

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY21 Adjusted Base	FY22 Recommended	% Change Over FY21	FY23 Recommended	% Change Over FY22
GPR	0	2,000,000	0.0	0	-100.0
PR-O	19,509,700	20,471,500	4.9	20,437,400	-0.2
SEG-O	813,400	987,100	21.4	987,100	0.0
TOTAL	20,323,100	23,458,600	15.4	21,424,500	-8.7

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY21 Adjusted Base	FY22 Recommended	FTE Change Over FY21	FY23 Recommended	FTE Change Over FY22
PR-O	138.54	142.04	3.50	142.04	0.00
SEG-O	3.00	3.00	0.00	3.00	0.00
TOTAL	141.54	145.04	3.50	145.04	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. Further, the department 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 the safety and soundness of Wisconsin's financial institutions, safeguarding the investing public, facilitating commerce and increasing financial capability throughout the state.

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.

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.

PERFORMANCE MEASURES

2019 AND 2020 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2019	Actual 2019	Goal 2020	Actual 2020
1.	Percentage of banks examined within required 18-month cycle. ¹				
	Number of banks	176	164 ²	174	157 ²
	Bank exams due	61	60	60	62 ³
	Number of exams	61	66	60	64 ³
	Percentage examined each year	100%	110%	100%	103% 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	125	121 ²	120	120 ²
	Credit union exams due	84	82	79	79 ³
	Number of exams	84	84	79	79 ³
	Percentage examined each year	100%	110%	100%	100% ³
3.	College Savings total accounts.	320,000	334,184	327,000	342,884

Note: Based on fiscal year, unless noted.

¹Based on calendar year.

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

³Projected 2020 year-end totals.

2021, 2022 AND 2023 GOALS

Prog. No.	Performance Measure	Goal 2021 ¹	Goal 2022	Goal 2023
1.	Percentage of banks examined within required 18-month cycle. ²			
	Number of banks	150 ³	145 ³	140 ³
	Bank exams due	56	50	50
	Number of exams	56	50	50
	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	110 ³	105 ³	100 ³
	Credit union exams due	73	70	67
	Number of exams	73	70	67
	Percentage examined each year	100%	100%	100%
3.	College Savings total accounts.	345,000	353,000	360,000

Note: Based on fiscal year, unless noted.

¹Goals have been revised for 2021.

²Based on calendar year.

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

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Small Business Retirement Program
2. Student Loan Ombudsman and Borrower Bill of Rights
3. Achieving a Better Life Experience Accounts
4. Children's Savings Program
5. Public Service Loan Forgiveness Notification
6. Financial Integrity Information Technology Project
7. Notary Modernization Information Technology Project
8. Notary Registration and Renewal Fees
9. Securities Firm, Individual and Branch Fees
10. Education on Worker Misclassification
11. Transfer to the Secretary of State
12. Federal and Interagency and Intra-agency Appropriations
13. Agency Equity Officer
14. Standard Budget Adjustments

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

	ACTUAL FY20	ADJUSTED BASE FY21	AGENCY REQUEST FY22	AGENCY REQUEST FY23	GOVERNOR'S RECOMMENDATION FY22	GOVERNOR'S RECOMMENDATION FY23
GENERAL PURPOSE REVENUE	\$0.0	\$0.0	\$0.0	\$0.0	\$2,000.0	\$0.0
State Operations	0.0	0.0	0.0	0.0	2,000.0	0.0
PROGRAM REVENUE (2)	\$17,572.6	\$19,509.7	\$18,890.4	\$18,890.4	\$20,471.5	\$20,437.4
State Operations	17,572.6	19,509.7	18,890.4	18,890.4	20,471.5	20,437.4
SEGREGATED REVENUE (3)	\$492.9	\$813.4	\$987.1	\$987.1	\$987.1	\$987.1
State Operations	492.9	813.4	987.1	987.1	987.1	987.1
TOTALS - ANNUAL	\$18,065.5	\$20,323.1	\$19,877.5	\$19,877.5	\$23,458.6	\$21,424.5
State Operations	18,065.5	20,323.1	19,877.5	19,877.5	23,458.6	21,424.5

