 15, 2027	Georgetown, 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

---

---

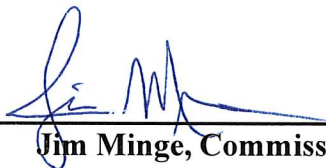
**DATE OF SUBMISSION: May 30, 2024**

**SIGNED:**



**Michael S. Riepen, Commissioner**

**APPROVED:**



**Jim Minge, Commission Chair**

# TABLE OF CONTENTS

## PART 1 STRATEGIC PLAN

Title Page.....	Page 1
Table of Contents.....	Page 2
Agency Mission.....	Page 3
Agency Philosophy.....	Page 3
Agency Overview.....	Page 3
Agency Operational Goals and Action Plan.....	Page 4
Goal 1. To ensure a safe and sound credit union industry .....	Page 4
Goal 2. To provide a flexible regulatory framework that enables credit unions to provide a full competitive array of financial services. ...	Page 5
Goal 3. To safeguard the interest of credit union members.....	Page 7
Goal 4. To develop a professional and motivated staff that provides quality service to the citizens of Texas and supports achievement of the statutory mission. ....	Page 8
Redundancies and Impediments.....	Page 11

## PART 2. SUPPLEMENTAL ELEMENTS

Schedule A: Budget Structure .....	Page 12
Schedule B: Performance Measure Definitions.....	Page 15
Schedule C: Historically Underutilized Business Plan .....	Page 29
Schedule D: Statewide Capital Planning.....	Page 31
Schedule F: Agency Workforce Plan .....	Page 32
Schedule H: Report on Customer Service.....	Page 40
Schedule I: Certification of Compliance with Cybersecurity Training	

---

## **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 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.

## AGENCY GOALS AND ACTION PLAN

### AGENCY OPERATIONAL GOAL AND ACTION PLAN

*Goal 1. To ensure a safe and sound credit union industry.*

#### SPECIFIC ACTION ITEMS TO ACHIEVE YOUR GOAL

1. Ensure the Department anticipates, understands, addresses, and communicates risk to credit unions.
2. Ensure the Department cooperates with other regulatory authorities on common interests.
3. Develop and deploy supervisory methods and analytical tools appropriately pacing industry and economic changes in the financial services industry.

#### 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.
  - Establishing the appropriate regulatory framework.
  - Complying with the examination requirements of 7 TEXAS ADMIN. CODE (TAC) Section 97.105.
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.
  - Ensuring risk-based supervision is properly implemented and focused on material risks to the industry and individual credit unions.
  - Identifying emerging risk areas related to industry and individual credit unions.
  - Working effectively with the NCUA, private share insurance providers, and other state regulators to identify and address risks and emerging issues.
  - Resolving problem credit unions in a timely fashion, effectively, and when possible, without loss to the share insurance provider.
3. Effective in successfully fulfilling core functions, measuring success in achieving performance measures and implementing plans to continuously improve.
  - Resolving problem credit unions in a timely fashion, effectively, and when possible, without loss to the share insurance provider.
  - Ensuring risk-based supervision is properly implemented and focused on material risks to the industry and individual credit unions.
  - Identifying emerging risk areas related to industry and individual credit unions.
  - Taking prompt and effective enforcement actions when warranted.
4. Providing excellent customer service.
  - 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.
  - Working effectively with the NCUA, private share insurance providers, and other state regulators to identify and address risks and emerging issues.
5. Transparent such that agency actions can be understood by any Texan.
  - Complying with the examination requirements of 7 TAC Section 97.105.



- 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 guidance 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.

**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.

**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.

**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 2017, the Department resolved 280 complaints, rising to 338 in 2018, 376 in 2019, declining to 344 in 2020 and 323 in 2021, and then rising again to 344 in 2022 and 400 in 2023. 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.
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 occurred 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.
  - 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 Workforce 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 to 170 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 to 170 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 Workforce 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.
  - 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 to 170 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 to 170 exam days annually for each examiner, mentoring, employee feedback, incentives, and recognition programs.
  - Maintaining a comprehensive Equal Employment Workforce 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 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, Houston and Austin metropolitan areas. Because credit unions are located throughout the state, examiners may be required to travel extensively in examining credit unions with overnight travel of approximately 20 to 40 percent. Given the amount of potential travel, stationing field staff in these three 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. 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).

<b>REDUNDANCIES AND IMPEDIMENTS (REPEAT SECTION AS NECESSARY FOR EACH IDENTIFIED REDUNDANCY AND IMPEDIMENT)</b>	
<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF APPLICABLE)</b>	NONE
<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY OPERATIONS</b>	N/A
<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	N/A
<b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED CHANGE</b>	N/A
<b>NATURAL DISASTER-RELATED REDUNDANCIES AND IMPEDIMENTS (IF APPLICABLE)</b>	
<b>SERVICE, STATUTE, RULE, OR REGULATION (PROVIDE SPECIFIC CITATION IF PPLICABLE)</b>	NONE
<b>DESCRIBE WHY THE SERVICE, STATUTE, RULE, OR REGULATION IS RESULTING IN INEFFICIENT OR INEFFECTIVE AGENCY ERATIONS</b>	N/A
<b>PROVIDE AGENCY RECOMMENDATION FOR MODIFICATION OR ELIMINATION</b>	N/A
<b>DESCRIBE THE ESTIMATED COST SAVINGS OR OTHER BENEFIT ASSOCIATED WITH RECOMMENDED</b>	N/A

