

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY11 Adjusted Base	FY12 Recommended	% Change Over FY11	FY13 Recommended	% Change Over FY12
PR-O	17,536,200	17,606,900	0.4	17,649,600	0.2
TOTAL	17,536,200	17,606,900	0.4	17,649,600	0.2

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY11 Adjusted Base	FY12 Recommended	FTE Change From FY11	FY13 Recommended	FTE Change From FY12
PR-O	135.54	136.54	1.00	136.54	0.00
TOTAL	135.54	136.54	1.00	136.54	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 Bureau 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

2009 AND 2010 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2009	Actual 2009	Goal 2010	Actual 2010
1.	Percentage of banks examined each year. ^{1,2}				
	Number of banks	221	226	219	N/A
	Bank exams due	88	88	88	N/A
	Number of exams	88	73	88	N/A
	Percentage examined in a year	100%	83%	100%	N/A
1.	Percentage of consumer complaints acted on within five days of receipt.	97%	98%	97%	98%
1.	Percentage of charter document filings processed within five days.	99%	100%	100%	100%
2.	Percentage of credit union exams conducted within examination cycle time frame.				
	Number of credit unions	255	246	250	232
	Credit union examinations due	170	170	165	164
	Number of credit unions examined	170	140	165	132
	Percentage examined	100%	82%	100%	80%

Note: Based on fiscal year.

¹Bank exams are shared with the FDIC and conducted on an 18-month cycle.

²Based on calendar year.

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2011	Goal 2012	Goal 2013
1.	Percentage of banks examined each year. ¹			
	Number of banks	223	220	217
	Bank exams due	87	87	87
	Number of exams	87	87	87
	Percentage examined in a year	100%	100%	100%
1.	Percentage of consumer complaints acted on within five days of receipt.	97%	100%	100%
1.	Percentage of charter document filings processed within five days.	100%	100%	100%
2.	Percentage of credit union exams conducted within examination cycle time frame.			
	Number of credit unions	225	215	205
	Credit union examinations due	155	145	135
	Number of credit unions examined	130	130	130
	Percentage examined	83%	90%	96%

Note: Based on fiscal year.

¹Based on calendar year.

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Increase Employee Contributions to Pension and Health Insurance
2. Budget Efficiencies
3. Eliminate Long-Term Vacancies
4. Technical Modification
5. Credit Union Examiner
6. Investment Advisor Registration Exemptions
7. Transfers from Secretary of State
8. Consolidate Program Operations Appropriations
9. Public Deposits Loss Reimbursement
10. Standard Budget Adjustments

ITEMS NOT APPROVED

11. Securities Examiner
12. Securities Fee Differential

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

	ACTUAL FY10	ADJUSTED BASE FY11	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY12	FY13	FY12	FY13
PROGRAM REVENUE (2)	\$15,249.0	\$17,536.2	\$19,051.0	\$19,121.3	\$17,606.9	\$17,649.6
State Operations	15,249.0	17,536.2	19,051.0	19,121.3	17,606.9	17,649.6
TOTALS - ANNUAL	\$15,249.0	\$17,536.2	\$19,051.0	\$19,121.3	\$17,606.9	\$17,649.6
State Operations	15,249.0	17,536.2	19,051.0	19,121.3	17,606.9	17,649.6

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

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

	ADJUSTED BASE FY11	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY12	FY13	FY12	FY13
PROGRAM REVENUE (2)	135.54	137.54	137.54	136.54	136.54
TOTALS - ANNUAL	135.54	137.54	137.54	136.54	136.54

(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 FY10	ADJUSTED BASE FY11	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY12	FY13	FY12	FY13
1. Supervision of financial institutions, securities regulation and other functions	\$13,401.5	\$15,557.2	\$16,870.0	\$16,896.8	\$17,606.9	\$17,649.6
2. Office of credit unions	\$1,847.5	\$1,979.0	\$2,181.0	\$2,224.5	\$0.0	\$0.0
TOTALS	\$15,249.0	\$17,536.2	\$19,051.0	\$19,121.3	\$17,606.9	\$17,649.6

