

## DEPARTMENT OF FINANCIAL INSTITUTIONS

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY13 Adjusted Base	FY14 Recommended	% Change Over FY13	FY15 Recommended	% Change Over FY14
PR-O	17,825,800	17,849,700	0.1	17,947,900	0.6
TOTAL	17,825,800	17,849,700	0.1	17,947,900	0.6

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY13 Adjusted Base	FY14 Recommended	FTE Change Over FY13	FY15 Recommended	FTE Change Over FY14
PR-O	136.54	141.54	5.00	141.54	0.00
TOTAL	136.54	141.54	5.00	141.54	0.00

### AGENCY DESCRIPTION

The department is headed by a secretary who is appointed by the Governor with the advice and consent of the Senate. The department operates with four regulatory and licensing divisions, and is supported by the Division of Administrative Services and Technology. The Office of Credit Unions is attached to the department for administrative purposes. The department's functions include the regulation and examination of state-chartered depository institutions, licensing of other financial service providers, registration of securities offerings, issuance of notary public commissions, registration of trademarks, and support and maintenance of the state's central business registration and uniform commercial code filing systems. In addition, the secretary is the administrator of the Wisconsin Consumer Act, governing consumer transactions under \$25,000.

### MISSION

The department's mission is to ensure the safety and soundness of state-chartered financial institutions, to protect consumers of financial services, and to facilitate economic growth.

## Financial Institutions

### PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Programs have been modified.

#### **Program 1: Supervision of Financial Institutions, Securities Regulation and Other Functions**

Goal: Ensure the safety and soundness of the state's banking industry.

Objective/Activity: Examine state banks and savings institutions for compliance with laws and any issues related to the condition of the financial institutions within established time frames. All banks are to be examined at least every 18 months, with more frequent examinations of larger, more complex institutions. The banking division has entered into alternating examination agreements with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve, so approximately 40 percent of all banks should be examined by the department in each calendar year in order to meet that standard.

Goal: Protect the consumers of financial services.

Objective/Activity: Address abuses and violations of rules and statutes through expedient resolution of consumer complaints by the Bureau of Consumer Affairs.

Goal: Facilitate economic growth.

Objective/Activity: Process new business filings timely to support new business activity.

Goal: Ensure the safety and soundness of the state's credit unions.

Objective/Activity: Maintain cycle of examinations as required. Most credit unions are to be examined every 18 months. Credit unions identified as needing additional supervision are to be examined every 12 months.

**Financial Institutions**

**PERFORMANCE MEASURES**

**2011 AND 2012 GOALS AND ACTUALS**

<b>Prog. No.</b>	<b>Performance Measure</b>	<b>Goal 2011</b>	<b>Actual 2011</b>	<b>Goal 2012</b>	<b>Actual 2012</b>
1.	Percentage of banks examined each year. <sup>1,2</sup>				
	Number of banks	223	221 <sup>3</sup>	220	N/A
	Bank exams due	87	87	87	
	Number of exams	87	98	87	
	Percentage examined each year	100%	113%	100%	
1.	Percentage of consumer complaints acted on within five days of receipt	97%	100%	100%	100%
1.	Percentage of charter document filings processed within five days.	100%	100%	100%	100%
1.	Percentage of credit union exams conducted within examination cycle time frame.				
	Number of banks	225	203 <sup>4</sup>	215	N/A
	Bank exams due	155	155	145	
	Number of exams	130	101	130	
	Percentage examined each year	83%	65%	90%	

Note: Based on fiscal year.

<sup>1</sup>Based on calendar year.

<sup>2</sup>Bank exams are shared with FDIC and conducted on an 18-month cycle.

<sup>3</sup>Decrease in number of banks due to mergers, acquisitions or closings.

<sup>4</sup>Decrease in number of credit unions due to mergers.

## Financial Institutions

### 2013, 2014 AND 2015 GOALS

Prog. No.	Performance Measure	Goal 2013	Goal 2014	Goal 2015
1.	Percentage of banks examined each year. <sup>1,2</sup>			
	Number of banks	217 <sup>3</sup>	213 <sup>3</sup>	213 <sup>3</sup>
	Bank exams due	87	85	85
	Number of exams	87	85	85
	Percentage examined each year	100%	100%	100%
1.	Percentage of consumer complaints acted on within five days of receipt	100%	100%	100%
1.	Percentage of charter document filings processed within five days.	100%	100%	100%
1.	Percentage of credit union exams conducted within examination cycle time frame.			
	Number of banks	173 <sup>4</sup>	158 <sup>4</sup>	143 <sup>4</sup>
	Bank exams due	115	105	95
	Number of exams	115	105	95
	Percentage examined each year	100%	100%	100%

Note: Based on fiscal year.

<sup>1</sup>Based on calendar year.

<sup>2</sup>Bank exams are shared with FDIC and conducted on an 18-month cycle.

<sup>3</sup>Estimated number of banks as of calendar year-end.

<sup>4</sup>Estimated number of credit unions as of calendar year-end.

