

## DEPARTMENT OF FINANCIAL INSTITUTIONS

### GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY17 Adjusted Base	FY18 Recommended	% Change Over FY17	FY19 Recommended	% Change Over FY18
PR-O	18,809,300	17,651,100	-6.2	17,866,000	1.2
SEG-O	0	759,000	0.0	759,200	0.0
TOTAL	18,809,300	18,410,100	-2.1	18,625,200	1.2

### FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY17 Adjusted Base	FY18 Recommended	FTE Change Over FY17	FY19 Recommended	FTE Change Over FY18
PR-O	139.54	139.54	0.00	139.54	0.00
SEG-O	0.00	2.00	2.00	2.00	0.00
TOTAL	139.54	141.54	2.00	141.54	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, 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. The department also houses the Office of Financial Literacy, which promotes financial literacy as a life skill and provides information to the public on matters of personal finance, investor protection and the affordability of a postsecondary education.

### 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.

## Financial Institutions

### 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.

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 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

#### 2015 AND 2016 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2015	Actual 2015	Goal 2016	Actual 2016
1.	Percentage of banks examined within required 18-month cycle. <sup>1</sup>				
	Number of banks	206	199 <sup>2</sup>	204	183 <sup>2</sup>
	Bank exams due	87	87	85	72 <sup>3</sup>
	Number of exams	87	89	85	72 <sup>3</sup>
	Percentage examined each year	100%	102%	100%	100% <sup>3</sup>
1.	Percentage of consumer complaints acted on within five days of receipt.	100%	100%	100%	100%

## Financial Institutions

Prog. No.	Performance Measure	Goal 2015	Actual 2015	Goal 2016	Actual 2016
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	150	150 <sup>2</sup>	140	140 <sup>2</sup>
	Credit union exams due	101	103	94	104 <sup>3</sup>
	Number of exams	101	104	94	106 <sup>3</sup>
	Percentage examined each year	100%	101%	100%	102% <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 2016 year-end totals.

## 2017, 2018 AND 2019 GOALS

Prog. No.	Performance Measure	Goal 2017 <sup>2</sup>	Goal 2018	Goal 2019
1.	Percentage of banks examined within required 18-month cycle. <sup>1</sup>			
	Number of banks	178 <sup>3</sup>	173 <sup>3</sup>	168 <sup>3</sup>
	Bank exams due	67	65	63
	Number of exams	67	65	63
	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	135 <sup>3</sup>	130 <sup>3</sup>	125 <sup>3</sup>
	Credit union exams due	90	87	84
	Number of exams	90	87	84
	Percentage examined each year	100%	100%	100%

Note: Based on fiscal year, unless noted.

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

<sup>2</sup>Goals have been revised for 2017.

<sup>3</sup>Decrease in number of institutions is due to mergers, acquisitions or closings.

**DEPARTMENT OF FINANCIAL INSTITUTIONS**

**GOVERNOR'S BUDGET RECOMMENDATIONS**

**RECOMMENDATIONS**

1. Financial Literacy Job Center Pilot
2. Expedited Corporate Filing
3. Transfer College Savings Program from Department of Administration
4. State Operations Adjustments
5. Standard Budget Adjustments

**Financial Institutions**

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

	ACTUAL FY16	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY18	FY19	FY18	FY19
PROGRAM REVENUE (2)	\$16,086.0	\$18,809.3	\$18,546.5	\$18,806.4	\$17,651.1	\$17,866.0
State Operations	16,086.0	18,809.3	18,546.5	18,806.4	17,651.1	17,866.0
SEGREGATED REVENUE (3)	\$0.0	\$0.0	\$0.0	\$0.0	\$759.0	\$759.2
State Operations	0.0	0.0	0.0	0.0	759.0	759.2
TOTALS - ANNUAL	\$16,086.0	\$18,809.3	\$18,546.5	\$18,806.4	\$18,410.1	\$18,625.2
State Operations	16,086.0	18,809.3	18,546.5	18,806.4	18,410.1	18,625.2

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

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

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

	ADJUSTED BASE FY17	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY18	FY19	FY18	FY19
PROGRAM REVENUE (2)	139.54	139.54	139.54	139.54	139.54
SEGREGATED REVENUE (3)	0.00	0.00	0.00	2.00	2.00
TOTALS - ANNUAL	139.54	139.54	139.54	141.54	141.54

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

(3) Includes Segregated Revenue-Service, Segregated Revenue-Other and Segregated Revenue-Local

(4) All positions are State Operations unless otherwise specified

**Financial Institutions**

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

	ACTUAL FY16	ADJUSTED BASE FY17	AGENCY REQUEST FY18	AGENCY REQUEST FY19	GOVERNOR'S RECOMMENDATION FY18	GOVERNOR'S RECOMMENDATION FY19
1. Supervision of financial institutions, securities regulation and other functions	\$16,086.0	\$18,809.3	\$18,546.5	\$18,806.4	\$17,651.1	\$17,866.0
3. College tuition and expenses and college savings programs	\$0.0	\$0.0	\$0.0	\$0.0	\$759.0	\$759.2
<b>TOTALS</b>	<b>\$16,086.0</b>	<b>\$18,809.3</b>	<b>\$18,546.5</b>	<b>\$18,806.4</b>	<b>\$18,410.1</b>	<b>\$18,625.2</b>

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

	ADJUSTED BASE FY17	AGENCY REQUEST FY18	AGENCY REQUEST FY19	GOVERNOR'S RECOMMENDATION FY18	GOVERNOR'S RECOMMENDATION FY19
1. Supervision of financial institutions, securities regulation and other functions	139.54	139.54	139.54	139.54	139.54
3. College tuition and expenses and college savings programs	0.00	0.00	0.00	2.00	2.00
<b>TOTALS</b>	<b>139.54</b>	<b>139.54</b>	<b>139.54</b>	<b>141.54</b>	<b>141.54</b>

(4) All positions are State Operations unless otherwise specified

**Financial Institutions**

**1. Financial Literacy Job Center Pilot**

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	45,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	45,000	0.00	0	0.00

The Governor recommends developing a financial literacy training course for state staff who work at county public benefit enrollment centers or job centers to provide targeted individuals with information to improve their understanding of financial concepts.

**2. Expedited Corporate Filing**

The Governor recommends creating an enhanced expedited corporate filing service to supplement the current Next-Business-Day Expedited Service. This change is estimated to produce \$1,640,000 of additional revenue annually.

**3. Transfer College Savings Program from Department of Administration**

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
SEG-O	0	0.00	0	0.00	759,000	2.00	759,200	2.00
TOTAL	0	0.00	0	0.00	759,000	2.00	759,200	2.00

The Governor recommends transferring position and expenditure authority for the college savings program from the Department of Administration to the department to align current college financial literacy outreach efforts. See Department of Administration, Item #36.

## Financial Institutions

### 4. State Operations Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	-940,400	0.00	-940,400	0.00
TOTAL	0	0.00	0	0.00	-940,400	0.00	-940,400	0.00

The Governor recommends reducing the department's general program operations appropriation by \$940,400 annually to create additional operational efficiencies and balance the budget.

### 5. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY18		FY19		FY18		FY19	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-262,800	0.00	-2,900	0.00	-262,800	0.00	-2,900	0.00
TOTAL	-262,800	0.00	-2,900	0.00	-262,800	0.00	-2,900	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$269,000 in each year); (b) full funding of continuing position salaries and fringe benefits (\$7,600 in each year); and (c) full funding of lease and directed moves costs (-\$1,400 in FY18 and \$258,500 in FY19).