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

	ADJUSTED BASE FY11	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY12	FY13	FY12	FY13
1. Supervision of financial institutions, securities regulation and other functions	115.74	116.74	116.74	136.54	136.54
2. Office of credit unions	19.80	20.80	20.80	0.00	0.00
TOTALS	135.54	137.54	137.54	136.54	136.54

(4) All positions are State Operations unless otherwise specified

1. Increase Employee Contributions to Pension and Health Insurance

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-616,400	0.00	-616,400	0.00
TOTAL	0	0.00	0	0.00	-616,400	0.00	-616,400	0.00

The Governor recommends increasing state employee contributions towards pension and health insurance costs. Employees will generally pay 50 percent of the total required retirement contribution, which for calendar year 2011 equals 5.8 percent of salary. The Governor further recommends increasing employee contributions for health insurance from approximately 6 percent of the premium to 12.6 percent of the premium. These modifications are necessary to bring state employee compensation in line with private sector employment and reduce compensation costs.

2. Budget Efficiencies

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-729,000	0.00	-729,000	0.00
TOTAL	0	0.00	0	0.00	-729,000	0.00	-729,000	0.00

The Governor recommends reducing funding, excluding salary and fringe benefits, in most GPR and PR appropriations by 10 percent to create additional efficiencies and balance the budget.

3. Eliminate Long-Term Vacancies

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-72,100	-1.00	-72,100	-1.00
TOTAL	0	0.00	0	0.00	-72,100	-1.00	-72,100	-1.00

The Governor recommends eliminating position authority and related funding for positions that have been vacant for longer than 12 months.

4. Technical Modification

The Governor recommends incorporating position changes related to budget repair legislation.

5. Credit Union Examiner

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	58,100	1.00	80,000	1.00	55,400	1.00	76,500	1.00
TOTAL	58,100	1.00	80,000	1.00	55,400	1.00	76,500	1.00

The Governor recommends providing expenditure and position authority for a credit union examiner position to ensure financial examinations of state-chartered credit unions are conducted in a timely manner and in compliance with new federal requirements.

6. Investment Advisor Registration Exemptions

The Governor recommends limiting registration exemptions for investment advisors to just advisors without a place of business in Wisconsin and that are registered under the securities act of the state in which the advisor has its principal place of business.

7. Transfers from Secretary of State

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	57,000	1.00	57,000	1.00
TOTAL	0	0.00	0	0.00	57,000	1.00	57,000	1.00

The Governor recommends transferring responsibilities for registering trade names and trademarks, and issuing notary public commissions from the Secretary of State to the department. The Governor also recommends transferring expenditure and position authority for 1.0 FTE office operations associate position to the department. See Secretary of State, Item #3.

8. Consolidate Program Operations Appropriations

The Governor recommends that the PR appropriation for the Office of Credit Unions' program operations be consolidated with the department's PR appropriation for general program operations to better meet the operational needs of the department and office.

9. Public Deposits Loss Reimbursement

The Governor recommends adjusting the department's revenue in FY12 to reflect expected reimbursement from the Federal Deposit Insurance Corporation.

10. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY12		FY13		FY12		FY13	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	1,375,800	0.00	1,397,400	0.00	1,375,800	0.00	1,397,400	0.00
TOTAL	1,375,800	0.00	1,397,400	0.00	1,375,800	0.00	1,397,400	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$176,200 in each year); (b) full funding of continuing position salaries and fringe benefits (\$1,466,600 in each year); (c) reclassifications and semiautomatic pay progression (\$15,400 in FY12 and \$37,000 in FY13); and (d) full funding of lease and directed moves costs (\$70,000 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	FY12		FY13	
		Dollars	Positions	Dollars	Positions
11. Securities Examiner	PR-O	80,900	1.00	107,700	1.00
12. Securities Fee Differential	PR-O	0	0.00	0	0.00
TOTAL OF ITEMS NOT APPROVED	PR-O	80,900	1.00	107,700	1.00