

## **Texas Department of Banking Testimony**

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### **Testimony Presented To the Finance Committee of the Texas Senate and the Appropriations Committee of the Texas House of Representatives, Finance Commission of Texas Appropriations Request by Catherine A. Ghiglieri, Executive Director**

*Date: January 6, 1997 and February 12, 1997*

#### **Mission and Regulatory Responsibility**

The mission of the Finance Commission of Texas is to ensure that the banks, savings and loans, and consumer credit grantors chartered or licensed under state law operate as sound and responsible financial institutions that enhance the financial well-being of the citizens of Texas. The Finance Commission seeks to maintain a strong state chartering system of depository institutions to provide greater assurance that the credit and other financial needs of the citizens of Texas will be met.

The Finance Commission provides general oversight to the Department of Banking, the Savings and Loan Department, and the Office of the Consumer Credit Commissioner ("the Finance Commission agencies"). The one goal/objective/strategy of the Finance Commission is to ensure that the regulated financial institutions operate in a safe and sound manner and comply with all applicable laws. The Finance Commission does not have any outcome/output measures outside of those attributed directly to the agencies it oversees.

#### **Structure**

The Commission is composed of nine members (five public members, two state banking executives and two state savings and loan executives), who are appointed to staggered six year terms by the Governor with the advice and consent of the Texas Senate.

The banking commissioner of the Texas Department of Banking acts as the executive director of the Finance Commission. To date, all staff activities of the Finance Commission have been performed by staff provided by the three Finance Commission agencies and all costs of these personnel and other expenses have been borne directly by the respective agencies.

### **DETAILS OF LEGISLATIVE APPROPRIATIONS REQUEST**

#### **Administrative Law Judge**

The administrative law judge needs to be accounted for in the legislative appropriations request of the Finance Commission or returned to the Department of Banking's appropriations.

Due to an apparent oversight, the Legislative Budget Board failed to account for the position of the administrative law judge in either the Finance Commission's (as requested) or the Department of Banking's (as historically funded) appropriations. The Commission requested that

this position be shifted from the Banking Department to the Finance Commission in order to implement the Texas Banking Act of 1995. The new Act authorizes the Finance Commission to employ an administrative law judge to preside over matters relating to the Finance Commission agencies. The administrative law judge was formerly an employee of the Department of Banking as authorized by the Texas Banking Code of 1943. However, the performance evaluations have been performed by the Finance Commission to avoid any conflict of interest. Since enactment of the Texas Banking Act, the judge has operated at the Finance Commission level by hearing cases brought against all Finance Commission agencies. Each agency bears an amount of the judge's salary proportional to their relative use of the judge's time.

In anticipation of a shift in the judge's position from the Department of Banking to the Finance Commission, the judge's salary was excluded from the Department's legislative appropriations request expenditures for 1996, and its appropriations request for 1998-1999. Thus, if not funded at the Finance Commission level, this amount should be added back to the Banking Department appropriations.

### **Finance Commission Expenses**

The per diem expense appropriated to Finance Commission members needs to be reclassified as travel expense reimbursement.

As recommended by the Legislative Budget Board, monies were made available as per diem for reimbursement of expenses of Finance Commission members. However, the Commission members have historically chosen to forego any per diem payments. Thus, a transfer of the expenditure category is necessary to properly account for the travel reimbursements as requested for Finance Commission members.