

## DEPARTMENT OF FINANCIAL INSTITUTIONS

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY15 Adjusted Base	FY16 Recommended	% Change Over FY15	FY17 Recommended	% Change Over FY16
PR-O	18,381,400	9,313,800	-49.3	0	-100.0
TOTAL	18,381,400	9,313,800	-49.3	0	-100.0

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY15 Adjusted Base	FY16 Recommended	FTE Change Over FY15	FY17 Recommended	FTE Change Over FY16
PR-O	141.54	0.00	-141.54	0.00	0.00
TOTAL	141.54	0.00	-141.54	0.00	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, issuance of notary public commissions, registration of trademarks, registration of charitable organizations, 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: Ensure the safety and soundness of the state's banking industry.

## Financial Institutions

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.

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

### 2013 AND 2014 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2013	Actual 2013	Goal 2014	Actual 2014
1.	Percentage of banks examined within required 18-month cycle. <sup>1</sup>				
	Number of banks	223	221 <sup>2</sup>	221	210 <sup>2</sup>
	Bank exams due	87	87	87	87 <sup>3</sup>
	Number of exams	87	96	87	90 <sup>3</sup>
	Percentage examined each year	100%	110%	100%	103% <sup>3</sup>
1.	Percentage of consumer complaints acted on within five days of receipt.	97%	100%	100%	100%
1.	Percentage of charter document filings processed within five days.	100%	100%	100%	100%
1.	Percentage of credit unions examined within required 18-month cycle. <sup>1</sup>				
	Number of credit unions	187	171 <sup>2</sup>	171	160 <sup>2</sup>
	Credit union exams due	136	136	108	108 <sup>3</sup>
	Number of exams	136	138	108	108 <sup>3</sup>
	Percentage examined each year	100%	101%	100%	100% <sup>3</sup>

Note: Based on fiscal year, unless noted.

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

<sup>2</sup>Decrease in number of institutions is due to mergers, acquisitions or closings.

<sup>3</sup>Projected 2014 year-end totals.

## Financial Institutions

### 2015, 2016 AND 2017 GOALS

Prog. No.	Performance Measure	Goal 2015	Goal 2016	Goal 2017
1.	Percentage of banks examined within required 18-month cycle. <sup>1</sup>			
	Number of banks	206 <sup>2</sup>	204 <sup>2</sup>	200 <sup>2</sup>
	Bank exams due	87	85	85
	Number of exams	87	85	85
	Percentage examined each year	100%	100%	100%
1.	Percentage of consumer complaints acted on within five days of receipt.	100%	100%	100%
1.	Percentage of charter document filings processed within five days.	100%	100%	100%
1.	Percentage of credit unions examined within required 18-month cycle. <sup>1</sup>			
	Number of credit unions	150 <sup>2</sup>	140 <sup>2</sup>	130 <sup>2</sup>
	Credit union exams due	101	94	87
	Number of exams	101	94	87
	Percentage examined each year	100%	100%	100%

Note: Based on fiscal year, unless noted.

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

<sup>2</sup>Decrease in number of institutions is due to projected mergers, acquisitions or closings.

## **DEPARTMENT OF FINANCIAL INSTITUTIONS**

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

#### **RECOMMENDATIONS**

1. Transfer to Department of Financial Institutions and Professional Standards
2. Ongoing Lapse Authority
3. Eliminate Long-Term Vacancies
4. Shared Agency Services Pilot Program
5. Mandatory Electronic Filing
6. Reduction of Transfer to Secretary of State
7. Standard Budget Adjustments

**Financial Institutions**

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

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY16	FY17	FY16	FY17
PROGRAM REVENUE (2)	\$17,861.5	\$18,381.4	\$18,627.3	\$18,627.3	\$9,313.8	\$0.0
State Operations	17,861.5	18,381.4	18,627.3	18,627.3	9,313.8	0.0
TOTALS - ANNUAL	\$17,861.5	\$18,381.4	\$18,627.3	\$18,627.3	\$9,313.8	\$0.0
State Operations	17,861.5	18,381.4	18,627.3	18,627.3	9,313.8	0.0

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

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

	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY16	FY17	FY16	FY17
PROGRAM REVENUE (2)	141.54	141.54	141.54	0.00	0.00
TOTALS - ANNUAL	141.54	141.54	141.54	0.00	0.00

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

(4) All positions are State Operations unless otherwise specified

**Financial Institutions**

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

	ACTUAL FY14	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY16	FY17	FY16	FY17
1. Supervision of financial institutions, securities regulation and other functions	\$17,861.5	\$18,381.4	\$18,627.3	\$18,627.3	\$9,313.8	\$0.0
<b>TOTALS</b>	\$17,861.5	\$18,381.4	\$18,627.3	\$18,627.3	\$9,313.8	\$0.0

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

	ADJUSTED BASE FY15	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY16	FY17	FY16	FY17
1. Supervision of financial institutions, securities regulation and other functions	141.54	141.54	141.54	0.00	0.00
<b>TOTALS</b>	141.54	141.54	141.54	0.00	0.00

(4) All positions are State Operations unless otherwise specified

**Financial Institutions**

**1. Transfer to Department of Financial Institutions and Professional Standards**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-9,313,500	-123.54	-18,538,400	-121.54
TOTAL	0	0.00	0	0.00	-9,313,500	-123.54	-18,538,400	-121.54

The Governor recommends transferring all funding, expenditure authority and position authority from the Department of Financial Institutions to the Department of Financial Institutions and Professional Standards, effective January 1, 2016. See Department of Financial Institutions and Professional Standards, Item #1.

**2. Ongoing Lapse Authority**

The Governor recommends amending 2013 Wisconsin Act 20, as last affected by 2013 Wisconsin Act 145, to require a lapse from PR and GPR appropriations of executive branch state agencies to extend through FY17. The department's amount is \$2,434,400 in each year.

**3. Eliminate Long-Term Vacancies**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	-2.00	0	-2.00
TOTAL	0	0.00	0	0.00	0	-2.00	0	-2.00

The Governor recommends reducing authority for positions that have been vacant for 12 months or more.

**Financial Institutions**

**4. Shared Agency Services Pilot Program**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	-16.00	0	-16.00
TOTAL	0	0.00	0	0.00	0	-16.00	0	-16.00

The Governor recommends creating a shared agency services pilot program within the Department of Administration to consolidate administrative functions (including budget, finance, human resources, payroll, procurement and information technology) of agencies with less than 150.0 FTE positions and the Department of Safety and Professional Services and its successor agency. See Department of Administration, Item #9.

**5. Mandatory Electronic Filing**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	0.00	-88,900	-2.00
TOTAL	0	0.00	0	0.00	0	0.00	-88,900	-2.00

The Governor recommends providing the department with the authority to require electronic filing of any document received by the department. In addition, the Governor recommends that the department be provided the authority to waive any enacted electronic filing requirement for a filer, if the department determines, in its discretion, that the requirement would impose an undue hardship on the filer.

**6. Reduction of Transfer to Secretary of State**

The Governor recommends a reduction in the amount transferred by the department to the Office of the Secretary of State from \$325,000 to \$150,000. See Secretary of State, Item #2.

**Financial Institutions**

**7. Standard Budget Adjustments**

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	245,900	0.00	245,900	0.00	245,900	0.00	245,900	0.00
TOTAL	245,900	0.00	245,900	0.00	245,900	0.00	245,900	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$270,900 in each year); (b) full funding of continuing position salaries and fringe benefits (\$940,600 in each year); and (c) full funding of lease and directed moves costs (-\$423,800 in each year).

## Financial Institutions