

BUSINESS JUSTIFICATION FOR VOLUNTARY BUYOUT
Financial Institutions

I. Executive Summary

The Department of Financial Institutions (TDFI) has identified administrative and management staff for participation in the Voluntary Buyout Program (VBP). The department has been working to right-size our staffing since the beginning of the Haslam Administration and we have previously undertaken some staff reductions during the past few years. Also, the division Assistant Commissioners submits to the Commissioner, a semi-annual staffing analysis to ensure we are appropriately staffed to meet our statutory requirements. TDFI has a statutory mandate to examine the financial institutions that are within the regulatory jurisdiction of the Department. The Department also has contractual obligations with other regulators to examine financial institutions. Therefore, the Department has not identified any examiner positions that could be offered the VBP. Likewise, there are additional positions in the Department that are essential to support the examination function. For this reason, those positions have not been selected.

TDFI is appreciative of this opportunity to consider reorganization possibilities within the Department. The Department has identified the following administrative and management positions within the various work units that could be offered the VBP option:

Assistant Commissioner 1
Administrative Services Assistant

NOTE: In the event eligible employees in these classifications do not apply for or are accepted to participate in the VBP, TDFI has no present intention of eliminating or reclassifying the filled positions.

II. Business Justification and Assessment

The Department currently has two (2) Assistant Commissioner 1 positions. These positions serve as the division heads for the Compliance division and the Credit Union division. The Assistant Commissioner 1 for the Compliance division oversees the licensing and examination function for approximately 13,000 nondepository institutions encompassing seven (7) industries and the number of licensees has shown increases in recent years after some decline from the great recession. This division currently has thirty six (36) full time employees. Because of the diverse regulatory responsibilities of this division, this Assistant Commissioner 1 position is not eligible for the VBP. The Assistant Commissioner 1 position for the Credit Union division oversees the chartering and examination of ninety (90) credit unions and has sixteen (16) full time employees. This position is eligible for the VBP. If accepted, the Assistant Commissioner 1 position would be reclassified to a Budget Analyst 2 classification. If the employee in the Assistant Commissioner 1 position in the Credit Union division did not apply for the VBP, we would leave the position in place and staffing in the division would remain as it is currently established.

To ensure appropriate direction and management of the Credit Union division in the event that the person in the Assistant Commissioner 1 position voluntarily applied for the VBP, the Assistant Commissioner 2 for the Administrative division will be reclassified to a Deputy Commissioner 2 classification and oversee this division in addition to the Administrative division and work with the Commissioner in the management of the Department. This would result in the Department employing

one (1) Deputy Commissioner 2, one (1) Assistant Commissioner 2, and one (1) Assistant Commissioner 1 position in lieu of four (4) Assistant Commissioners.

Within the Administrative and Compliance divisions of TDFI, we have seven (7) Administrative Services Assistant 3 positions. Two (2) are assigned to the Compliance division and support the licensing function. Because of the regulatory responsibilities of this division, these two (2) Administrative Services Assistant 3s would not be eligible for the VBP. In the Administrative division, we have two (2) Administrative Services Assistant 3s assigned to the Consumer Resources unit, one (1) assigned to reception and Administrative program support, one (1) assigned to procurement and one (1) vacant. The Administrative Services Assistant 3 assigned to reception and Administrative program support does not have the required five (5) years of state service and therefore is not eligible for the VBP program. We would accept one (1) VBP application from the remaining Administrative Services Assistant 3 positions. The duties currently assigned to the VBP applicant would be absorbed by other administrative staff in the Department. At the present time, we will not reclass or fill this position and have instead elected to abolish the position. If no employee currently assigned to an Administrative Services Assistant 3 position in Administration applies for the VBP, we would instead abolish the vacant Administrative Services Assistant 3 position.

III. Estimated Net Cost Savings

Reclassification of the Assistant Commissioner 2 to Deputy Commissioner 2 will result in a negative impact to equity in the amount of \$18,480.00 per year. However, the reclassification of the Assistant Commissioner 1 to Budget Analyst 2 would result in a positive gain for department equity in the amount of \$56,400.00. Due to the fact that we are abolishing the Administrative Services 3 position at this time, we will see a gain in equity in the amount of \$48,084.00 annually. The Department is requesting that we retain in our budget any equity created by the vacating or abolishment of positions as a result of the implementation of the voluntary buyout plan so that we can reclass the Assistant Commissioner 1 position and reclass positions needed for future restructuring as the department may deem necessary. The Department is self-funded by fees collected from the industries that we regulate. Therefore, no state or federal taxpayer dollars are utilized to fund our Department.

IV. Justification for Eligibility Appendix

The 2015 Program Document provides that designated Executive Branch employees must be actively employed full-time and must have at least five (5) years of service in order to be eligible for the VBP. The department has elected to follow this guideline as stated in the 2015 Program Document.



Greg Gonzales, Commissioner

5-20-15

Date