## Schedule A: Budget Structure

### AGENCY BUDGET STRUCTURE ELEMENTS (GOALS, STRATEGIES, MEASURES AND MEASURE DEFINITIONS) FOR THE 2023-24 BIENNIUM

AGENCY NAME: Credit Union Department

<b>ELEMENT</b> Identify the current Goal, Strategy, Measure or Measure Definition.	<b>REQUESTED CHANGE</b>	<b>JUSTIFICATION FOR REQUESTED CHANGE</b>	<b>LBB OR OOG APPR'D</b>	<b>LBB / OOG COMMENT</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 Complete Applications Approved or Denied Within 60 Days	None	None	N/A		N/A
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> Outcome Measure: Percentage of Credit Unions that are Well-Capitalized as defined by federal statute	None	None	NA		NA
Goal 1: A Safe and Sound Credit Union Industry <i>Strategy: Examine Credit Union Operations</i> Output Measure: Percentage of Reports Mailed to the Office Within 25 Days	None	None	NA		NA



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 time to complete analysis of quarterly financial data	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: Percentage of interpretations/opinions issued within 30 days	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 40 Days of Receipt	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Percentage of Exam Related Travel Costs Reduced by Remote Work	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Annual Examiner 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: Percentage of Purchases Made from HUBS Vendors	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Percentage of Credit Unions Indicating Quality Service Annually	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
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Number of Job Fairs Attended	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Turnover Ratio (excluding retirements)	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Accreditation by NASCUS Maintained in Good Standing	None	None	NA		NA
Goal 4: Develop and Maintain Professional Staff <i>Strategy: Maintaining High Quality Staff</i> Explanatory Measure: Total Department Costs Relative to Every \$100,000 in Assets Regulated	None	None	NA		NA

## Schedule B: Performance Measure Definitions

### 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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

75.0% annual

### 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 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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

100%

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

85%

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

95%

**Outcome Measure: Percentage of Credit Unions That are Well-Capitalized as Defined by Federal Statute**

**Definition**

A credit union is well capitalized if it has a net worth ratio of seven percent (7%) or greater and meets any applicable risk-based net worth requirements.

**Purpose/Importance**

Measures the financial health of the Texas state-chartered credit union industry based upon their level of net worth. Ties directly to a statewide regulatory benchmark.

**Source/Collection of Data**

Quarterly 5300 Call Report data filed with the Department by each credit union.

**Method of Calculation**

Divide the number of credit unions with a net worth ratio of seven (7%) percent or more by the total number of credit unions for the reporting period.

**Data Limitations**

Limited control over events that could lead to a credit union's net worth to decline.

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

95%

**Output Measure: Percentage of Reports to Credit Unions Within 25 Days**

**Definition**

The number of regular examination reports mailed to credit union management within 25 days of the last day on-site at the credit union, expressed as a percentage of the total number of examination reports mailed during the reporting period.

**Purpose/Importance**

The measure is an indication of the agency’s efficiency in reporting examination findings back to the credit union’s board of directors and key management.

**Source/Collection of Data**

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

**Method of Calculation**

Divide the number of reports of examination processed and mailed to credit unions within 25 days after the last day the examiners are on-site by the total number of reports of examination processed for the same period.

**Data Limitations**

None

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

98%

**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, C, etc.).

**Source/Collection of Data**

Tracked from a monthly report generated in the CAPPs time management system. This 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 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**

No

**Target Attainment:**

65%\*

*\*Will consider increasing ratio to between 68% and 70% with the FY25 Operating Plan and Budget. An increase in remote work has significantly reduced travel time; thus, increasing the aggregate concentration of examination hours to total examination hours available for work.*

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

\$19.5 Million\*

*\*Target increased from \$16.8 Million to \$19.5 Million, based on 95% of actual level realized for FY23. The amount realized for FY23 may have been slightly inflated due to exam staff turnover, which impacted total examination days. An adjustment to the method of calculation for this measure could be necessary for FY25.*

**Efficiency Measure: Average Time to Complete Analysis of Quarterly Financial Data**

**Definition**

The number of calendar days required for Field Staff to analyze and report to the office their initial risk ratings for credit unions under the Department’s jurisdiction based upon the quarterly financial results from the 5300 Call Reports that credit unions submit.

**Purpose/Importance**

To measure off-site monitoring efficiency. The call reports are a significant tool for the Department in identifying and addressing financial operating changes in a credit union between quarterly reports so that prompt, effective supervisory action can be taken when needed.

**Source/Collection of Data**

Call report data serves as the basis for the report. Call reports are required to be sent to the Department. Department staff validates each call report received.

**Method of Calculation**

Credit unions are required by the NCUA to submit their quarterly 5300 Call Reports on or before a certain date, each calendar quarter. That date will be the starting point for purposes of this measure. The date that the Field Supervisors forward their completed reviews of the Financial Performance Report (FPR) dashboard worksheets for their respective zones to the office marks the end date. The elapsed days between the two dates is the measure of performance.

**Data Limitations**

Turnover of key staff could slow down the review process of Quarterly FPRs.

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

Within 40 days\*

*\*Increased from 30 to 40 days in the 2023 Operating Plan and Budget*

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

100%

**Explanatory Measure: Percentage of Interpretations and Opinions Issued Within 30 Days of Receipt**

**Definition**

The number of written requests for interpretations and opinions responded to within 30 days of receipts, expressed as a ratio of all requests for interpretations and opinions responded to within the applicable time. A request for an interpretation or opinion must be in writing, must concern an existing statute or Commission rule, and must be responded to by the Commissioner or his designee.

**Purpose/Importance**

This measure provides an indication of the responsiveness of the Department in handling requests for interpretations and opinions responded to for the applicable period.

