

**PRESENTATION TO THE FINANCE COMMITTEE
OF THE TEXAS SENATE**

ON SENATE BILL 2

**ON BEHALF OF
THE TEXAS DEPARTMENT OF BANKING**

By

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Commissioner**

February 1, 1999

PRIORITIZATION OF UNFUNDED ITEMS

- **Restore FTEs**
- **Correct contingency rider**
- **Restore indirect administration**
- **Approve document imaging system**

Department of Banking is self funding.

Assessments on regulated entities will cover restored/ approved items.

RESTORE CRITICAL FTES

| | FY 2000 Requested | FY 2000 Received | Difference | | FY 2001 Requested | FY 2001 Received | Difference |
|-------------|------------------------------|-----------------------------|-------------------|--|------------------------------|-----------------------------|-------------------|
| FTEs | 150.5 | 138 | (12.5) | | 151 | 138.5 | (12.5) |

- **138 FTEs received = actual FTEs as of 11-30-98**
- **Current FTEs = 147**
- **12 vacant positions at 11-30-98**
- **30% turnover despite high morale in LBJ Survey**

TO COMBAT TURNOVER, WE HAVE:

- 1) Raised examiner salaries**
- 2) Started aggressive recruitment**
- 3) Offered positions earlier**
- 4) Hired earlier**

FULL STAFFING IS ESSENTIAL

- **150 FTEs needed to maintain sound banking system**
- **Year 2000 = more examinations to perform**
- **Overall bank conditions declining**
- **No additional appropriations needed to restore request**

CORRECT CONTINGENCY RIDER

- **Current wording makes rider inaccessible**
- **Restricts all revenues to one object code**
- **Referenced “Section 4” deleted in Senate Bill 1**

PROPOSED CONTINGENCY RIDER

Problem in Draft House Bill 1:

The last two sentences of paragraph (d) of 3. Contingency Appropriation: State Regulatory Response say:

“ . . . These increased revenues must exceed \$_____ (Object Code 3172) contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate for 2000 and 2001. The revenue amounts required by this section shall be separate from and in addition to the requirements in Section 4 below” . . .

Solution:

- 1) Delete these sentences entirely, or,**
- 2) Rewrite as follows:**

“ . . . These increased revenues (included in all agency revenue Object Codes) must exceed the agency’s total appropriations for the year, plus the amount of “Other Direct and Indirect Costs Appropriated Elsewhere in this Act.” ~~—\$_____ (Object Code 3172) contained in the Comptroller of Public Accounts’ Biennial Revenue Estimate for 2000 and 2001. The revenue amounts required by this section shall be separate from and in addition to the requirements in Section 4 below~~” . . .

RESTORE INDIRECT ADMINISTRATION

| | FY 2000 Request | FY 2000 Received | Diff. | | FY 2001 Request | FY 2001 Received | Diff. |
|---------------------------|----------------------------|-----------------------------|-----------------|--|----------------------------|-----------------------------|-----------------|
| Indirect Admn. | \$1,931M | \$1,793M | (\$138M) | | \$1,926M | \$1,773M | (\$153M) |

- **Operating costs appropriated at 75% of actual FY'98 expenses**
- **Increase would require no additional FTEs**
- **Assessments on regulated entities will cover restored/approved items**

IMAGING = THE FUTURE

| | FY 2000 | FY 2001 |
|---|------------------|------------------|
| Projected costs/requested appropriations | \$250,000 | \$100,000 |
| Additional FTEs | 0 | 0 |

- **Imaging = quick access to documents for staff and public**
- **Imaging = enhanced security and safety**
- **Assessments on regulated entities will cover restored/approved items**
- **Investment is recovered over time**