

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY05 Adjusted Base	FY06 Recommended	% Change Over FY05	FY07 Recommended	% Change Over FY06
PR-O	15,808,900	15,971,800	1.0	15,986,700	0.1
TOTAL	15,808,900	15,971,800	1.0	15,986,700	0.1

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY05 Adjusted Base	FY06 Recommended	FTE Change From FY05	FY07 Recommended	FTE Change From FY06
PR-O	154.00	139.00	-15.00	132.04	-6.96
TOTAL	154.00	139.00	-15.00	132.04	-6.96

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, 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 protect consumers of financial services and ensure the soundness of Wisconsin's financial institutions.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Goals, objectives and activities have been modified to better reflect the department's mission.

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

Goal: Assure 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 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 Office of Consumer Affairs.

Goal: Facilitate economic growth.

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

Program 2: Office of Credit Unions

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.

PERFORMANCE MEASURES

HISTORICAL DATA

Prog. No.	Performance Measure	Actual 2000	Actual 2001	Actual 2002
1.	Number of failed banks in the state.	0	0	0
1.	Number of on-line corporate filings.	0	3,553	73,425
1.	Securities filings completed per staff hour. ¹	N/A	3.6	N/A
2.	Field of membership expansions.	12	18	16

Note: Based on fiscal year.

¹Based on calendar year.

2003 AND 2004 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2003	Actual 2003	Goal 2004	Actual 2004
1.	Number of failed banks in the state.	0	0	0	0
1.	Number of on-line corporate filings.	105,000	107,600	135,000	148,700
1.	Securities filings completed per staff hour. ¹	7.2	N/A	7.6	N/A
2.	Field of membership expansions. ¹	12	43	12	34

Note: Based on fiscal year.

¹Based on calendar year.

2005, 2006 AND 2007 GOALS

Prog. No.	Performance Measure ¹	Goal 2005	Goal 2006	Goal 2007
1.	Percentage of banks examined each year.			
	Number of banks	229	227	225
	Number of exams	91	90	90
	Percentage examined in a year	40%	40%	40%
1.	Percentage of consumer complaints acted on within five days of receipt.	At least 95%	At least 95%	At least 95%
1.	Percentage of charter document filings processed within five days.	98%	99%	99%
2.	Percentage of credit union exams conducted within examination cycle time frame.			
	Credit union examinations due	215	200	200
	Number of credit unions examined	200	200	200
	Percentage examined	93%	100%	100%

Note: Based on calendar year.

¹New performance measures.

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Budget Efficiency Measures
2. Streamlining Administrative Services
3. Attorney Consolidation
4. Program and Segregated Revenue Transfers
5. Mortgage Loan Originator Testing and Continuing Education Program
6. Foreign Corporation Annual Report Filing Fee
7. Standard Budget Adjustments

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

	ACTUAL FY04	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY06	FY07	FY06	FY07
PROGRAM REVENUE (2)	\$13,889.5	\$15,808.9	\$16,576.7	\$16,591.6	\$15,971.8	\$15,986.7
State Operations	13,889.5	15,808.9	16,576.7	16,591.6	15,971.8	15,986.7
TOTALS-ANNUAL	13,889.5	15,808.9	16,576.7	16,591.6	15,971.8	15,986.7
State Operations	13,889.5	15,808.9	16,576.7	16,591.6	15,971.8	15,986.7

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

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

	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY06	FY07	FY06	FY07
PROGRAM REVENUE (2)	154.00	153.00	153.00	139.00	132.04
TOTALS-ANNUAL	154.00	153.00	153.00	139.00	132.04

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

(4) All positions are State Operations unless otherwise specified

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

	ACTUAL FY04	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY06	FY07	FY06	FY07
1. Supervision of financial institutions, securities reg. and other functions	\$12,254.5	\$13,927.5	\$14,596.2	\$14,596.2	\$14,179.4	\$14,179.4
2. Office of credit unions	1,635.0	1,881.4	1,980.5	1,995.4	1,792.4	1,807.3
TOTALS	13,889.5	15,808.9	16,576.7	16,591.6	15,971.8	15,986.7

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

	ADJUSTED BASE FY05	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY06	FY07	FY06	FY07
1. Supervision of financial institutions, securities reg. and other functions	134.00	133.00	133.00	119.00	113.04
2. Office of credit unions	20.00	20.00	20.00	20.00	19.00
TOTALS	154.00	153.00	153.00	139.00	132.04

1. Budget Efficiency Measures

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-893,700	-8.00	-893,700	-8.00
TOTAL	0	0.00	0	0.00	-893,700	-8.00	-893,700	-8.00

The Governor recommends reducing expenditure and position authority in the department's state operations and administrative appropriations in the amounts shown to create additional operational efficiencies and balance the budget by: (a) eliminating 8.0 FTE positions; (b) eliminating expenditure authority for LTE salaries and unallotted reserve; and (c) other programmatic reductions.

2. Streamlining Administrative Services

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	0.00	0	-6.96
TOTAL	0	0.00	0	0.00	0	0.00	0	-6.96

The Governor recommends consolidating server and network support, certain procurement and purchasing functions, and human resources and payroll benefit services in the Department of Administration beginning in FY07 to create administrative efficiencies. To achieve this, the Governor recommends reducing the department's position authority by: (a) 3.46 FTE positions related to server and network consolidation; (b) 0.5 FTE position related to procurement and purchasing consolidation; and (c) 3.0 FTE positions related to human resources and payroll benefit services consolidation. The Governor further recommends retaining the funding associated with these positions in the department to cover chargebacks for these services from the Department of Administration. See Department of Administration, Item #1.

3. Attorney Consolidation

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	-6.00	0	-6.00
TOTAL	0	0.00	0	0.00	0	-6.00	0	-6.00

The Governor recommends improving the provision of state legal services by consolidating attorneys and legal support staff under the secretary of the Department of Administration on January 1, 2006. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. To achieve this, the Governor recommends transferring 7.0 FTE positions to the Department of Administration. The Governor further recommends retaining the funding associated with these positions in the department to purchase legal services from the Department of Administration. In addition, 1.0 FTE unclassified position is created to provide general counsel services. See Department of Administration, Item #3.

4. Program and Segregated Revenue Transfers

The Governor recommends transferring balances to the general fund from the following appropriation:
 (a) \$125,000 PR in each year from s. 20.144(1)(h).

5. Mortgage Loan Originator Testing and Continuing Education Program

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	600,000	0.00	600,000	0.00	888,800	0.00	888,800	0.00
TOTAL	600,000	0.00	600,000	0.00	888,800	0.00	888,800	0.00

The Governor recommends providing expenditure authority to administer the mortgage loan originator testing and continuing education program as created in 2003 Wisconsin Act 260. Funding would come from new examination fees to be established by administrative rule.

6. Foreign Corporation Annual Report Filing Fee

The Governor recommends increasing the foreign corporation annual report filing and certificate of withdrawal fees from \$2 for every \$1,000 of excess capital to \$3 for every \$1,000 of excess capital.

7. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	167,800	-1.00	182,700	-1.00	167,800	-1.00	182,700	-1.00
TOTAL	167,800	-1.00	182,700	-1.00	167,800	-1.00	182,700	-1.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$203,000 in each year); (b) removal of noncontinuing elements from the base (-\$82,800 and -1.0 FTE position in each year); (c) full funding of continuing position salaries and fringe benefits (\$422,100 in each year); (d) reclassifications and semiautomatic pay progression (\$26,900 in FY06 and \$41,800 in FY07); and (e) full funding of lease and directed moves costs (\$4,600 in each year).