

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY01 Adjusted Base	FY02 Recommended	% Change Over FY01	FY03 Recommended	% Change Over FY02
PR-O	15,347,300	15,723,700	2.5	15,453,800	-1.7
TOTAL	15,347,300	15,723,700	2.5	15,453,800	-1.7

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY01 Adjusted Base	FY02 Recommended	FTE Change From FY01	FY03 Recommended	FTE Change From FY02
PR-O	168.50	170.50	2.00	170.25	-0.25
TOTAL	168.50	170.50	2.00	170.25	-0.25

AGENCY DESCRIPTION

The department is headed by a secretary appointed by the Governor. The department operates with four regulatory and licensing divisions, supported by the Division of Administrative Services and Technology. The Office of Credit Unions is attached to the department for administrative purposes, but is an independent entity. The department and office'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 system and uniform commercial code filing system. In addition, the secretary is the administrator of the Wisconsin Consumer Act, governing consumer transactions under \$25,000.

MISSION

The mission of the department is to protect and promote Wisconsin's financial strength.

PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

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: Prevent economic disruption in Wisconsin communities which results from bank failures.

Goal: Efficiently maintain and preserve accurate records of business organizations in a format and condition for ready access.

Objective/Activity: Develop an electronic corporate filing system to reduce the number of filings received by fax and mail, and improve customer service by hastening the ability of new businesses to reserve their corporate names.

Goal: Process securities and franchise registrations and exemptions, firm and individual licenses, and Wisconsin licensee branch office notice filings efficiently.

Objective/Activity: Improve the timeliness of the filing process and provide faster responses.

Program 2: Office of Credit Unions

Goal: Based on s. 186.21(1), Wisconsin Statutes, insure that credit union services are made available to all interested groups and individuals.

Objective/Activity: Increase access to credit union services in underserved areas by encouraging credit unions to expand to those areas.

PERFORMANCE MEASURES

Prog. No.	Performance Measure	Actual 2000	Goal 2001	Goal 2002	Goal 2003
1.	Number of failed banks in the state.	0	0	0	0
1.	Number of on-line corporate filings.	0	50,000	110,000	125,000
1.	Average length of time it takes to receive a response to filing from the department.	8 days	7.5 days	7 days	6 days
2.	Field of membership expansions.	12	12	12	12

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GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Electronic Commerce and Executive Order No. 408
2. Backfile Conversion of Corporation Annual Reports
3. Statutory Language Changes
4. Standard Budget Adjustments

ITEMS NOT APPROVED

5. Maintenance of Integrated and Shared Functions with Federal Regulatory Agencies

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

	ACTUAL FY00	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY02	FY03	FY02	FY03
PROGRAM REVENUE (2)	\$13,748.1	\$15,347.3	\$16,051.0	\$15,587.2	\$15,723.7	\$15,453.8
State Operations	13,748.1	15,347.3	16,051.0	15,587.2	15,723.7	15,453.8
TOTALS-ANNUAL	13,748.1	15,347.3	16,051.0	15,587.2	15,723.7	15,453.8
State Operations	13,748.1	15,347.3	16,051.0	15,587.2	15,723.7	15,453.8

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

	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY02	FY03	FY02	FY03
PROGRAM REVENUE (2)	168.50	171.50	171.50	170.50	170.25
TOTALS-ANNUAL	168.50	171.50	171.50	170.50	170.25

(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 FY00	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY02	FY03	FY02	FY03
1. Supervision of financial institutions, securities reg. and	\$12,278.8	\$13,511.5	\$14,153.7	\$13,667.1	\$13,826.4	\$13,533.7
2. Office of credit unions	1,469.3	1,835.8	1,897.3	1,920.1	1,897.3	1,920.1
TOTALS	13,748.1	15,347.3	16,051.0	15,587.2	15,723.7	15,453.8

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

	ADJUSTED BASE FY01	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY02	FY03	FY02	FY03
1. Supervision of financial institutions, securities reg. and	145.50	148.50	148.50	147.50	147.25
2. Office of credit unions	23.00	23.00	23.00	23.00	23.00
TOTALS	168.50	171.50	171.50	170.50	170.25

(4) All positions are State Operations unless otherwise specified

1. Electronic Commerce and Executive Order No. 408

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	818,200	3.00	433,600	3.00	500,900	2.00	319,200	2.00
TOTAL	818,200	3.00	433,600	3.00	500,900	2.00	319,200	2.00

The Governor recommends 2.0 FTE project positions and associated funding for electronic filing projects and for development of a state business portal Web site. Although the positions and funding for these projects will be administratively located in the department, these projects will be managed in accordance with Executive Order 408. Among other provisions, this order requires the department to "cooperate fully with the Secretary of the Department of Administration in the development and implementation of a single, citizen centered electronic government service center, including the dedication of staff and other resources required to achieve this goal."

2. Backfile Conversion of Corporation Annual Reports

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	102,000	0.00	0	0.00	102,000	0.00	-9,000	-0.25
TOTAL	102,000	0.00	0	0.00	102,000	0.00	-9,000	-0.25

The Governor recommends funding to electronically scan seven years of annual reports to make them available on-line to the public. The Governor also recommends a 0.25 FTE position reduction to reflect the work load savings from this project. The Governor directs the department to increase the relevant document fee from \$2.00 to \$3.00 to ensure that the cost is recovered in six years.

3. Statutory Language Changes

The Governor recommends several statutory changes:

1. Universal Banking and Credit Union. Include the provisions of the Universal Banking bill (1999 Assembly Bill 563) and the Credit Union bill (1999 Senate Bill 274).
2. Fees Under the Wisconsin Consumer Act. Streamline the fee setting process and simplify the fee structure paid by persons who make or solicit consumer credit transactions in the state.
3. Business Association Fees. Permit the department to establish, by rule, fees for a number of administrative services it provides relating to the regulation of business associations. This change also would authorize the department to administratively dissolve a limited liability company under certain conditions.
4. Permit Securities Agents to Pay Interest on Money Being Held for Investment. Allow certain agents who receive and hold money, pending investment in real estate or securities to pay interest to the investor of those funds.

5. Investment Adviser Registration Depository. Permit the department to require applicants for an investment advisor's license to apply on-line at a federal government/trade association Web site. The applicant would also be required to pay the reasonable filing costs of that Web site. This change would allow the department to designate the federal government/trade association's Web site by administrative rule.

4. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY02		FY03		FY02		FY03	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-226,500	0.00	-203,700	0.00	-226,500	0.00	-203,700	0.00
TOTAL	-226,500	0.00	-203,700	0.00	-226,500	0.00	-203,700	0.00

The Governor recommends adjustments to the agency's base budget for: (a) turnover reduction (-\$193,000 in each year); (b) removal of noncontinuing elements from the base (-\$266,500 in each year); (c) full funding of continuing position salaries and fringe benefits (\$126,900 in each year); (d) reclassifications (\$45,800 in FY02 and \$64,100 in FY03); (e) BadgerNet increases (\$1,600 in each year); and (f) fifth week of vacation as cash (\$58,700 in FY02 and \$63,200 in FY03).

ITEMS NOT APPROVED

The following requests are not included in the Governor's budget recommendations for the Department of Financial Institutions.

Decision Item	Source of Funds	FY02		FY03	
		Dollars	Positions	Dollars	Positions
5. Maintenance of Integrated and Shared Functions with Federal Regulatory Agencies	PR-O	10,000	0.00	10,000	0.00
TOTAL OF ITEMS NOT APPROVED	PR-O	10,000	0.00	10,000	0.00