Credit Union Department
State of Texas

FY 2027 Annual Operating Plan & Budget

Approved by the Credit Union Commission
On: August 7, 2026

INTRODUCTION

In accordance with Chapter 16 of the Finance Code, the Department has crafted the following *FY 2027 Annual Operating Plan and Budget.* This document aligns the goals and measures developed for the Department's *Strategic Plan for Fiscal Years 2027-2031* with the Department's proposed budget. It aims to improve the links between the Department's resource needs, effectiveness, and outcomes.

THE DEPARTMENT TODAY

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

As of December 31, 2025, the Department was responsible for regulating and supervising 159 credit unions. Based on the year-end call reports, Texas-chartered credit unions held $60.8 billion in assets.

GOALS AND OUTCOMES

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

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

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

Like other regulatory agencies, the Department has found it challenging to develop measures that accurately depict the outcomes of the agency's activities. In many instances, the effects of the agency's efforts can only be indirectly assessed. The Department intends to continue refining its work in this area as it gains more experience in integrating its budget and performance functions. As part of this effort, the Department will continue to assess

alternatives for measuring outcomes that help the public gauge the Department's progress in achieving its mission, as well as assisting staff in meeting their objectives.

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

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

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

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

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

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

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

Key Performance Measures

- Percentage of credit unions receiving regular examination annually
  - Target for FY 2027: **75%**
- Percentage of applications approved or denied within 60 days
  - Target for FY 2027: **100%**
- Number of state-chartered credit unions
- Number of regular examinations performed
- Percentage of credit unions with composite CAMEL ratings of 1 or 2
  - Target for FY 2027: **85%**
- Percentage of assets held in credit unions with CAMEL ratings of 1 or 2
  - Target for FY 2027: **95%**

Internal Measures

- Number of follow-up contacts made
- Number of enforcement actions issued
- Percentage of credit unions that are "Well Capitalized" as defined by federal statute
  - Target for FY 2027: **95%**
- Percentage of reports mailed to credit unions within 25 days
  - Target for FY 2027: **98%**
- Percentage of total available work time utilized to conduct both regular and remedial examination work
  - Target for FY 2027: **70%**
- Average Cost per Credit Union Examination
- Assets Examined per Examiner Day
  - Target for FY 2027: **$17.5 million***
- Average time to complete analysis of quarterly financial data
  - Target for FY 2027: **within 40 days after the submittal deadline for the most recent 5300 Call Report**

*Same as FY 2026 target which was based on FYE 2025 results. Will be amended for FY 2027, based upon 95% of actual level realized for FYE 2026.

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

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

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

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

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

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

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

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

Key Performance Measures

- Percentage of rule changes provided to credit unions within 60 days after adoption
  - Target FY 2027: **100%**

Internal Measures

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

- Percentage increase in total aggregate credit union assets
- Percentage of interpretations/opinions issued within 30 days
  - Target FY 2027: **100%**

Strategic Goal 3: Safeguard the Interest of Credit Union Members

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

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

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

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

Key Performance Measure

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

Internal Measures

- Number of complaints processed
- Percentage of complaints responded to within 50* days
  - Target FY 2027: **85%**

***The number and complexity of complaints have increased at a rapid pace during the last several years, making it more difficult to achieve the previously targeted level of 40 days. The change to 50 days was previously approved at the March 2026 Commission meeting, when the Commission approved the Department's FY 2027 – 2031 Strategic Plan.**

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

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

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

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

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

Internal Measures

- Percentage of exam related travel cost reduced by remote work
  - Target FY 2027: **20%**

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

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

3. achieving reliable, accurate and timely financial resources management information.

Internal Measures

- Annual examiner turnover rate
  - Target FY 2027: **16%**
- Average regulated assets per examiner (billions)
  - Target FY 2027: **$3.4 billion***
- Number of days of formal training attended by staff
- Number of purchases made from HUB vendors
- Percentage of purchases made from HUB vendors
  - Target FY 2027: **Professional Services - 23.7%; Other Services - 26.0%; and Commodities - 21.1%**
- Percentage of credit unions indicating quality service annually
  - Target FY 2027: **90%**
- Staffing level
  - Target FY 2027: **95%**
- Number of jobs fairs attended
  - Target FY 2027: **2**
- Turnover ratio (excluding retirements)
  - Target FY 2027: **Less than 15%**
- Accreditation by NASCUS Maintained in Good Standing
  - Target FY 2027: **Yes**
- Total Department costs relative to every $100,000 in assets regulated
  - Target FY 2027: **$9.39****

*The FY 2027 amount of $3.4 billion per examiner was based on regulated assets as of March 31, 2026 divided by 19 examiners (fully staffed).
**Target based on FY 2025 cost of $8.94/$100k of regulated assets times 105% during the fiscal year. Significant increases in budgets for FY 2025 and FY 2026 has resulted in restricted increases in this target for several years. A portion of these increases were attributable to more exams being conducted on-site resulting in a rise in travel costs. The FY 2026 costs have not yet been computed as we have not reached the FYE, but it is anticipated that this cost measurement will remain relatively stable for FY 2026, as the concentration of on-site/off-site exams (which impacts costs) have stabilized over the last year.

DEPARTMENT BUDGET – FY 2027

REVENUE:		
Operating Fees		$5,888,950[1]
Examination Fees (remedial)		99,680
Out of State Branch Fees		20,000
Interest on Deposits		122,459
Application Fees		
Penalties		
Other		52,115
TOTAL REVENUE		**$6,183,204**
EXPENDITURES:		
Personnel Expenses		
Salaries and Wages	$3,888,668	
Payroll Related Costs	1,109,996	
Total Personnel Expenses		$4,998,664
Travel Expenses		
In State	$450,000	
Out-of-State	12,500	
Commission	12,000	
Total Travel Expenses		$474,500
Other Operating Expenses		
Professional Services/Fees	$287,500	
Materials and Supplies	108,200	
Communications/Utilities	56,550	
Repairs/Maintenance	36,040	
Rentals and Leases	4,500	
Printing and Reproduction	1,000	
Other Expenditures	176,250	
Contingency Reserve Funding	40,000[2]	
Total Other Operating Expenses		$710,040
TOTAL EXPENDITURES		**$6,183,204**
CONTINGENCY RESERVE AS OF APRIL 30, 2026		$1,505,836
FULL-TIME-EQUIVALENT POSITIONS (FTEs)		36.0

[1] Budgeted operating fees will be set to cover the actual budget approved by the Commission. Any funds more than the prescribed Contingency Fund Reserve aggregate limit as of August 31, 2026, will be allocated in accordance with the applicable Commission policies and rules.

[2] Estimated amount. Will be adjusted based on Commission policy using the actual Reserve Fund balance at FYE 2026.

CUMULATIVE RESOURCES						
Budget Year	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**
Authorized FTE	30.0	31.0	33.0	35.0	36.0	36.0
Actual FTE	27.0	27.5	30.0	33.0	33.5	33.5*
Budgeted Dollars	$4,307,682	$4,894,832	$5,057,455	$5,556,986	5,948,556	$6,208,421
Actual Dollars Spent	$3,524,092	$3,895,886	$4,268,776	$4,938,510	5,373,589	TBD

*As of May 31, 2026.