**Source/Collection of Data**

Department staff maintains a correspondence database that flags requests for interpretations or opinions. The database tracks the date correspondence is received, the name of the party from whom it is received, subject of the correspondence, whether it is a request for an interpretation or opinion, the date the Department's response was sent, and the number of days elapsed between the receipt and response dates. The database is updated daily.

**Method of Calculation**

Divide the number of interpretations and opinions issued within 30 days of receipt by the number of requests for interpretations and opinions responded to for the applicable period.

**Data Limitations**

If the nature of the request is such that the matter must be referred to the Attorney General's Office, the Department would be unable to respond within 30 days.

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment:**

100%

**Efficiency Measure: Percentage of Complaints Investigated and Responded to Within 40\* 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 40 days of receipt of the complaint, expressed as a percentage of all complaints responded to for the applicable time.

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

95%

*\*Due to the increasing level of complexity in dealing with member complaints, this performance measure was increased from 30 to 40 days, in conjunction with the Commission’s approval of the FY24 Operating Plan and Budget.*

**Explanatory Measure: Percentage of Exam Related Travel Costs Reduced by Remote Work**

**Definition**

Travel cost savings for performing examinations remotely divided by total examiners’ travel costs.

**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**

The Department’s monthly financial statements will break down examiners’ total travel costs, while the monthly time management reports will break down total examination hours. Total examination hours include all time charged to exam hours onsite and offsite, remedial exam hours onsite and offsite, exam remote e-time, and remedial remote e-time.

**Method of Calculation**

Total examiners’ travel costs divided by total examination hours (regular and remedial) to arrive at examiner’s average travel cost per examination hour. The average cost is then multiplied by the total hours of examination time performed remotely to compute travel costs savings. Divide the total costs savings amount by the examiners’ total travel costs to arrive at the percentage reduction of examination related travel costs.

**Data Limitations**

None

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

20%

**Explanatory Measure: Annual Examiner Turnover Ratio**

**Definition**

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

**Purpose/Importance**

Because turnover results in a less experienced examination staff, this measure is one indicator of the Department’s ability to meet the examination completion-related 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 examiner resignations (excluding retirements) received during a reporting period by the average number of examiner FTEs for the same period.

**Data Limitations**

Very limited control over examination staff turnover. Most Resign because of less than competitive salaries and/or travel considerations. Salaries limited by levels in state classification plans and budgetary constraints.

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

<16%

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

\$3.0 billion

**Explanatory Measure: Percentage of Purchases Made from HUBS Vendors**

**Definition**

The number of purchases made from vendors who are designated as a historically underutilized business divided by the number of purchases made for the reporting period. This does not include travel or transactions between agencies. It does include TIBH.

**Purpose/Importance**

This measure tracks the Department's compliance with Chapter 2161 of the Government Code.

**Source/Collection of Data**

The Department's Staff Services Officer maintains the list of contracts awarded and which are designated as a HUB.

**Method of Calculation**

Divide the total number of purchases made from HUBS for the reporting period by the total aggregate number of purchases made by the Department for the reporting period, including TIBH, and excluding

travel and transactions between agencies.

**Data Limitations**

No control over vendors who may be interested in Providing services at the lowest cost to the agency.

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

Goals established by Comptroller's Office

**Explanatory Measure: Percentage of Credit Unions Indicating Quality Service Annually**

**Definition**

The number of credit unions indicating the Department provides quality service, expressed as a percentage of the number of credit unions responding to that question on the annual survey.

**Purpose/Importance**

This measure provides an indication of the state-chartered credit union industry's perception of the quality of regulation and supervision received from the Department.

**Source/Collection of Data**

The Department sends out a survey each March to all state-chartered credit unions. One of the questions asked on the survey is "Do you believe the Department provides your credit union with quality service?"

**Method of Calculation**

Divide the number of credit unions reporting receipt of quality service from the Department by the number of credit unions responding to that question on the survey.

**Data Limitations**

Responding to the survey is voluntary. The Department cannot control the number of responses received.

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

90%

**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**

Non-cumulative

**New Measure**

No

**Target Attainment:**

95%

**Explanatory Measure: Number of Job Fairs Attended**

**Definition**

The actual number of job fairs attended during the fiscal year. Job fairs are events where the Department provides job-related information to potential employment candidates.

**Purpose/Importance**

To assist the Department in identifying potential applicants for examination staff positions. It is imperative for our agency to maintain adequate examiner staffing levels in order that we may provide the necessary regulatory oversight of Texas state-chartered credit unions.

**Source/Collection of Data**

A monthly training report, which includes job fairs attended, is maintained by the Field Supervisors. The report is submitted monthly to the Executive Assistant to the Commissioner.

**Method of Calculation**

The Executive Assistant reviews the monthly training report provided by the Field Supervisors and counts the number of job fairs attended.

**Data Limitations**

None

**Calculation Type**

Non-cumulative

**New Measure**

Yes,

**Target Attainment:**

Two per fiscal year

**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

**New Measure**

No

**Target Attainment:**

<15%

**Explanatory Measure: Accreditation by NASCUS Maintained in Good Standing**

**Definition**

The Department is accredited by the National Association of State Credit Union Supervisors (NASCUS) as of the end of the reporting period.

**Purpose/Importance**

NASCUS accreditation is a national standard of excellence among credit union regulators. The Department must maintain its accreditation to maintain credibility among federal regulators and the national Congress.

**Source/Collection of Data**

A certificate of accreditation is awarded to the Department. This is displayed in the reception area of the Department’s building.

**Method of Calculation**

Determine if annual NASCUS accreditation is in good standing. If so, answer “YES”.

