



STATE OF OKLAHOMA
STATE BANKING DEPARTMENT

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MARY FALLIN
GOVERNOR

2018 JUL 10 PM 2:36

OFFICE OF MANAGEMENT
& ENTERPRISE SERVICES

June 29, 2018

Mr. Clark Jolley
Secretary of Finance, Administration and Information Technology
Will Rogers Building
2401 N. Lincoln Blvd., Room 118
Oklahoma City, Oklahoma 73105

Dear Mr. Secretary:

This letter is submitted in furtherance of our conversations regarding personnel matters at the Oklahoma State Banking Department (OSBD) and in compliance with the Governor's Executive Order 2015-06 (the "Order") imposing a state agency personnel action freeze. The OSBD desires to pursue the following types of personnel actions that would otherwise be limited by the Order: (1) hiring of examination personnel and legal counsel; (2) offering promotions to existing employees (with corresponding salary increases); and (3) offering skill, performance, and market-based salary adjustments in FY 2019. Below is my formal request for exemptions, as prescribed by paragraph 4 of the Order.

Unique Fact-Specific Conditions Justifying the Request.

The Order requires any request for exemption to fully document and establish the unique, fact-specific conditions justifying the request. In that regard, please consider the following:

Unique Facts Regarding the Banking Department.

1. The OSBD is a self-funded agency receiving no appropriations from the General Revenue Fund. The OSBD does not operate on taxpayer funds but only the assessments and fees collected from the industries it regulates.
2. Each year the OSBD contributes 10% of its assessment revenue to the General Revenue Fund. Since 2010, OSBD deposited over \$5.6 million to General Revenue, including \$746,492 in 2018.
3. The OSBD has lowered assessments on the banking industry each of the past 7 years, with a total reduction of over \$12 million – including a \$1.5 million reduction in FY 2018.
4. Granting exemptions to the OSBD will not result in either the use of taxpayer dollars or additional assessment burden on the regulated industry.

Unique Facts Justifying Hiring and Promotion Freeze Exemption.

1. Many of OSBD's existing examiners have obtained new or additional certifications through the Conference of State Bank Supervisor's Examiner Certification Program or have obtained a graduate degree from the Colorado Graduate School of Banking. An advanced degree and multiple certifications justify promotions, in some cases to Senior Examiner, and in other cases to a higher level of Senior Examiner.
2. Over 40% of the OSBD examination staff are currently eligible to retire. Because the training necessary for an OSBD examiner is a lengthy process (requiring 3 – 5 years before the examiner becomes competent in all phases of an examination), the OSBD must begin hiring and training new examination staff.
3. It is necessary to immediately begin the examiner hiring and training process so that OSBD can maintain a sufficient staff of competent examiners for the purpose of meeting the frequency of bank and credit union examinations mandated by the Oklahoma Banking Code (Title 6 O.S. § 209) and Oklahoma Credit Union Act (Title 6 O.S. § 2008).
4. The OSBD has not had the position of Legal Counsel filled since 2010. Considering the ongoing and substantial changes to both state and federal laws affecting the financial industry, the position of Legal Counsel is a crucial component to a well-staffed regulatory agency.

Unique Facts Justifying Salary Adjustments.

1. Regulation of banking in the United States is conducted by federal regulators (*e.g.*, FDIC, Federal Reserve Board, and Office of the Comptroller of the Currency) and state regulators (OSBD). Therefore, employees of the OSBD have a direct counterpart employed by a federal agency with locations in Oklahoma. Salaries paid to federal banking agency employees are higher than salaries paid to OSBD employees.
2. Many OSBD employees have resigned to go to work for Oklahoma financial institutions at higher salaries than paid by OSBD. Those employees were highly trained with valuable skills developed over many years. Therefore, market-based salary adjustments are needed to maintain a competitive salary capable of retaining a skilled workforce.
3. While OSBD base salaries are not equivalent to those of federal agencies or the private industry, since 2003 the OSBD has implemented performance-based and skill-based salary adjustment plans (authorized by Title 74 O.S. § 840-2.17) to try to remain competitive regarding overall compensation. These salary adjustment mechanisms are an incentive paid only to those employees whose work performance and certified skills merit such payments.

