

DEPARTMENT OF FINANCIAL INSTITUTIONS

GOVERNOR'S BUDGET RECOMMENDATIONS

Source of Funds	FY07 Adjusted Base	FY08 Recommended	% Change Over FY07	FY09 Recommended	% Change Over FY08
PR-O	16,700,300	16,963,700	1.6	16,976,100	0.1
TOTAL	16,700,300	16,963,700	1.6	16,976,100	0.1

FULL-TIME EQUIVALENT POSITION SUMMARY

Source of Funds	FY07 Adjusted Base	FY08 Recommended	FTE Change From FY07	FY09 Recommended	FTE Change From FY08
PR-O	139.04	139.04	0.00	134.04	-5.00
TOTAL	139.04	139.04	0.00	134.04	-5.00

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 Office 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

2005 AND 2006 GOALS AND ACTUALS

Prog. No.	Performance Measure	Goal 2005	Actual 2005	Goal 2006	Actual 2006
1.	Percentage of banks examined each year. ¹				
	Number of banks	229	233	227	234
	Number of exams	91	103	90	63 ²
	Percentage examined in a year	40%	44%	40%	27% ²
1.	Percentage of consumer complaints acted on within five days of receipt. ¹	At least 95%	99%	At least 95%	99% ²
1.	Percentage of charter document filings processed within five days.	98%	98%	99%	99%
2.	Percentage of credit union exams conducted within examination cycle time frame.				
	Credit union examinations due	215	215	200	185
	Number of credit unions examined	200	196	200	166
	Percentage examined	93%	91%	100%	90%

Note: Based on fiscal year.

¹Based on calendar year.

²Through August 31, 2006.

2007, 2008 AND 2009 GOALS

Prog. No.	Performance Measure	Goal 2007	Goal 2008	Goal 2009
1.	Percentage of banks examined each year. ¹			
	Number of banks	230	225	225
	Number of exams	92	90	90
	Percentage examined in a year	40%	40%	40%
1.	Percentage of consumer complaints acted on within five days of receipt. ¹	At least 95%	At least 95%	At least 95%
1.	Percentage of charter document filings processed within five days.	99%	99%	99%
2.	Percentage of credit union exams conducted within examination cycle time frame.			
	Credit union examinations due	180	175	170
	Number of credit unions examined	180	175	170
	Percentage examined	100%	100%	100%

Note: Based on fiscal year.

¹Based on calendar year.

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GOVERNOR'S BUDGET RECOMMENDATIONS

RECOMMENDATIONS

1. Increase the Securities Agent and Investment Adviser Fee
2. Attorney Consolidation
3. Standard Budget Adjustments

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

	ACTUAL FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
PROGRAM REVENUE (2)	\$14,634.6	\$16,700.3	\$16,963.7	\$16,976.1	\$16,963.7	\$16,976.1
State Operations	14,634.6	16,700.3	16,963.7	16,976.1	16,963.7	16,976.1
TOTALS-ANNUAL	14,634.6	16,700.3	16,963.7	16,976.1	16,963.7	16,976.1
State Operations	14,634.6	16,700.3	16,963.7	16,976.1	16,963.7	16,976.1

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

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

	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
PROGRAM REVENUE (2)	139.04	139.04	139.04	139.04	134.04
TOTALS-ANNUAL	139.04	139.04	139.04	139.04	134.04

(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 FY06	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
			FY08	FY09	FY08	FY09
1. Supervision of financial institutions, securities reg. and other functions	\$12,866.4	\$14,835.4	\$15,040.0	\$15,040.0	\$15,040.0	\$15,040.0
2. Office of credit unions	1,768.2	1,864.9	1,923.7	1,936.1	1,923.7	1,936.1
TOTALS	14,634.6	16,700.3	16,963.7	16,976.1	16,963.7	16,976.1

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

	ADJUSTED BASE FY07	AGENCY REQUEST		GOVERNOR'S RECOMMENDATION	
		FY08	FY09	FY08	FY09
1. Supervision of financial institutions, securities reg. and other functions	120.04	120.04	120.04	120.04	115.04
2. Office of credit unions	19.00	19.00	19.00	19.00	19.00
TOTALS	139.04	139.04	139.04	139.04	134.04

(4) All positions are State Operations unless otherwise specified

1. Increase the Securities Agent and Investment Adviser Fee

The Governor recommends increasing the securities agent and investment adviser representative license fees. The Governor also recommends that the additional revenue generated by the increase support the Department of Commerce's Wisconsin Development Fund and the establishment of the Wisconsin Venture Center. See Department of Commerce, Items #3 and #4.

2. Attorney Consolidation

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	0	0.00	0	0.00	0	0.00	0	-5.00
TOTAL	0	0.00	0	0.00	0	0.00	0	-5.00

The Governor recommends improving the provision of state legal services by consolidating attorneys and legal support staff under the secretary of the Department of Administration on July 1, 2008. The Department of Administration secretary will determine the assignment of attorneys to individual agencies. To achieve this, the Governor recommends transferring 6.0 FTE positions to the Department of Administration. The Governor further recommends retaining the funding associated with these positions in the department to purchase legal services from the Department of Administration. In addition, 1.0 FTE unclassified position is created to provide general counsel services. See Department of Administration, Item #1.

3. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY08		FY09		FY08		FY09	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	263,400	0.00	275,800	0.00	263,400	0.00	275,800	0.00
TOTAL	263,400	0.00	275,800	0.00	263,400	0.00	275,800	0.00

The Governor recommends adjusting the department's base budget for: (a) turnover reduction (-\$194,100 in each year); (b) full funding of continuing position salaries and fringe benefits (\$436,900 in each year); (c) reclassifications and semiautomatic pay progression (\$16,200 in FY08 and \$28,600 in FY09); and (d) full funding of lease and directed moves costs (\$4,400 in each year).