



OCT 17 2014

## CREDIT UNION DEPARTMENT

Harold E. Feeney  
Commissioner

Robert N. Baxter II  
Acting Deputy Commissioner

October 17, 2014

Ken Levine, Director  
Sunset Advisory Commission  
P.O. Box 13066  
Austin, Texas 78711-3066

**RE: Sunset Staff Study on Self-Directed Semi-Independent Status of State Agencies**

Dear Mr. Levine:

This letter is in response to your correspondence of October 3, 2014, requesting comments on the referenced Sunset Staff Study. In general, the Study recommends the implementation of a more comprehensive and consistent method of evaluating, approving, and overseeing the Self-Directed Semi Independent (SDSI) status of agencies.

The Department fully supports the concept that SDSI agencies should be open, accountable, transparent and fiscally-responsible. As a regulatory agency, we also recognize the benefits of early and realistic identification of problems or weaknesses before they develop into more serious issues or adversely affect the agency's ability to effectively carry out its mission. Nevertheless, the Department welcomes the chance to make constructive comments on certain aspects of the proposal.

In commenting on the Study, the Department wishes to emphasize that it is not an occupational licensing agency. While the Department does have authority to charter credit unions, its primary function is to ensure safety and soundness in the operations of credit unions. Therefore, most of its activities are designed to evaluate the condition of a credit union and ensure the safety and soundness of the institution, as well as its compliance with applicable laws and regulations. As a result, generic across-the-board reporting requirements usually fail to properly differentiate between the safety and soundness functions and general licensing functions. As a result, these generic reporting requirements generally provide less than a complete picture of this agency's operational performance. Therefore, if all SDSI agencies are placed under the SDSI Act, we would encourage some amendments to the Act's reporting requirements to provide more meaningful reporting for this and other financial regulatory agencies.

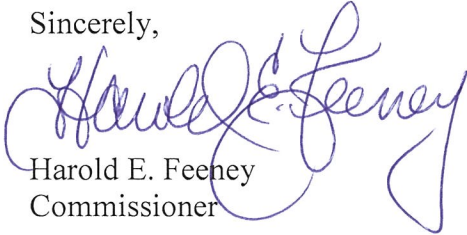
Texas Finance Code Section 15.4011 gives the Credit Union Commission charge and control of the property known as the Credit Union Building and the use of staff, equipment, and facilities of the Department. Accordingly, if all SDSI agencies are placed under the SDSI Act, it will be crucial for provisions, similar to those contained in Texas Finance Code Section 16.007, to be incorporated into that Act.

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Since its inception, the Department has been revenue neutral to the State's general revenue fund. The Department has always been fully self funding, meaning that it generates all its revenues through charges on its supervised credit unions. The Department's revenues have, historically, also been fully self-leveling, meaning that, by statute, the agency can charge its supervised credit unions only what it expends to supervise and enforce the law. It is important to the supervised credit unions that they pay no additional amounts. Accordingly, it would be important, if all SDSI agencies are placed under the SDSI Act, that the Act specifically recognize the self-leveling aspect of the Department's statutes and budget operations.

The Department hopes that these comments will assist the Sunset Advisory Commission in its deliberations and appreciates the opportunity to comment on this Study.

Sincerely,



Harold E. Feeney  
Commissioner

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