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

**GOVERNOR'S BUDGET RECOMMENDATIONS**

**RECOMMENDATIONS**

1. Bank Examination Resources
2. Credit Union Examination Resources
3. Oversight of Charitable Organizations and Professional Fundraisers
4. Oversight of Professional Employer Organizations and Groups
5. Corporations Efficiencies
6. Rental-Purchase Agreements
7. Standard Budget Adjustments

**Financial Institutions**

**Table 1  
Department Budget Summary by Funding Source (in thousands of dollars)**

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY14	FY15	FY14	FY15
PROGRAM REVENUE (2)	\$14,934.7	\$17,825.8	\$17,871.5	\$17,991.7	\$17,849.7	\$17,947.9
State Operations	14,934.7	17,825.8	17,871.5	17,991.7	17,849.7	17,947.9
TOTALS - ANNUAL	\$14,934.7	\$17,825.8	\$17,871.5	\$17,991.7	\$17,849.7	\$17,947.9
State Operations	14,934.7	17,825.8	17,871.5	17,991.7	17,849.7	17,947.9

(2) Includes Program Revenue-Service and Program Revenue-Other

**Table 2  
Department Position Summary by Funding Source (in FTE positions) (4)**

	ADJUSTED BASE FY13	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY14	FY15	FY14	FY15
PROGRAM REVENUE (2)	136.54	141.54	141.54	141.54	141.54
TOTALS - ANNUAL	136.54	141.54	141.54	141.54	141.54

(2) Includes Program Revenue-Service and Program Revenue-Other

(4) All positions are State Operations unless otherwise specified

**Financial Institutions**

**Table 3  
Department Budget Summary by Program (in thousands of dollars)**

	ACTUAL FY12	ADJUSTED BASE FY13	AGENCY REQUEST FY14      FY15		GOVERNOR'S RECOMMENDATION FY14      FY15	
1. Supervision of financial institutions, securities regulation and other functions	\$14,934.7	\$17,825.8	\$17,871.5	\$17,991.7	\$17,849.7	\$17,947.9
<b>TOTALS</b>	\$14,934.7	\$17,825.8	\$17,871.5	\$17,991.7	\$17,849.7	\$17,947.9

**Table 4  
Department Position Summary by Program (in FTE positions) (4)**

	ADJUSTED BASE FY13	AGENCY REQUEST FY14      FY15		GOVERNOR'S RECOMMENDATION FY14      FY15	
1. Supervision of financial institutions, securities regulation and other functions	136.54	141.54	141.54	141.54	141.54
<b>TOTALS</b>	136.54	141.54	141.54	141.54	141.54

(4) All positions are State Operations unless otherwise specified

## Financial Institutions

### 1. Bank Examination Resources

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	117,000	2.00	158,600	2.00	117,000	2.00	158,600	2.00
TOTAL	117,000	2.00	158,600	2.00	117,000	2.00	158,600	2.00

The Governor recommends providing expenditure and position authority for two bank examiner positions to ensure financial examinations of state-chartered banks are completed in a timely manner.

### 2. Credit Union Examination Resources

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	117,000	2.00	158,600	2.00	117,000	2.00	158,600	2.00
TOTAL	117,000	2.00	158,600	2.00	117,000	2.00	158,600	2.00

The Governor recommends providing expenditure and position authority for two credit union examiner positions to ensure financial examinations of state-chartered credit unions are completed in a timely manner.

### 3. Oversight of Charitable Organizations and Professional Fundraisers

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	59,700	1.00	72,900	1.00	45,100	1.00	63,500	1.00
TOTAL	59,700	1.00	72,900	1.00	45,100	1.00	63,500	1.00

The Governor recommends transferring registration and oversight responsibilities relating to charitable organizations and professional fundraisers as well as related position and expenditure authority from the Department of Safety and Professional Services to the department to better align agency functions. See Department of Safety and Professional Services, Item #9.

**Financial Institutions**

**4. Oversight of Professional Employer Organizations and Groups**

The Governor recommends transferring registration and oversight responsibilities relating to Professional Employer Organizations and Professional Employer Groups as well as related position and expenditure authority from the Department of Safety and Professional Services to the department to better align agency functions. See Department of Safety and Professional Services, Item #9.

**5. Corporations Efficiencies**

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-17,200	0.00	-34,400	0.00
TOTAL	0	0.00	0	0.00	-17,200	0.00	-34,400	0.00

The Governor recommends modifying provisions relating to administrative dissolutions and nonstock corporation reporting to create additional efficiencies. The Governor also recommends reducing expenditure authority to reflect the savings realized.

**6. Rental-Purchase Agreements**

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	10,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	10,000	0.00	0	0.00

The Governor recommends modifying current law relating to the regulation of rental-purchase agreements and rental-purchase companies by: (a) defining rental-purchase agreements and rental-purchase companies; (b) establishing parameters for conducting business in the state; and (c) establishing minimum requirements for rental-purchase transactions. Fees associated with these modifications are expected to increase revenues by \$52,000 in each year of the biennium. The Governor also recommends providing expenditure authority to cover one-time costs associated with these modifications.

## Financial Institutions

### 7. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY14		FY15		FY14		FY15	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-248,000	0.00	-224,200	0.00	-248,000	0.00	-224,200	0.00
TOTAL	-248,000	0.00	-224,200	0.00	-248,000	0.00	-224,200	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$243,600 in each year); (b) full funding of continuing position salaries and fringe benefits (-\$33,300 in each year); and (c) full funding of lease and directed moves costs (\$28,900 in FY14 and \$52,700 in FY15).