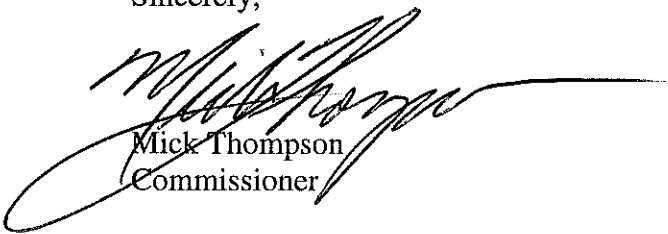
Secretary Jolley
June 29, 2018
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Based on the unique facts listed above, the OSBD requests exemptions from the Order so that it may offer promotions and salary increases to existing employees, offer employment to qualified applicants, and continue to implement salary adjustments. Pursuant to Title 74 O.S. § 840-2.17, I certify that all salary adjustments can be implemented for the current fiscal year and the subsequent fiscal year without the need for additional funding (such as an increase of assessments) to increase the personal services budget of the agency.

I appreciate the opportunity to share with you the distinctive circumstances that affect the OSBD and your consideration of this request. We believe that we have created an exemplary working environment that has become a model for not only other regulatory agencies in Oklahoma but also for other states' banking agencies, many of which have attempted to duplicate the personnel programs we have implemented.

After your review of this letter, please contact me with any questions you may have.

Sincerely,



Mick Thompson
Commissioner



STATE OF OKLAHOMA
STATE BANKING DEPARTMENT

June 29, 2018

Mr. Clark Jolley
Secretary of Finance, Administration and Information Technology
Will Rogers Building
2401 N. Lincoln Blvd., Room 118
Oklahoma City, Oklahoma 73105

Dear Mr. Secretary:

This letter is submitted pursuant to the Governor's Executive Order 2015-06 (the "Order") that imposed a state agency personnel action freeze and also submitted in response to the 2017 Annual Compensation Report (the "2017 Report") issued by the Office of Management and Enterprise Services ("OMES"). As you know, Title 74 Okla. Stat. § 3601.2 requires, every three years, the OMES Annual Compensation Report include proposed salary ranges for state agency chief executive officers. The 2017 Report included the proposed salary ranges for chief executive officers and adjusted the Banking Commissioner's salary by 5%, effective July 1, 2018. This is the first adjustment in 3 years, which would result in an average increase of 1.67% per year.

As a self-funded agency, salary expenses of the Oklahoma State Banking Department (OSBD) are not paid with taxpayer funds. Also, through efficient operations, the OSBD has been able to lower industry assessments by over \$12 million during the past 7 years and contributed over \$5.6 million to the general revenue fund since 2010, including \$746,492 in 2018.

The Oklahoma State Banking Code requires that the Commissioner's salary be set by the State Banking Board in an amount no greater than the amount designated by OMES. The Banking Board has set that salary to allow for the recent adjustment, which may be implemented with your approval.

I appreciate your consideration of this matter. After your review of this letter, please contact me with any questions you may have.

Sincerely,

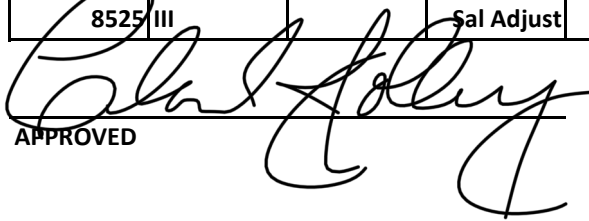
A handwritten signature in black ink, appearing to read "Mick Thompson", written over a horizontal line.