**Data Limitations**

None

**Calculation Type**

Non-cumulative

**New Measure**

Yes

**Target Attainment:**

Yes

**Explanatory Measure: Total Department Costs Relative to Every \$100,000 in Regulated Assets**

**Definition**

The fiscal year costs to operate the Department divided by Regulated Assets (Total regulated assets divided by \$100,000).

**Purpose/Importance**

This measure compares total operating costs to every \$100,000 of assets being regulated and supervised by the Department to evaluate the reasonableness of the costs of service delivery to the size of the industry under the jurisdiction of the Department.

**Source/Collection of Data**

The Department’s Annual Financial Report (AFR) will serve as the basis for determining the fiscal year costs. The aggregate total of credit union assets used to calculate the operating fees at the beginning of the fiscal year (June 30 Consolidated Financial Performance Report numbers for all Texas chartered credit unions) will serve as the basis for the total assets regulated by the Department for the fiscal year.

**Method of Calculation**

The numerator for this calculation is the fiscal year costs, and the denominator is the aggregate total of credit union assets divided by \$100,000.

**Data Limitations**

Could change dramatically if conversion or mergers result in significant changes to regulated assets. Staff turnover or an increase in the risk profile of credit unions requiring increased oversight could also impact the calculation.

**Calculation Type**

Cumulative

**New Measure**

Yes

**Target Attainment:**

\$7.79\*

*\*Target based on FY23 cost of \$7.42/\$100k of regulated assets times 105%. during the fiscal year. A high level of remote work has resulted in restricted travel and reduced costs over the last several years. However, projected operating costs in FY24 are expected to increase.*

## 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 2023-2027 states the Department’s policy is to achieve the proportional HUB expenditure targets established by the Texas Comptroller of Public Accounts. **During fiscal year 2022 and fiscal year 2023, the Department has exceeded its HUB targets in the various categories.**

The total amount of expenditures with HUBs for fiscal year 2023 was \$110,008 and the total amount of non-HUB expenditures was \$83,118. In fiscal year 2022, the total amount of expenditures for HUBs was \$84,556 and the total amount of non-HUB expenditures was \$63,947.

Attached is a copy of the Department’s HUB Consolidated Agency Report for fiscal year 2022 and fiscal year 2023. **Both reports show that the Department exceeded its HUB goals for total HUB expenditures.**

The Department only purchased from three procurement categories: special trade, other services and commodity purchasing. During fiscal year 2022, the Department’s HUB purchases for special trade were 17.93 percent, which was below the stated goal of 32.90 percent, other services were 60.44 percent which was over the stated goal of 26.0 percent and the Department’s HUB commodity purchases were 48.12 percent which was over the stated goal of 21.1 percent. During fiscal year 2023, the Department’s HUB purchases for special trade were 46.94 percent which exceed the stated goal of 32.90 percent, other services were 52.47 percent which was over the stated goal of 26.0 percent and the Department’s HUB commodity purchases were 77.17 percent which was over the stated goal of 21.1 percent.



## HUB PARTICIPATION

	FY22	FY23
<b>Total Agency Expenditure</b>	<b>\$148,503</b>	<b>\$193,126</b>
<b>Total Dollar Amount Spent with HUBs</b>	<b>\$84,556</b>	<b>\$110,008</b>
<b>Percent of Total Expenditure Spent with HUBs</b>	<b>56.94%</b>	<b>56.96%</b>
<b>Asian Pacific</b>	<b>\$6,966</b>	<b>\$34,411</b>
<b>Black</b>	<b>\$7,252</b>	<b>\$2,716</b>
<b>Hispanic</b>	<b>\$1,459</b>	<b>\$3,591</b>
<b>Native American</b>	<b>\$0</b>	<b>\$0</b>
<b>Service-Disabled Veteran</b>	<b>\$0</b>	<b>\$0</b>
<b>Woman</b>	<b>\$68,879</b>	<b>\$69,290</b>

### Plans to Maintain Compliance

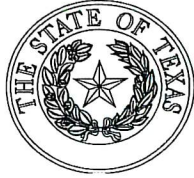
The Department is strongly committed to using HUBs for purchases in future years to maintain its excellent compliance record. The Department will continue to include HUB policies, goals, and programs in its strategic plan. The Department will continue to contact HUBS for bids on spot purchases and small 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.

**Schedule D: Statewide Capital Planning**

**NOT APPLICABLE**

## Schedule F: Agency Workforce Plan



### Credit Union Department Fiscal Year 2025-2026 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, Austin, 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, General Counsel, Director of Information Systems and Technology, Network Specialist and supporting staff in Austin (See Appendix B: CUD Organizational Chart).

The Department is currently authorized for 35.0 full time equivalents (FTEs). Further expansion of the workforce may be necessary in FY25 and FY26 due to increases in the complexity and assets of regulated credit unions. 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.*

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

The Texas Credit Union Department has three main goals, as follows:

<b>Goal A</b>	<b>EFFECTIVE SUPERVISION AND REGULATION</b>
Objective	To effectively supervise and regulate state-chartered credit unions through enforcement of safety and soundness standards and compliance with the Texas Finance Code, and in a manner that balances the interest of the membership and the need for public confidence in the credit union system.
Strategies	<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>
Objective	Through interaction with the Credit Union Commission and the Legislature, recommend statutory and rule changes to ensure that credit unions operate in a safe and sound manner in a competitive and ever-changing financial services industry.
Strategies	<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>
Objective	To establish and carry out policies governing purchasing and public works contracting which foster meaningful and substantive inclusion of historically underutilized businesses.
Strategies	<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. Through September 2023, assets of Texas chartered credit unions total \$57.6 billion. In addition, growth in assets of state-chartered credit unions has slowed to a modest 3.18 percent during 2023, compared to rapid growth of 11.66 percent realized during calendar year 2022. The decline in asset growth is primarily a result of two factors, as follows: 1) a large Texas chartered credit union converting to a federal charter during late 2022; and 2) a reduced reliance in non-core funding to meet member withdrawal and loan demand needs. Furthermore, as the current interest rate environment normalizes as it pertains to frequency of rate changes, it is anticipated that deposit and asset

growth trends will return to historical, pre-pandemic levels, which will provide Texas chartered credit unions the opportunity to further strengthen their net worth ratios.

