

## DEPARTMENT OF FINANCIAL INSTITUTIONS

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY03 Adjusted Base	FY04 Recommended	% Change Over FY03	FY05 Recommended	% Change Over FY04
PR-O	15,434,000	15,369,400	-0.4	15,450,000	0.5
TOTAL	15,434,000	15,369,400	-0.4	15,450,000	0.5

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY03 Adjusted Base	FY04 Recommended	FTE Change From FY03	FY05 Recommended	FTE Change From FY04
PR-O	168.50	148.00	-20.50	148.00	0.00
TOTAL	168.50	148.00	-20.50	148.00	0.00

### AGENCY DESCRIPTION

The department, headed by a secretary appointed by the Governor, 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 mission of the department is protecting and promoting 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: Initiate technological improvements to the corporate filing system to provide efficient and accurate business document creation, filing, retrieval and information dissemination.

Goal: Reduce the amount of staff time spent processing securities filings in order to increase resources for enforcement activities.

Objective/Activity: Through the implementation of on-line filing, increase by 50 percent the number of filings completed per staff hour.

**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**

HISTORICAL DATA

Prog. No.	Performance Measure	Actual 2000
1.	Number of failed banks in the state.	0
1.	Number of on-line corporate filings.	0
1.	Securities filings completed per staff hour. <sup>1</sup>	N/A
2.	Field of membership expansions.	12

Note: Based on fiscal year.

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

2001 AND 2002 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2001	Actual 2001	Goal 2002	Actual 2002
1.	Number of failed banks in the state.	0	0	0	0
1.	Number of on-line corporate filings.	50,000	3,553	110,000	73,425
1.	Securities filings completed per staff hour. <sup>1</sup>	N/A	3.6	3.5	N/A
2.	Field of membership expansions.	12	18	12	16

Note: Based on fiscal year.

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

## 2003, 2004 AND 2005 GOALS

Prog. No.	Performance Measure	Goal 2003	Goal 2004	Goal 2005
1.	Number of failed banks in the state.	0	0	0
1.	Number of on-line corporate filings.	105,000	35,000	165,000
1.	Securities filings completed per staff hour. <sup>1</sup>	7.2	7.6	7.6
2.	Field of membership expansions.	12	12	12

Note: Based on fiscal year.

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

## **DEPARTMENT OF FINANCIAL INSTITUTIONS**

### **GOVERNOR'S BUDGET RECOMMENDATIONS**

#### **RECOMMENDATIONS**

1. Budget Efficiency Measures
2. Attorney Consolidation Initiative
3. Mortgage Banking and Licensed Financial Services On-line Applications
4. Limited Liability Company Annual Reports
5. Credit Union Examination Cycle
6. Standard Budget Adjustments

#### **ITEMS NOT APPROVED**

7. Security and Preservation of Records
8. Credit Card Fees
9. Department of Electronic Government Assessment

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

	ACTUAL FY02	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY04	FY05	FY04	FY05
PROGRAM REVENUE (2)	\$15,075.4	\$15,434.0	\$16,792.7	\$16,531.4	\$15,369.4	\$15,450.0
State Operations	15,075.4	15,434.0	16,792.7	16,531.4	15,369.4	15,450.0
TOTALS-ANNUAL	15,075.4	15,434.0	16,792.7	16,531.4	15,369.4	15,450.0
State Operations	15,075.4	15,434.0	16,792.7	16,531.4	15,369.4	15,450.0

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

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

	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY04	FY05	FY04	FY05
PROGRAM REVENUE (2)	168.50	168.50	168.50	148.00	148.00
TOTALS-ANNUAL	168.50	168.50	168.50	148.00	148.00

(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 FY02	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY04	FY05	FY04	FY05
1. Supervision of financial institutions, securities reg. and other functions	\$13,386.4	\$13,513.9	\$14,813.5	\$14,541.4	\$13,649.7	\$13,719.5
2. Office of credit unions	1,689.0	1,920.1	1,979.2	1,990.0	1,719.7	1,730.5
TOTALS	15,075.4	15,434.0	16,792.7	16,531.4	15,369.4	15,450.0

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

	ADJUSTED BASE FY03	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY04	FY05	FY04	FY05
1. Supervision of financial institutions, securities reg. and other functions	145.50	145.50	145.50	130.00	130.00
2. Office of credit unions	23.00	23.00	23.00	18.00	18.00
TOTALS	168.50	168.50	168.50	148.00	148.00

(4) All positions are State Operations unless otherwise specified

**1. Budget Efficiency Measures**

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-754,300	-14.50	-754,300	-14.50
TOTAL	0	0.00	0	0.00	-754,300	-14.50	-754,300	-14.50

The Governor recommends reducing expenditure and position authority in the department's state operations appropriations in the amounts shown to create additional operational efficiencies and balance the budget by: (a) merging the Division of Savings into the Division of Banking; (b) eliminating position vacancies, including a 1.0 FTE unclassified division administrator position; and (c) cutting positions related to department public information activities.

**2. Attorney Consolidation Initiative**

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-70,500	-6.00	-94,000	-6.00
TOTAL	0	0.00	0	0.00	-70,500	-6.00	-94,000	-6.00

The Governor recommends improving the provision of state legal services by consolidating attorneys under the secretary of the Department of Administration. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. The initiative results in the reduction of expenditure and position authority within the department and the transfer of 5.0 FTE positions to the Department of Administration. Funding related to the transferred positions will remain in the department's budget to purchase legal services from the Department of Administration. See Department of Administration, Item #10.

**3. Mortgage Banking and Licensed Financial Services On-line Applications**

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	242,000	0.00	0	0.00	242,000	0.00
TOTAL	0	0.00	242,000	0.00	0	0.00	242,000	0.00

The Governor recommends funding to build and maintain an Internet-based system through which mortgage banking and financial services entities can apply for, renew and pay for licenses, as well as update contact information and complete annual reports.

#### 4. Limited Liability Company Annual Reports

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	175,000	0.00	25,000	0.00	175,000	0.00	25,000	0.00
TOTAL	175,000	0.00	25,000	0.00	175,000	0.00	25,000	0.00

The Governor recommends creating an annual reporting requirement for domestic limited liability companies and directs the department to assess a \$25.00 filing fee. The Governor further recommends funding to implement and maintain an on-line annual report filing system for limited liability companies.

#### 5. Credit Union Examination Cycle

The Governor recommends adjusting the credit union examination requirement to an 18-month cycle to correspond with the banking examination cycle and to assist the Office of Credit Unions with meeting ongoing work load.

#### 6. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY04		FY05		FY04		FY05	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	585,200	0.00	597,300	0.00	585,200	0.00	597,300	0.00
TOTAL	585,200	0.00	597,300	0.00	585,200	0.00	597,300	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$197,300 in each year); (b) full funding of continuing position salaries and fringe benefits (\$705,100 in each year); (c) reclassifications and semiautomatic pay progression (\$6,400 in FY04 and \$17,100 in FY05); (d) fifth week of vacation as cash (\$67,000 in FY04 and \$68,400 in FY05); and (e) full funding of lease and directed moves costs (\$4,000 in each year).

#### 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	FY04		FY05	
		Dollars	Positions	Dollars	Positions
7. Security and Preservation of Records	PR-O	365,400	0.00	0	0.00
8. Credit Card Fees	PR-O	197,100	0.00	197,100	0.00
9. Department of Electronic Government Assessment	PR-O	36,000	0.00	36,000	0.00
TOTAL OF ITEMS NOT APPROVED	PR-O	598,500	0.00	233,100	0.00