

## DEPARTMENT OF FINANCIAL INSTITUTIONS

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY09 Adjusted Base	FY10 Recommended	% Change Over FY09	FY11 Recommended	% Change Over FY10
PR-O	17,578,300	17,896,900	1.8	17,909,100	0.1
TOTAL	17,578,300	17,896,900	1.8	17,909,100	0.1

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY09 Adjusted Base	FY10 Recommended	FTE Change From FY09	FY11 Recommended	FTE Change From FY10
PR-O	139.04	135.54	-3.50	135.54	0.00
TOTAL	139.04	135.54	-3.50	135.54	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, 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.

### 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: 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**

**2007 AND 2008 GOALS AND ACTUALS**

Prog. No.	Performance Measure	Goal 2007	Actual 2007	Goal 2008	Actual 2008
1.	Percentage of banks examined each year.				
	Number of banks	230	227	225	N/A
	Number of bank exams <sup>1</sup>	92	91	90	
	Percentage examined in a year	40%	48%	40%	
1.	Percentage of consumer complaints acted on within five days of receipt.	At least 95%	99%	At least 95%	N/A
1.	Percentage of charter document filings processed within five days. <sup>2</sup>	99%	99.9%	99%	100%
2.	Percentage of credit union exams conducted within examination cycle time frame.				
	Credit union examinations due	180	180	175	N/A
	Number of credit unions examined	180	164	175	
	Percentage examined	100%	91%	100%	

Note: Based on calendar year.

<sup>1</sup>Bank exams are shared with the FDIC and conducted on an 18 month cycle.

<sup>2</sup>Based on fiscal year.

## 2009, 2010 AND 2011 GOALS

Prog. No.	Performance Measure	Goal 2009	Goal 2010	Goal 2011
1.	Percentage of banks examined each year.			
	Number of banks	221	219	217
	Bank exams due	88	88	87
	Number of exams	88	88	87
	Percentage examined in a year	100%	100%	100%
1.	Percentage of consumer complaints acted on within five days of receipt.	97%	97%	97%
1.	Percentage of charter document filings processed within five days. <sup>1</sup>	99%	100%	100%
2.	Percentage of credit union exams conducted within examination cycle time frame.			
	Number of credit unions	255	250	240
	Credit union examinations due	170	165	160
	Number of credit unions examined	170	165	160
	Percentage examined	100%	100%	100%

Note: Based on calendar year.

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

## **DEPARTMENT OF FINANCIAL INSTITUTIONS**

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

#### **RECOMMENDATIONS**

1. Government Efficiency Measures
2. Across-the-Board 1 Percent Reductions
3. Mutual Fund Filing Fee
4. Securities Agent and Investment Adviser Fees
5. Attorney Reorganization
6. Standard Budget Adjustments

#### **ITEMS NOT APPROVED**

7. Credit Union Examiners
8. Information Technology Staffing
9. Mortgage Banking Examiners

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

	ACTUAL FY08	ADJUSTED BASE FY09	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY10	FY11	FY10	FY11
PROGRAM REVENUE (2)	\$15,585.7	\$17,578.3	\$18,165.9	\$18,242.0	\$17,896.9	\$17,909.1
State Operations	15,585.7	17,578.3	18,165.9	18,242.0	17,896.9	17,909.1
TOTALS-ANNUAL	15,585.7	17,578.3	18,165.9	18,242.0	17,896.9	17,909.1
State Operations	15,585.7	17,578.3	18,165.9	18,242.0	17,896.9	17,909.1

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

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

	ADJUSTED BASE FY09	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY10	FY11	FY10	FY11
PROGRAM REVENUE (2)	139.04	145.04	145.04	135.54	135.54
TOTALS-ANNUAL	139.04	145.04	145.04	135.54	135.54

(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 FY08	ADJUSTED BASE FY09	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY10	FY11	FY10	FY11
1. Supervision of financial institutions, securities reg. and	\$13,472.0	\$15,547.3	\$15,906.7	\$15,932.0	\$15,759.2	\$15,759.2
2. Office of credit unions	2,113.7	2,031.0	2,259.2	2,310.0	2,137.7	2,149.9
TOTALS	15,585.7	17,578.3	18,165.9	18,242.0	17,896.9	17,909.1

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

	ADJUSTED BASE FY09	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY10	FY11	FY10	FY11
1. Supervision of financial institutions, securities reg. and	119.24	123.24	123.24	115.74	115.74
2. Office of credit unions	19.80	21.80	21.80	19.80	19.80
TOTALS	139.04	145.04	145.04	135.54	135.54

(4) All positions are State Operations unless otherwise specified

**1. Government Efficiency Measures**

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-113,200	-2.50	-113,200	-2.50
TOTAL	0	0.00	0	0.00	-113,200	-2.50	-113,200	-2.50

The Governor recommends reducing expenditure and position authority in the department's state operations appropriation in the amounts shown to create additional operational efficiencies and balance the budget.

**2. Across-the-Board 1 Percent Reductions**

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-175,800	0.00	-175,800	0.00
TOTAL	0	0.00	0	0.00	-175,800	0.00	-175,800	0.00

The Governor recommends reducing most nonfederal appropriations by 1 percent to create additional efficiencies and balance the budget.

**3. Mutual Fund Filing Fee**

The Governor recommends increasing the mutual fund filing fee from a minimum of \$150 and a maximum of \$1,500 to a minimum of \$500 and a maximum of \$10,000. The Governor also recommends increasing the securities registration fee from \$750 to \$1,000 per registration.

**4. Securities Agent and Investment Adviser Fees**

The Governor recommends increasing the securities agent and investment adviser representative license fees from \$30 to \$60. The Governor also recommends that half of the additional revenue generated by the increase support the Department of Commerce's newly created Wisconsin Venture Fund. See Department of Commerce, Item #20.

**5. Attorney Reorganization**

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	-1.00	0	-1.00
TOTAL	0	0.00	0	0.00	0	-1.00	0	-1.00

The Governor recommends improving the provision of state legal services by reorganizing certain vacant attorneys and legal support staff under the secretary of the Department of Administration on July 1, 2009. The Department of Administration secretary will determine the assignment of attorneys to perform enterprise legal services. To achieve this, the Governor recommends transferring 1.0 FTE vacant position to the Department of Administration. The Governor further recommends retaining the funding associated with this position in the department to purchase legal services from the Department of Administration. See Department of Administration, Item #4.

**6. Standard Budget Adjustments**

Source of Funds	Agency Request				Governor's Recommendation			
	FY10		FY11		FY10		FY11	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	408,400	0.00	420,600	0.00	607,600	0.00	619,800	0.00
TOTAL	408,400	0.00	420,600	0.00	607,600	0.00	619,800	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction adjusted to provide more flexibility in meeting work load needs (-\$6,200 in each year); (b) full funding of continuing position salaries and fringe benefits (\$547,200 in each year); (c) reclassifications and semiautomatic pay progression (\$27,600 in FY10 and \$39,800 in FY11); and (d) full funding of lease and directed moves costs (\$39,000 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	FY10		FY11	
		Dollars	Positions	Dollars	Positions
7. Credit Union Examiners	PR-O	101,200	2.00	139,800	2.00
8. Information Technology Staffing	PR-O	-23,200	2.00	-31,300	2.00
9. Mortgage Banking Examiners	PR-O	101,200	2.00	134,600	2.00
TOTAL OF ITEMS NOT APPROVED	PR-O	179,200	6.00	243,100	6.00