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 discipline (lending, investments, internal controls, compliance, 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. Most credit unions perform third-party information technology audits which the examiners review, and/or are hiring qualified third parties to perform specific information technology functions.

Between 2018 and 2020, the NCUA utilized the Automated Cybersecurity Examination Tool (ACET) to conduct cybersecurity maturity assessments of all federally insured credit unions to determine their cybersecurity preparedness. Over the three-year period, the tool was used on all state-chartered credit unions with over \$100 million in assets. Beginning in 2020, the NCUA began transitioning its priority from performing the ACET assessments to evaluating critical security controls. They also initiated a pilot called Information Technology Risk Examination solution for Credit Unions (InTREx-CU). InTREx harmonizes the IT and Cybersecurity examination procedures shared by the Federal Deposit Insurance Corporation, the Federal Reserve System and many state regulators. The In-TREx-CU pilot ended in August 2022, and was replaced with the Information Security Examination (ISE) Tool which is an automated questionnaire that is scalable based on the credit union asset size and services offered. The ISE examination tool is required to be completed for all federally insured credit unions and is currently in use during all Texas state-chartered credit union examinations. 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). In addition, a minimum grade point average must be met. 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 profiles the agency's workforce as of August 31, 2023. The agency was authorized 33.0 FTEs for fiscal year 2023. The CUD workforce is comprised of 58.7 percent males and 41.3 percent females. Just under two-thirds, or 65 percent, of the employees are over the age of 40. The average tenure of an agency employee increased during the last two years, from 8.5 to 9.3 years; and the average tenure of the sixteen field examiners at FYE 2023 is 7.6 years, up slightly from the 7.4-year average from two years ago. Seven examiners have been with the Department less than two years, while two examiners have been with the agency between two and less than five years. The remaining ten examiners have been on staff for greater than five years.

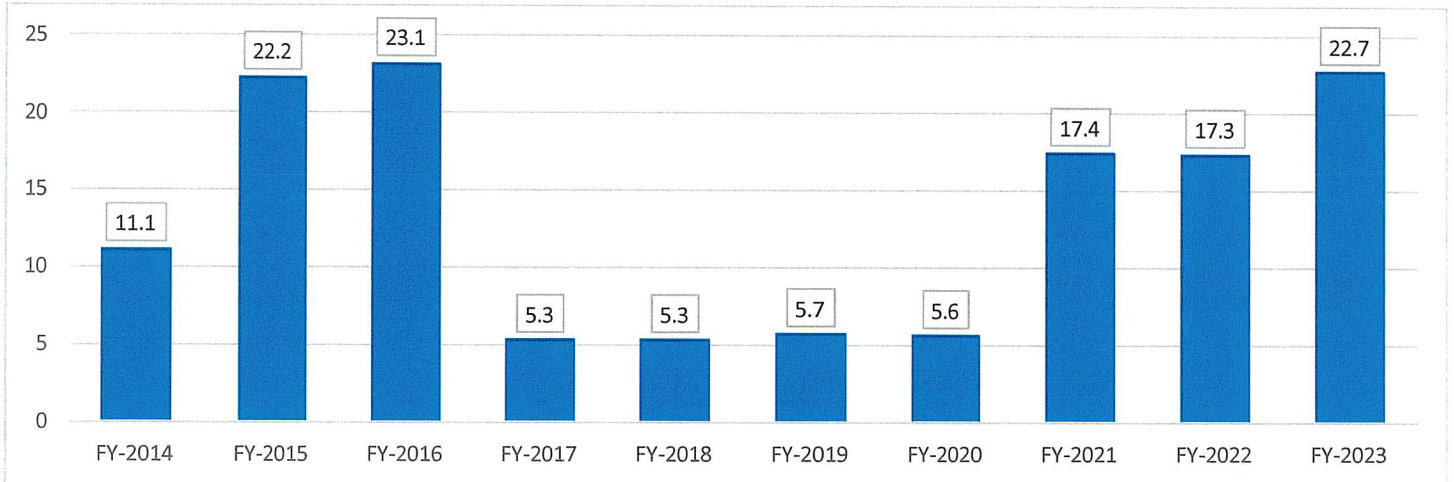
According to a recent U.S. Census Bureau American Community Survey the ethnic breakdown of the Texas workforce is 40 percent Anglo, 12 percent African American, 39 percent Hispanic and 9 percent Other. The 2020 U.S. Census showed a Texas population that was 39.8 percent Anglo, 39.3 percent Hispanic, 11.8 percent African American, and 9.1 percent Other. According to updated Census figures released in June 2023, the Hispanic population in the state of Texas surpassed the non-Hispanic white population during mid-2022.

## ***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. In addition, examiners with experience of more than 2 to 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 attractive locality adjustments in pay, based on the metroplex area where the examiner is headquartered.

