

Texas Department of Banking
Report of Information Regarding Executive Staff Compensation
As Required by HB 12 of the 83rd Legislative Session
September 2017

In accordance with Section 659.026 of HB 12 of the 83rd Legislative Session, the Department reports the following information regarding executive staff compensation as required by the bill:

1. The number of full-time equivalent employees employed by the agency.

178 at August 31, 2017

2. The amount of legislative appropriations to the agency for each fiscal year of the current state fiscal biennium.

The Department was granted Self-Directed, Semi-Independent (SDSI) status by the Legislature in 2009. Therefore the agency budget is set annually by the Department's oversight body, the Finance Commission of Texas. The budget for fiscal 2017 was \$28,129,933 and for fiscal year 2018 is \$28,661,841.

3. The agency's methodology, including any employment market analysis, for determining the compensation of executive staff employed by the agency, along with the name and position of the person who selected the methodology.

In fiscal 2010 due to excessive turnover and lagging staff compensation, the Finance Commission undertook a market-based compensation strategy for the agency with an end objective of hiring and retaining a highly qualified staff to effectively discharge the duties of the agency.

The salary of the Banking Commissioner is set by vote of the Texas Finance Commission and the position's minimum qualifications are statutorily set. The Chairman of the Finance Commission is Stacy G. London. In September 2015 when the last salary adjustment of 2.5% was effective, Commission members considered various factors including, the September 2015 state mandated increase in employee retirement contributions, performance reviews and earnings history of comparable executive compensation information including but not limited to: (i) the State Auditor's Office August 2016 Executive Compensation Report; (ii) a Federal Reserve Bank of Dallas 2016 Bank Officer Survey regarding Chief Executive Officers; (iii) 2016 comparable salary information of the four Deputy Comptrollers of the Office of the Comptroller of the Currency (OCC); and (iv) the 2016 comparable salary information of the six Regional Directors of the Federal Deposit Insurance Corporation (FDIC).

The compensation levels for the Deputy Commissioners for the Department of Banking are set by the Banking Commissioner, Charles G. Cooper. Beginning in fiscal 2010 to curb turnover and attract and retain qualified individuals in the financial examiner and related director/deputy series, the agency targeted comparable and key positions with the FDIC as reasonable benchmarks. A baseline of not less than 90% of the FDIC peers was adopted for the deputy positions. No private sector comparisons are made.

4. Whether executive staff are eligible for a salary supplement.

Yes. In May 2014, the Commissioner was appointed as the Executive Director of the Finance Commission and while serving in this capacity he receives a monthly salary supplement of \$1,025.

5. The market average for compensation of similar executive staff in the private and public sectors.

Commissioner comparison using market averages unless otherwise indicated for the items discussed in 3 above are:

- (i) \$211,201*
- (ii) \$251,149 plus bonus of \$105,215 (banks with deposits over \$200M)*
- (iii) \$258,486*
- (iv) \$254,634*

For the Deputy Commissioners, the comparable Dallas FDIC May 2017 salary for the Deputy Regional Director is \$266,997.

6. The average compensation paid to employees employed by the agency who are not executive staff.

Average salary without longevity and BRP was \$89,090 at August 31, 2017.

7. The percentage increase in compensation of executive staff for each fiscal year of the five preceding fiscal years and the percentage increase in legislative appropriations to the agency each fiscal year of the five preceding fiscal years.

Percentage Increase in Compensation for Executive Staff

<i>Fiscal Year</i>	<i>Percentage Increase</i>
<i>FY 2014</i>	<i>5.8%</i>
<i>FY 2015</i>	<i>2.0%</i>
<i>FY 2016</i>	<i>2.5%</i>
<i>FY 2017</i>	<i>2.4%</i>
<i>FY 2018</i>	<i>1.2%</i>

Percentage Increase in SDSI Budgets

<i>Funding</i>	<i>Amount</i>	<i>Percentage Change</i>
<i>FY 2014 SDSI</i>	<i>\$25,047,690</i>	<i>2.3%</i>
<i>FY 2015 SDSI</i>	<i>\$25,538,366</i>	<i>2.0%</i>
<i>FY 2016 SDSI</i>	<i>\$27,485,629</i>	<i>7.6%</i>
<i>FY 2017 SDSI</i>	<i>\$28,129,933</i>	<i>1.3%</i>
<i>FY 2018 SDSI</i>	<i>28,661,841</i>	<i>1.9%</i>