Mick Thompson
Commissioner

Job Code	Job Title	Vacant Position	Reallocate Exist Pos.	Alloc. Of New Pos.	% of Increase	Budgeted Salary	Increase
4480	Commissioner		Sal Adjust		5%	\$196,721.00	\$9,367.00
9465	Examiner Trainee	X	X		0%		
	Legal Counsel			X	0%		
8525	Senior Examiner III	X			0%		
4694	Assistant Daily Commissioner		Sal Adjust		5%	\$126,909.90	\$6,043.33
2986	Assistant Deputy Commissioner		Sal Adjust		5%	\$121,559.36	\$5,788.54
8521	Title Examiner III		Sal Adjust		5%	\$76,657.98	\$3,650.38
0282	Senior Examiner		Sal Adjust		5%	\$110,303.25	\$5,252.54
7011	Operations Coordinator		Sal Adjust		5%	\$98,118.53	\$4,672.31
8526	Senior Examiner		Sal Adjust		5%	\$99,580.38	\$4,741.92
8519	Examiner II		Sal Adjust		5%	\$57,688.69	\$2,747.08
8520	Examiner III		Sal Adjust		5%	\$70,460.21	\$3,355.25
8519	Examiner II		Sal Adjust		5%	\$55,588.69	\$2,647.08
8526	Senior Examiner		Sal Adjust		5%	\$102,764.76	\$4,893.56
7023	Clerk VI		Sal Adjust		5%	\$69,802.67	\$3,323.94
5784	Senior Examiner		Sal Adjust		5%	\$105,811.94	\$5,038.66
20	Deputy Commissioner		Sal Adjust		5%	\$158,494.02	\$7,547.33
8520	Examiner III		Sal Adjust		5%	\$71,556.65	\$3,407.46
8510	Budget Director		Sal Adjust		5%	\$97,812.50	\$4,662.50
0282	Senior Examiner		Sal Adjust		5%	\$112,543.85	\$5,359.23
5784	Senior Examiner		Sal Adjust		5%	\$108,288.92	\$5,156.62
5784	Senior Examiner		Sal Adjust		5%	\$105,897.62	\$5,042.74

0282	Senior Examiner		Sal Adjust		5%	\$105,976.73	\$5,046.51
8523	Senior Examiner I		Sal Adjust		5%	\$76,447.38	\$3,640.35
6577	Senior Examiner		Sal Adjust		5%	\$112,780.22	\$5,370.49
8526	Senior Examiner		Sal Adjust		5%	\$100,327.50	\$4,777.50
8504	Secretary V		Sal Adjust		5%	\$67,431.32	\$3,211.02
8525	Senior Examiner III		Sal Adjust		5%	\$76,387.50	\$3,637.50
8505	Executive Secretary I		Sal Adjust		5%	\$72,478.67	\$3,451.37
6221	Regional Examiner		Sal Adjust		5%	\$115,730.30	\$5,510.97
0148	Administrative Assistant		Sal Adjust		5%	\$86,750.95	\$4,131.00
6221	Regional Examiner		Sal Adjust		5%	\$114,883.25	\$5,470.63
6221	Director of Examinations		Sal Adjust		5%	\$119,303.05	\$5,681.10
8129	Chief of Staff		Sal Adjust		5%	\$88,895.68	\$4,233.13
8520	Examiner III		Sal Adjust		5%	\$68,281.50	\$3,251.50
8526	Senior Examiner		Sal Adjust		5%	\$96,241.30	\$4,582.92
8501	Secretary II		Sal Adjust		5%	\$55,537.82	\$2,644.66
8526	Senior Examiner		Sal Adjust		5%	\$97,406.66	\$4,638.41
20	Temporary		Sal Adjust		5%	\$100,812.60	\$4,800.60
8526	Senior Examiner		Sal Adjust		5%	\$102,657.62	\$4,888.46
8526	Senior Examiner		Sal Adjust		5%	\$98,639.52	\$4,697.12
8520	Examiner III		Sal Adjust		5%	\$75,306.84	\$3,586.04
8520	Examiner III		Sal Adjust		5%	\$78,388.63	\$3,732.79
8524	Senior Examiner		Sal Adjust		5%	\$89,098.56	\$4,242.79
0282	Senior Examiner VII		Sal Adjust		2.90%	\$105,050.71	\$3,000.00
5784	Senior Examiner V		Sal Adjust		3.10%	\$100,773.28	\$3,000.00
8510	Budget Director I		Sal Adjust		5.70%	\$93,250.00	\$5,000.00

6577	Senior Examiner VII		Sal Adjust		2.90%	\$107,184.62	\$3,000.00
5784	Senior Examiner V		Sal Adjust		3.10%	\$100,854.88	\$3,000.00
0282	Senior Examiner VII		Sal Adjust		3.10%	\$100,930.22	\$3,000.00
6577	Senior Examiner VIII		Sal Adjust		2.90%	\$107,409.73	\$3,000.00
8525	Senior Examiner III		Sal Adjust		7.40%	\$72,750.00	\$5,000.00
8525	Senior Examiner III		Sal Adjust		7.20%	\$74,655.84	\$5,000.00


 APPROVED

7/24/2018
 DATE