During the ten-year period from FY 2014 to FY 2023, eight examiners (average tenure of 59 months) were hired by credit unions and three examiners (average tenure of 39 months) were hired by NCUA. Another fifteen examiners left employment with an average tenure of 71 months. Two of the fifteen examiners were Field Supervisors who retired after approximately 26 years each with the Department. Excluding those individuals, the average tenure of the other ten examiners who left employment was 34 months.

### 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. Three employees retired in the early 1970s soon after the agency became independent from the Banking Department. Based on available information since 1996, nineteen additional employees have retired from the agency. Four employees retired between 1996-2002, one medically; two employees retired at the end of FY 2003, prompted by the retirement incentive package authorized by the 78<sup>th</sup> Legislature; and two employees retired in fiscal year 2013. Additionally, since the beginning of FY2015 the pace of retirements within the Department has increased rapidly with eleven employees having retired. Two retired in FY2016, one in FY2017, one in FY2018, one more in FY2019, three in FY2020, two in FY2021, and one in FY2023.

As of the beginning of FY2024, seven employees (6 office and 1 field) are currently eligible for retirement, three more office employees are eligible within one year, one more office employee within two years, and an additional three field examiners are eligible within five years. In total, approximately one-third percent of all budgeted Department positions, including over 70 percent of all office staff, are eligible to retire within two years. Furthermore, 40 percent of all Department staff (office and field) are eligible within five years. Thus, immediate succession planning is critical to ensure the identification, hiring and development of successors for key positions. The inability to staff office positions over the next several years, could create critical deficiencies with Department operations and its ability to provide effective oversight of the Texas Chartered system. To summarize the urgent need of succession planning for the fourteen budgeted office positions, six (43 percent) of the office employees are currently eligible to retire, four (29 percent) more are eligible within two years and one position has not been filled. In addition, of the fourteen allocated office positions, two of the individuals are headquartered remotely in Dallas. The four positions (one vacant) filled by employees who are not eligible for retirement within the next two years, are non-management positions. All office management positions with the Department are currently eligible, or will be eligible, for retirement within two years.

and requires less travel. For example, while base salaries for Department examiners are competitive with the levels offered by our federal counterpart (NCUA), the Department is not competitive with the total compensation package they offer. In addition to the base compensation the NCUA pays their field staff, examiners are also provided with a locality pay adjustment based on the metroplex area where they are headquartered. In some instances, this adjustment can exceed 40 percent of their regular pay.

Agency wide, the turnover rate is anticipated to be 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.
- Remote examination work is expected to permanently remain at a level between 40 percent and 60 percent.

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

The FTE count is anticipated to increase by two to three team members over the next two years to ensure continuity of service and provide adequate staffing for:

- The third zone located in the Central Texas region, which was implemented in November 2023,
- To achieve succession planning needs,
- The increasing complexity of credit union examinations,
- The hiring of an examiner trainer to relieve some of the burden of training from the Field Supervisor positions, and
- Expanding the Department's reviews of consumer complaints and implementing a program geared specifically toward comprehensive reviews of consumer compliance,

Increasingly complex information technology and cybersecurity needs of the Department.

#### ***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. Although no immediate new skill requirements are anticipated at this time, financial technology analysis skills are rapidly becoming more important. 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 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 jobs at the Department*

- Competing for business majors with at least 6 to 9 hours of accounting,
- Younger employees are not staying with the agency,
- Developing a comprehensive succession plan focused on the identification and development of staff for key positions at the Department, and
- Assuring experienced, well-performing team members of regular salary increases, a competitive compensation and benefit package compared to peers, and an environment focused on a good work/life balance.

#### V. Strategy Development

Gap	Attracting and Retaining the Right Employees
Goal	Become an employer of choice and offer career opportunities
Rationale	There is a competitive job market for qualified individuals with the skills required to perform the duties of an examiner. The agency will continue to reward exceptional performance within statutory limitations, provide staff development through training opportunities, and provide career opportunities, and support innovation and excellence.
Action Steps	<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 compensation being offered to our staff is competitive.</li> <li>• Allow employees who are seeking new challenges to work on special projects or assign development projects.</li> </ul>

Gap	Train and Mentor Employees
Goal	Develop staff where they can progress to key positions, as those key opportunities become available.
Rationale	There is a very high concentration of existing Department employees in key positions who are either eligible for retirement, or will become so, during the next 2 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.
Action Steps	<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>

Given the increasing size and complexity of the credit unions we regulate, the Credit Union Department is anticipating some significant changes regarding examiner staffing and the examination processes during the next 2-3 years. Currently, the agency has only 35.0 authorized FTEs (as of FY 2024), of which 22.0 FTEs are currently allocated for field examiner positions. Furthermore, possible retirements soon could adversely affect the organization, particularly in the office. Within the next 2 years a total of eleven (11) employees, or approximately 31 percent of all Department staff (when fully staffed), will be eligible for retirement. Of these eleven, ten are office team members, meaning that over 70 percent of office staff will be eligible for retirement. Immediate succession planning is critical to ensure the identification of staff for key positions as significant turnover due to retirements appears imminent within the next few years. In addition, the Department needs to devote adequate resources (i.e., trainer) 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

---

# CUSTOMER SERVICE REPORT

---

May 2024



## 2024 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 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 March 18, 2023 and May 6, 2023. 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. In both 2022 and 2023, surveys were conducted for examinations which were completed (e.g., reports mailed) between September and November of each year. The invitations were sent by email in December 2022 and January 2024 to participate in the online survey. 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. In both 2022 and 2023, surveys were conducted for bylaw applications where final action was taken by the Department between September and November of each year. The invitations were sent by email in December 2023 and January 2024 to participate in the online survey. 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 the opportunity to respond. No deadline for a response is given and the responses are anonymous. In both 2022 and 2023, surveys were conducted for written consumer complaints which were closed by the Department between September and November of each year. The invitations were sent by email in December 2022 and January 2024 to participate in the online survey. The survey allows complainants to provide feedback and rate the performance of the agency in reviewing their complaints.