(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 FY21	AGENCY REQUEST FY22	AGENCY REQUEST FY23	GOVERNOR'S RECOMMENDATION FY22	GOVERNOR'S RECOMMENDATION FY23
PROGRAM REVENUE (2)	138.54	138.54	138.54	142.04	142.04
SEGREGATED REVENUE (3)	3.00	3.00	3.00	3.00	3.00
TOTALS - ANNUAL	141.54	141.54	141.54	145.04	145.04

(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

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

	ACTUAL FY20	ADJUSTED BASE FY21	AGENCY REQUEST FY22 FY23		GOVERNOR'S RECOMMENDATION FY22 FY23	
1. Supervision of financial institutions, securities regulation and other functions	\$17,572.6	\$19,509.7	\$18,890.4	\$18,890.4	\$20,471.5	\$20,437.4
3. College tuition and expenses and college savings programs	\$492.9	\$813.4	\$987.1	\$987.1	\$987.1	\$987.1
4. Small Business Retirement Savings Program	\$0.0	\$0.0	\$0.0	\$0.0	\$2,000.0	\$0.0
TOTALS	\$18,065.5	\$20,323.1	\$19,877.5	\$19,877.5	\$23,458.6	\$21,424.5

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

	ADJUSTED BASE FY21	AGENCY REQUEST FY22 FY23		GOVERNOR'S RECOMMENDATION FY22 FY23	
1. Supervision of financial institutions, securities regulation and other functions	138.54	138.54	138.54	142.04	142.04
3. College tuition and expenses and college savings programs	3.00	3.00	3.00	3.00	3.00
TOTALS	141.54	141.54	141.54	145.04	145.04

(4) All positions are State Operations unless otherwise specified

1. Small Business Retirement Program

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	2,000,000	0.00	0	0.00
PR-O	0	0.00	0	0.00	63,200	1.00	81,000	1.00
TOTAL	0	0.00	0	0.00	2,063,200	1.00	81,000	1.00

The Governor recommends creating a retirement savings program for employees of small businesses who are not offered a retirement savings program through their employer and providing start-up funding of \$2,000,000 GPR. The Governor also recommends creating a Small Business Retirement Savings Board to provide oversight of the program. The Governor further recommends providing 1.0 FTE and associated funding to support the board and administer the program. See State Treasurer, Item #1.

2. Student Loan Ombudsman and Borrower Bill of Rights

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	148,100	2.00	197,400	2.00
TOTAL	0	0.00	0	0.00	148,100	2.00	197,400	2.00

The Governor recommends creating an Office of Student Loan Ombudsman within the department. The Governor also recommends establishing a student loan Borrower Bill of Rights to ensure that student loan servicers provide the necessary information for higher education loan borrowers to make the best choices for their individual circumstances and to ensure that student loan servicers take basic actions that are in the best interest of student loan borrowers.

3. Achieving a Better Life Experience Accounts

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	200,000	0.00	200,000	0.00
TOTAL	0	0.00	0	0.00	200,000	0.00	200,000	0.00

The Governor recommends implementing and administering a qualified Achieving a Better Life Experience (ABLE) program either directly or by entering into an agreement with another state or alliance of states. The ABLE program provides tax-exempt savings accounts to pay qualified expenses for an individual with disabilities, including education, housing and transportation costs.

4. Children's Savings Program

The Governor recommends directing the department to collaborate with philanthropic organizations to create a children's savings program with the goal of establishing a savings and investment account for every child born in Wisconsin.

5. Public Service Loan Forgiveness Notification

The Governor recommends that the department maintain and make available information regarding student loan forgiveness programs for which employees of the state or employees of a local unit of government may be eligible. The Governor also recommends that all state and local public employers be required to provide information regarding student loan forgiveness programs to their employees.

6. Financial Integrity Information Technology Project

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	332,800	0.00	1,018,000	0.00
TOTAL	0	0.00	0	0.00	332,800	0.00	1,018,000	0.00

The Governor recommends funding to update and enhance the department's financial information technology systems.

