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November 6, 2014

Mr. Ken Levine, Director  
Sunset Advisory Commission  
P.O. Box 13066  
Austin, TX 78711

RE: Self-Directed Semi-Independent (SDSI) Status of Agencies

Dear Mr. Levine:

Thank you for the opportunity to comment on the Sunset Staff Study on the Self-Directed Semi-Independent Status of State Agencies. Our comments focus on Section 1.3 of the Study as it pertains to the Texas Credit Union Department.

Since its inception, the Department has been a revenue neutral, self-leveling agency and is fully funded by fees assessed on state chartered credit unions. No general revenue funds are used to fund the Department. Further, state chartered credit unions funded the purchase of the land and building of the Department headquarters located in East Austin. Any change in funding of the Department will have a direct impact on each state chartered credit union and ultimately our credit union members

The Department, unlike numerous other SDSI agencies, is not an occupational licensing agency. The Department does have authority to assess administrative penalties however, as a self-leveling agency the Department's operating budget would be offset by an amount equal to any penalties collected resulting in a potential increase in annual assessments. As such, we do not support the Sunset staff recommendation to deposit administrative penalties in the General Revenue Fund.

Further, the Study does not differentiate between licensing agencies and those whose primary focus is to ensure the safety and soundness of financial institutions such as the Department. The inclusion of non-licensing agencies in the SDSI Act will result in confusion and ultimately less than meaningful reporting of performance and operation.

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It is our opinion the Legislature acted appropriately in 2009 with the passage of legislation amending the Texas Finance Code making the Department an SDSI agency. Under the current SDSI structure, the Department continues to function efficiently while being fiscally responsible and ensuring Texas' credit unions operate in a safe and sound manner.

Thank you again for the opportunity to comment. Please do not hesitate to contact me should you have questions.

Kind regards,

A handwritten signature in cursive script that reads "Melodie Durst". The signature is written in black ink and is positioned above the printed name and title.

Melodie Durst  
Executive Director