## 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 general satisfaction among most respondents with the Department's services across the various surveys.

### Annual Questionnaire

The Department received 41 responses from 165 credit unions surveyed, for a response rate of 25 percent. This compares to a 31 percent response rate in 2023 and a 29 percent response rate in 2022. 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

#### Q1. How satisfied are you with the agency's facilities, including your ability to access the agency, the office location, signs, and cleanliness?

Very Satisfied	10	24%
Satisfied	3	7%
Neutral	5	12%
Unsatisfied	0	0%
Very Unsatisfied	0	0%
Not Applicable	23	56%
<b>Total</b>	<b>41</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 Satisfied	19	46%
Satisfied	8	20%
Neutral	3	7%
Unsatisfied	1	2%
Very Unsatisfied	1	2%
Not Applicable	9	22%
<b>Total</b>	<b>41</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 Satisfied	23	56%
Satisfied	10	24%
Neutral	4	10%
Unsatisfied	0	0%
Very Unsatisfied	1	2%
Not Applicable	3	7%
<b>Total</b>	<b>41</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 Satisfied	20	49%
Satisfied	17	42%
Neutral	2	5%
Unsatisfied	1	2%
Very Unsatisfied	0	0%
Not Applicable	1	2%
<b>Total</b>	<b>41</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 Satisfied	16	39%
Satisfied	10	24%
Neutral	5	12%
Unsatisfied	2	5%
Very Unsatisfied	0	0%
Not Applicable	8	20%
<b>Total</b>	<b>41</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 Satisfied	19	46%
Satisfied	9	22%
Neutral	2	5%
Unsatisfied	0	0%
Very Unsatisfied	1	2%
Not Applicable	10	24%
<b>Total</b>	<b>41</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 Satisfied	18	44%
Satisfied	13	32%
Neutral	5	12%
Unsatisfied	0	0%
Very Unsatisfied	0	0%
Not Applicable	5	12%
<b>Total</b>	<b>41</b>	<b>100%</b>

Q 8. Please rate your overall satisfaction with the agency		
Very Satisfied	22	54%
Satisfied	16	39%
Neutral	0	0%
Unsatisfied	1	2%
Very Unsatisfied	1	2%
Not Applicable	1	2%
<b>Total</b>	<b>41</b>	<b>100%</b>

## Examination Survey

Surveys are conducted each year for examinations of credit unions completed (e.g., report mailed) between September and November. During the survey period, an invitation to participate in the examination survey is transmitted to the credit union. For the period from September through November of 2022 and 2023, an aggregate of 86 invitations were sent, and 27 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 93 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		
Q1. The lead-time was sufficient to gather the information requested prior to the on-site examination		
Strongly Agree	22	81%
Somewhat Agree	2	7%
Neither Agree or Disagree	2	7%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>



Q 2. The pre-examination requests were reasonable in scope		
Strongly Agree	21	78%
Somewhat Agree	3	11%
Neither Agree or Disagree	1	4%
Somewhat Disagree	2	7%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 3. Materials requested in the pre-examination were used during the examination		
Strongly Agree	18	67%
Somewhat Agree	7	26%
Neither Agree or Disagree	1	4%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 4. The pre-examination request made the examination run more efficiently		
Strongly Agree	23	85%
Somewhat Agree	1	4%
Neither Agree or Disagree	2	7%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 5. The examiners were knowledgeable about your credit union		
Strongly Agree	18	67%
Somewhat Agree	7	26%
Neither Agree or Disagree	1	4%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 6. The examiners demonstrated a thorough understanding of safety and soundness issues		
Strongly Agree	21	78%
Somewhat Agree	3	11%
Neither Agree or Disagree	1	4%
Somewhat Disagree	2	7%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 7. The examiners were responsive to your questions and concerns		
Strongly Agree	21	78%
Somewhat Agree	4	15%
Neither Agree or Disagree	1	4%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 8. The examiners communicated effectively with the credit union throughout the examination		
Strongly Agree	23	85%
Somewhat Agree	2	7%
Neither Agree or Disagree	2	7%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 9. The examiners treated you professionally		
Strongly Agree	24	89%
Somewhat Agree	2	7%
Neither Agree or Disagree	1	4%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 10. The examiners explained the CAMEL ratings in sufficient detail		
Strongly Agree	21	78%
Somewhat Agree	4	15%
Neither Agree or Disagree	1	4%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</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	23	85%
Somewhat Agree	2	8%
Neither Agree or Disagree	2	8%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 12. Management was given the opportunity to react to the examination findings		
Strongly Agree	23	85%
Somewhat Agree	2	8%
Neither Agree or Disagree	2	8%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>



Q 13. The examination was completed within a reasonable timeframe		
Strongly Agree	23	85%
Somewhat Agree	2	8%
Neither Agree or Disagree	1	3%
Somewhat Disagree	1	3%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 14. The report accurately reflected the examination findings as conveyed to you during the examination		
Strongly Agree	24	89%
Somewhat Agree	1	4%
Neither Agree or Disagree	1	4%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 15. The report was easy to understand		
Strongly Agree	24	89%
Somewhat Agree	1	4%
Neither Agree or Disagree	1	4%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 16. The report accurately portrayed your credit union's practices and condition		
Strongly Agree	20	74%
Somewhat Agree	3	11%
Neither Agree or Disagree	1	4%
Somewhat Disagree	1	4%
Strongly Disagree	1	4%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 17. The transmittal letter and other written communications concerning the examination report was clear and concise		
Strongly Agree	22	81%
Somewhat Agree	1	4%
Neither Agree or Disagree	1	4%
Somewhat Disagree	2	7%
Strongly Disagree	0	0%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 18. The report contained useful recommendations for improving safety and soundness practices		
Strongly Agree	20	74%
Somewhat Agree	2	8%
Neither Agree or Disagree	3	11%
Somewhat Disagree	1	4%
Strongly Disagree	0	0%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 19. The examination findings will assist you in enhancing your safety and soundness practices		
Strongly Agree	23	85%
Somewhat Agree	1	4%
Neither Agree or Disagree	2	7%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

