

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY19 Adjusted Base	FY20 Recommended	% Change Over FY19	FY21 Recommended	% Change Over FY20
PR-O	18,562,200	19,064,100	2.7	19,086,400	0.1
SEG-O	765,000	805,900	5.3	806,100	0.0
TOTAL	19,327,200	19,870,000	2.8	19,892,500	0.1

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY19 Adjusted Base	FY20 Recommended	FTE Change Over FY19	FY21 Recommended	FTE Change Over FY20
PR-O	139.54	139.54	0.00	139.54	0.00
SEG-O	2.00	2.00	0.00	2.00	0.00
TOTAL	141.54	141.54	0.00	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 is also the administrator of Wisconsin's Section 529 College Savings Program, known as Edvest and Tomorrow's Scholar. 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 is dedicated to protecting Wisconsin citizens through financial regulation and education. The department is committed to ensuring the safety and soundness of Wisconsin financial institutions, protecting the investing public, and enhancing the viability and accessibility of the state's business recordkeeping system.

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PROGRAMS, GOALS, OBJECTIVES AND ACTIVITIES

Note: Programs, goals, objectives and activities have been modified.

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.

Program 3: College Tuition and Expenses and College Savings Programs

Goal: Continue to provide college savings plans for the benefit of Wisconsin residents and also nationwide, as allowed by Section 529 of the Internal Revenue Code.

Objective/Activity: Maintain and increase levels of participation by offering high-quality and lower cost investment choices available to the program as an institutional investor. Direct a statewide outreach and marketing effort for the program to create awareness of college costs, savings methods, financial literacy and related information for families.

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PERFORMANCE MEASURES

2017 AND 2018 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2017	Actual 2017	Goal 2018	Actual 2018
1.	Percentage of banks examined within required 18-month cycle. ¹				
	Number of banks	178	179 ²	173	179
	Bank exams due	67	68	65	66
	Number of exams	67	72	65	67
	Percentage examined each year	100%	106%	100%	102% ³
1.	Percentage of consumer complaints acted on within five days of receipt.	100%	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. ¹				
	Number of credit unions	135	129 ²	130	125 ²
	Credit union exams due	90	90	87	87 ³
	Number of exams	90	99	87	87 ³
	Percentage examined each year	100%	110%	100%	100% ³
3.	College Savings total accounts. ⁴	266,000	301,781	272,000	318,362

Note: Based on fiscal year, unless noted.

¹Based on calendar year.

²Decrease in number of institutions is due to mergers, acquisitions or closings.

³Projected 2018 year-end totals.

⁴Program was transferred from the Department of Administration.

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2019, 2020 AND 2021 GOALS

Prog. No.	Performance Measure	Goal 2019 ¹	Goal 2020	Goal 2021
1.	Percentage of banks examined within required 18-month cycle. ²			
	Number of banks	176	174 ³	172 ³
	Bank exams due	61	60	60
	Number of exams	61	60	60
	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. ²			
	Number of credit unions	125 ³	120 ³	115 ³
	Credit union exams due	84	79	76
	Number of exams	84	79	76
	Percentage examined each year	100%	100%	100%
3.	College Savings total accounts. ⁴	320,000	327,000	335,000

Note: Based on fiscal year, unless noted.

¹Goals have been revised for 2019.

²Based on calendar year.

³Decrease in number of institutions is due to mergers, acquisitions or closings.

⁴Program was transferred from the Department of Administration.

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Student Loan Refinancing Study
2. Information Technology Modernization and Security Efforts
3. Standard Budget Adjustments

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

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
PROGRAM REVENUE (2)	\$16,415.1	\$18,562.2	\$18,693.4	\$18,716.7	\$19,064.1	\$19,086.4
State Operations	16,415.1	18,562.2	18,693.4	18,716.7	19,064.1	19,086.4
SEGREGATED REVENUE (3)	\$390.9	\$765.0	\$805.9	\$806.1	\$805.9	\$806.1
State Operations	390.9	765.0	805.9	806.1	805.9	806.1
TOTALS - ANNUAL	\$16,806.0	\$19,327.2	\$19,499.3	\$19,522.8	\$19,870.0	\$19,892.5
State Operations	16,806.0	19,327.2	19,499.3	19,522.8	19,870.0	19,892.5

(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 FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
PROGRAM REVENUE (2)	139.54	139.54	139.54	139.54	139.54
SEGREGATED REVENUE (3)	2.00	2.00	2.00	2.00	2.00
TOTALS - ANNUAL	141.54	141.54	141.54	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

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

	ACTUAL FY18	ADJUSTED BASE FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
1. Supervision of financial institutions, securities regulation and other functions	\$16,415.1	\$18,562.2	\$18,693.4	\$18,716.7	\$19,064.1	\$19,086.4
3. College tuition and expenses and college savings programs	\$390.9	\$765.0	\$805.9	\$806.1	\$805.9	\$806.1
TOTALS	\$16,806.0	\$19,327.2	\$19,499.3	\$19,522.8	\$19,870.0	\$19,892.5

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

	ADJUSTED BASE FY19	AGENCY REQUEST FY20	AGENCY REQUEST FY21	GOVERNOR'S RECOMMENDATION FY20	GOVERNOR'S RECOMMENDATION FY21
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	2.00	2.00	2.00	2.00	2.00
TOTALS	141.54	141.54	141.54	141.54	141.54

(4) All positions are State Operations unless otherwise specified

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1. Student Loan Refinancing Study

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	50,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	50,000	0.00	0	0.00

The Governor recommends the creation of an advisory group to study the development of an authority for the refinancing of student loans in the state to ease the burden of student loan debt for Wisconsin residents. The advisory group will consist of the secretary of the Department of Financial Institutions, the State Treasurer and the executive secretary of the Higher Educational Aids Board, and must provide a report to the Governor and applicable standing committees of the Legislature by October 1, 2020. The report shall include recommendations regarding the corporate and legal structure of the refinancing entity (including governance), a profile of the loan portfolio, projected start-up and operational costs, estimated staffing needs, underwriting requirements, and other information pertinent to the creation of an entity that can offer interest rate savings to Wisconsin student loan debtors. See Higher Educational Aids Board, Item #2; and State Treasurer, Item #1.

2. Information Technology Modernization and Security Efforts

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	320,700	0.00	369,700	0.00
TOTAL	0	0.00	0	0.00	320,700	0.00	369,700	0.00

The Governor recommends increasing expenditure authority for the department to modernize its information technology systems and increase its cybersecurity including software upgrades, enhanced confidentiality efforts and the implementation of new systems.

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3. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY20		FY21		FY20		FY21	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	131,200	0.00	154,500	0.00	131,200	0.00	154,500	0.00
SEG-O	40,900	0.00	41,100	0.00	40,900	0.00	41,100	0.00
TOTAL	172,100	0.00	195,600	0.00	172,100	0.00	195,600	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$285,000 in each year); (b) full funding of continuing position salaries and fringe benefits (\$425,800 in each year); and (c) full funding of lease and directed moves costs (\$31,300 in FY20 and \$54,800 in FY21).

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