

**Texas Department of Savings and Mortgage Lending**  
**Report of Information Regarding Executive Staff Compensation**  
**As Required by HB 12 of the 83<sup>rd</sup> Legislative Session**  
**August 2013**

In accordance with Section 659.026 of HB 12 of the 83<sup>rd</sup> 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.

*61.5 as of July 31, 2013*

- 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, there are \$0 legislative appropriations made available to the agency for the current state fiscal biennium.*

*According to the Finance Code, Section 16.003, the agency budget is adopted and approved annually by the Department's policy-making body, the Finance Commission of Texas. The budgeted expenditures were approved as follows:*

<i>fiscal year 2012</i>	<i>\$5,445,469</i>
<i>fiscal year 2013</i>	<i>\$5,629,830</i>
<i>fiscal year 2014</i>	<i>\$5,690,656</i>
<i>fiscal year 2015</i>	<i>TBD in August 2014</i>

- 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 year 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 Savings and Mortgage Lending Commissioner is set by vote of the Finance Commission of Texas. The Chairman of the Finance Commission is William J. White.*

*The last salary adjustment to the Commissioner's salary was made in September 2011. Commission members considered multiple factors:*

- a) *statutory restrictions on eligible candidates for the position as specified in Texas Finance Code 13.002;*
- b) *multiple performance reviews;*
- c) *18 years of Commissioner's and 10 year of the Department's executive staff's compensation history;*
- d) *earnings history of comparable executive compensation information for categories eligible to apply for this position (as specified in a) above) including but not limited to:*
  - i) *State Auditor's Office August 2010 Classification Study of Exempt Positions Report;*

- ii) *Federal Reserve Bank of Dallas 2010 Bank Officer Survey regarding Chief Executive Officers of institutions with assets greater than \$200 million;*
- iii) *Texas Community Bank 2010 Compensation Survey compiled by the Independent Bankers Association of Texas for institutions with assets between \$235 million and \$350 million;*
- iv) *comparable salary information of the Texas state savings bank chief executive officers;*
- v) *comparable salary information of the Dallas Deputy Regional Director of the Federal Deposit Insurance Corporation (FDIC);*
- e) *100% stakeholder support for competitive pay in order to maintain quality executives*

*The compensation levels for the Deputy Commissioners for the Texas Department of Savings and Mortgage Lending are set by the Commissioner. 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 a federal counterpart and the Texas Department of Banking (DOB)\*. For positions not related to financial examination, the Texas Department of Banking's and statewide salary averages\* were used as reasonable benchmarks.*

- 4) Whether executive staff is eligible for a salary supplement.

*No.*

- 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 (d) above are:*

- (i) \$162,417
- (ii) \$253,577
- (iii) \$188,124
- (iv) \$222,455
- (v) \$232,775

*Directors/Deputy Commissioners – examination related market averages:*

*FDIC Deputy Regional Directors (Dallas) average salary for August 2013 - \$200,563;*

*DOB Deputy Directors average salary for FY13\* - \$171,715*

*Directors – non-examination related:*

*DOB Director III average salary for FY13\* - \$116,547*

*Statewide average Director III for FY13\* - \$102,713*

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

*Average salary without longevity and BRP was \$54,824 as of August 2013.*

- 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 (FY 2008 – FY 2013)*

<i>Fiscal Year End</i>	<i>Percentage Increase/(Decrease)</i>
<i>FYE 2008</i>	<i>(7.8%)</i>
<i>FYE 2009</i>	<i>0.8%</i>
<i>FYE 2010</i>	<i>13.7%</i>
<i>FYE 2011</i>	<i>18.5%</i>
<i>FYE 2012</i>	<i>3.2%</i>
<i>FYE 2013</i>	<i>7.9%</i>

*The percentage increase/decrease represents the change between the executive staff's base salaries as of fiscal year end compared to their salaries as of the prior fiscal year end.*

*Percentage Increase in Legislative Appropriations / SDSI Budgets*

<i>Funding</i>	<i>Amount</i>	<i>Percentage Change</i>
<i>FY 2008 Appropriation**</i>	<i>\$5,200,191</i>	<i>-</i>
<i>FY 2009 Appropriation**</i>	<i>\$5,367,777</i>	<i>3.2%</i>
<i>FY 2010 SDSI</i>	<i>\$4,909,659</i>	<i>-8.5%</i>
<i>FY 2011 SDSI</i>	<i>\$5,430,328</i>	<i>10.6%</i>
<i>FY 2012 SDSI</i>	<i>\$5,445,047</i>	<i>0.3%</i>
<i>FY 2013 SDSI</i>	<i>\$5,629,830</i>	<i>3.4%</i>
<i>FY 2014 SDSI</i>	<i>\$5,690,656</i>	<i>1.1%</i>

*\*All salary information for state of Texas agencies has been obtained from the State Auditor's Office Electronic Classification Analysis System (E-Class).*

*\*\*Amounts include Other Direct and Indirect Costs and exclude Contingency Appropriations.*