Q 20. The examination was conducted in a fair and objective manner		
Strongly Agree	23	85%
Somewhat Agree	2	7%
Neither Agree or Disagree	1	4%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	1	4%
<b>Total</b>	<b>27</b>	<b>100%</b>

## Application Survey

Surveys are conducted each year for bylaw applications where final action is taken by the Department between September and November. Within sixty (60) days after the end of November, a separate invitation to participate in the application survey is transmitted to the credit union. For the period from September through November of 2022 and 2023, an aggregate of 22 invitations were sent, and 5 responses were received for a 23 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	5	100%
Somewhat Agree	0	0%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
<b>Total</b>	<b>5</b>	<b>100%</b>



Q 2. Department staff communicated with me in a courteous and professional manner		
Strongly Agree	5	100%
Somewhat Agree	0	0%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
Total	5	100%

Q 3. The application process was efficient		
Strongly Agree	4	75%
Somewhat Agree	1	25%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
Total	5	100%

Q 4. The Department's requests for information were reasonable		
Strongly Agree	5	100%
Somewhat Agree	0	0%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
Total	5	100%

Q 5. The Department's website was helpful in completing my application		
Strongly Agree	5	100%
Somewhat Agree	0	0%
Neither Agree or Disagree	0	0%
Somewhat Disagree	0	0%
Strongly Disagree	0	0%
Skipped Question	0	0%
Total	5	100%

## Member Complainants

A total of 182 invitations to participate in the survey were transmitted to complainants who filed a complaint against a credit union, and those complaints were received between September and November of 2022 and 2023. A total of 25 responses were received for a 14 percent response rate.

Approximately 72 percent of complainants found it relatively easy to file a complaint with the agency. Overall, 52 percent of respondents were satisfied the Department understood the basis of their complaint, while 40 percent were dissatisfied. However, 44 percent felt our response addressed the important aspects of their complaint, up from 40 percent and 23 percent in the last two surveys.

**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	12	48%
Somewhat Agree	6	24%
Neither Agree or Disagree	1	4%
Somewhat Disagree	4	16%
Strongly Disagree	2	8%
Skipped Question	0	0%
<b>Total</b>	<b>25</b>	<b>100%</b>

Q 2. Department staff communicated with me in a courteous and professional manner		
Strongly Agree	11	44%
Somewhat Agree	6	24%
Neither Agree or Disagree	4	16%
Somewhat Disagree	1	4%
Strongly Disagree	3	12%
Skipped Question	0	0%
<b>Total</b>	<b>25</b>	<b>100%</b>

Q 3. I believe department staff understood the basis of my complaint		
Strongly Agree	9	36%
Somewhat Agree	4	16%
Neither Agree or Disagree	2	8%
Somewhat Disagree	6	24%
Strongly Disagree	4	16%
Skipped Question	0	0%
<b>Total</b>	<b>25</b>	<b>100%</b>

Q 4. The response provided by the department addressed the important aspects of my complaint		
Strongly Agree	7	28%
Somewhat Agree	4	16%
Neither Agree or Disagree	1	4%
Somewhat Disagree	6	24%
Strongly Disagree	7	28%
Skipped Question	0	0%
<b>Total</b>	<b>25</b>	<b>100%</b>

Q 5. The explanation given was fair considering applicable laws		
Strongly Agree	7	28%
Somewhat Agree	3	12%
Neither Agree or Disagree	5	20%
Somewhat Disagree	3	12%
Strongly Disagree	7	28%
Skipped Question	0	0%
<b>Total</b>	<b>25</b>	<b>100%</b>



Q 6. The Department website was helpful in the complaint process		
Strongly Agree	10	40%
Somewhat Agree	7	28%
Neither Agree or Disagree	2	8%
Somewhat Disagree	2	8%
Strongly Disagree	4	16%
Skipped Question	0	0%
Total	25	100%

*Note: All percentages for the above data are rounded to the nearest whole number. Due to the rounding, the aggregate percentages for some of the charts may not add up to exactly 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 Michael S. Riepen.

Credit Union Department  
 914 East Anderson Lane  
 Austin, Texas 78752-1699  
 (512) 837-9236

[CUDMail@cud.texas.gov](mailto:CUDMail@cud.texas.gov)

**Schedule I.**

**CERTIFICATION OF COMPLIANCE WITH  
CYBERSECURITY TRAINING**



**Credit Union Department**

Pursuant to the Texas Government Code, Section 2056.002(b)(12), this is to certify that the agency has complied with the cybersecurity training required pursuant to the Texas Government Code, Sections 2054.5191 and 2054.5192.

**Chief Executive Officer or Presiding Judge**

**Board or Commission Chair**

Michael S. Riepen  
Signature

James Minge  
Signature

MICHAEL S. RIEPEN  
Printed Name

James Minge  
Printed Name

COMMISSIONER  
Title

Chair  
Title

MAY 21, 2024  
Date

May 17, 2024  
Date