7. Notary Modernization Information Technology Project

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	806,000	0.00	6,000	0.00
TOTAL	0	0.00	0	0.00	806,000	0.00	6,000	0.00

The Governor recommends funding for modernization of the department's notary information technology systems.

8. Notary Registration and Renewal Fees

The Governor recommends increasing the fee for obtaining a four-year notary commission from \$20 to \$40. The Governor also recommends increasing the fee for a permanent attorney notary commission from \$50 to \$100. These changes are expected to increase program revenue by \$223,200 in FY22 and by \$297,600 in FY23.

9. Securities Firm, Individual and Branch Fees

The Governor recommends increasing the initial and annual registration fees for securities and investment advisor firms from \$200 to \$300. The Governor also recommends increasing the initial and annual registration fees for individual securities broker-dealers and financial advisors from \$80 to \$100 and applying this same increase to the registration of branches for these firms. These changes are expected to increase program revenue by \$3,369,800 in FY22 and \$4,493,000 in FY23.

10. Education on Worker Misclassification

The Governor recommends requiring the Department of Workforce Development to develop and make available to employers and on its Web site information regarding worker classification laws, requirements and penalties for noncompliance. The Governor also recommends requiring that outreach and education regarding worker misclassification be provided to certain entities as follows: (a) requiring the Department of Administration to coordinate with state agencies to conduct outreach to entities that serve vulnerable populations; (b) requiring the Office of the Commissioner of Insurance to conduct outreach and provide education, at least annually, to insurers and other relevant entities; and (c) requiring the Department of Financial Institutions to provide informational materials and resources on worker misclassification with new business registrations. The Governor further recommends that such outreach include information regarding the rules, requirements, reporting procedures and penalties surrounding worker misclassification. See Department of Administration, Item #37; Department of Workforce Development, Item #15; and Office of the Commissioner of Insurance, Item #27.

11. Transfer to the Secretary of State

The Governor recommends increasing the annual transfer of revenue from the department's general program operations appropriation to the Secretary of State from \$150,000 to \$190,000. See Secretary of State, Item #1.

12. Federal and Interagency and Intra-agency Appropriations

The Governor recommends establishing an appropriation to allow the department to expend federal moneys for the purposes received and an appropriation to expend moneys received from other state agencies or from the department for the purposes received. These changes will permit clearer accounting of projects.

13. Agency Equity Officer

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	31,000	0.50	44,600	0.50
TOTAL	0	0.00	0	0.00	31,000	0.50	44,600	0.50

The Governor recommends creating a new agency equity officer position within the Office of the Secretary. The agency equity officer will collaborate with the Chief Equity Officer within the Department of Administration and agency equity officers within other agencies to identify opportunities to advance equity in government operations, including determining how current government practices and policies impact communities of color and individuals with disabilities. See Department of Administration, Item #1; Department of Agriculture, Trade and Consumer Protection, Item #38; Department of Children and Families, Item #26; Department of Corrections, Item #26; Department of Health Services, Item #109; Department of Justice, Item #30; Department of Military Affairs, Item #9; Department of Natural Resources, Item #51; Department of Public Instruction, Item #31; Department of Revenue, Item #43; Department of Safety and Professional Services, Item #6; Department of Tourism, Item #8; Department of Transportation, Item #42; Department of Veterans Affairs, Item #6; Department of Workforce Development, Item #36; Office of the Commissioner of Insurance, Item #28; and Public Service Commission, Item #20.

14. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY22		FY23		FY22		FY23	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	-619,300	0.00	-619,300	0.00	-619,300	0.00	-619,300	0.00
SEG-O	173,700	0.00	173,700	0.00	173,700	0.00	173,700	0.00
TOTAL	-445,600	0.00	-445,600	0.00	-445,600	0.00	-445,600	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$290,900 in each year); (b) full funding of continuing position salaries and fringe benefits (-\$162,100 in each year); and (c) full funding of lease and directed moves costs (\$7,400 in each year).