



DEPARTMENT OF FINANCIAL INSTITUTIONS

BUSINESS, ECONOMIC DEVELOPMENT & LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: ZACKERY KING

BUDGET BRIEF

SUMMARY

The General Fund Restricted Account – Financial Institutions was created by the Legislature beginning in FY 1987 to specifically fund the regulation of financial institutions by a state agency and from a local level. According to statute **7-1-401**, “all financial institutions or other persons under the jurisdiction of the department shall pay to the commissioner...the fees, charges, and assessments for the costs of supervision, examination, and administration of the department and for processing all applications and notices as required under this title.” Additionally, “the commissioner may adopt a schedule of fees in addition to those provided in this section that may be assessed for services rendered by the department.”

As included in statute **63J-1-104**, “revenues in a restricted account or fund do not lapse to another account or fund unless otherwise specifically provided for by law or legislative appropriation.” Also, “the Legislature may appropriate restricted revenues from a restricted account or fund for the specific purpose or program designated by law.”

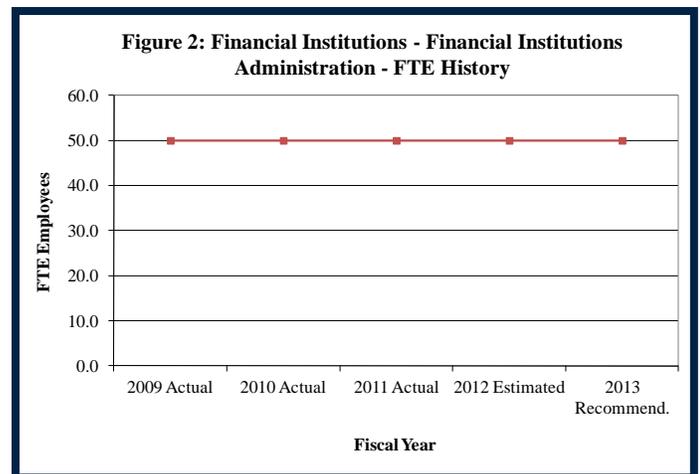
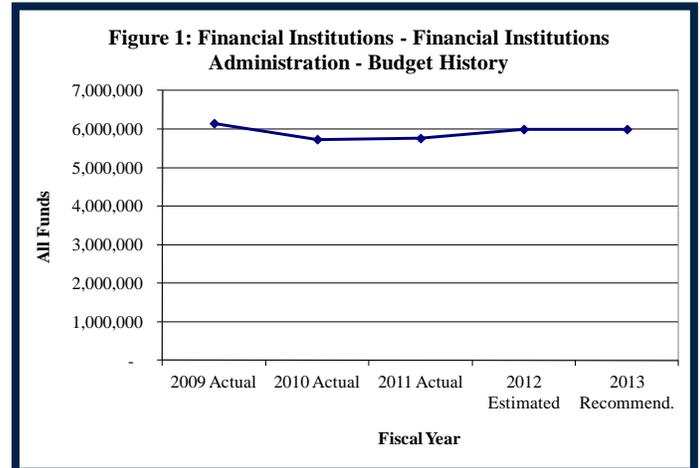
Fees charged by the Department of Financial Institutions are set in statute; UCA 7-1-401, 7-1-402, 7-1-403 all outline these fees.

The Department of Financial Institutions regulates state-chartered deposit taking institutions including: banks, savings and loan associations, credit unions, and industrial loan banks. The agency also regulates third-party payment providers, independent escrow companies, payday lenders, title lenders, and mortgage loan servicers operating in Utah.

The budget for the Department of Financial Institutions is made up entirely of annual assessments upon the institutions it regulates and examines, it contains one line item, which is listed below along with its respective programs:

- Financial Institutions Administration
 - Administration
 - Building Operations and Maintenance

Additional information about this line item and its programs can be found in the Compendium of Budget Information at: http://le.utah.gov/lfa/reports/cobi2012/agcy_680.htm



ISSUES AND RECOMMENDATIONS

Budget Adoption

For the financial Institutions Administration line item, the Fiscal Analyst recommends an FY 2013 budget of \$5,994,700 as shown in the budget detail table on page 2.

Clerical Staff

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$3,500, and an ongoing appropriation of \$48,700 from the Financial Institutions Restricted Fund for clerical staff at the Department of Financial Institutions.

\$3,500 one-time funding will be used to purchase one desktop computer with current operating system and production software, cubicle parts with work surfaces and drawers, and a deskchair. \$48,700 is the amount estimated to cover salary and benefits for a full-time, mid-range, Office Technician II position; current expenses and data processing current expenses are included in the total.

Examiner Staff

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$6,000, and an ongoing appropriation of \$223,600 from the Financial Institutions Restricted Fund for examiner staff at the Department of Financial Institutions.

\$6,000 one-time funding will be used to purchase two laptop computers with current operating system, production software, a portable printer and a portable document scanner, along with needed office furniture and equipment. \$223,600 is the amount estimated to cover the salary and benefits for two full-time working level Financial Institutions Examiners at entry level. Current expenses, training expenses, travel expenses, and data processing current expenses are included in the total.

Computer Replacement – Laptops and Desktops

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$148,100 from the Financial Institutions Restricted Fund for computer replacement at the Department of Financial Institutions.

This request will provide funding for 42 laptop computers, with current operating system and production software. This will also include approximately 20 portable printers and 20 portable document scanners.

This request will also provide funding for 15 desktop computers, with current operating system and production software.

The Department is charged with examining every institution subject to its jurisdiction on a regular basis. In conjunction with federal regulatory agencies, the examination process has been automated. Examiners perform their work with the aid of laptop computers. With the automated examination program being updated on a regular basis, and the short life cycle of computers, the Department needs to replace them on a regular basis.

Governor’s Recommendations

The Governor has made the following recommendations based upon the requests of the Department of Financial Institutions:

<u>Name</u>	<u>Requested</u>	<u>Governor’s Recommendation</u>
Computer Replacement	\$148,100	As Requested
Clerical Staff	\$48,700	As Requested
Clerical Staff	\$3,500	As Requested
Examiner Staff	\$6,000	As Requested
Examiner Staff	\$223,600	As Requested

Financial Institutions - Financial Institutions Administration

Sources of Finance	FY 2011	FY 2012	Changes	FY 2012	Changes	FY 2013*
	Actual	Appropriated		Revised		Recommended
GFR - Financial Institutions	5,969,000	5,994,700	0	5,994,700	0	5,994,700
Lapsing Balance	(208,300)	0	0	0	0	0
Total	\$5,760,700	\$5,994,700	\$0	\$5,994,700	\$0	\$5,994,700
Programs						
Administration	5,551,100	5,774,700	0	5,774,700	0	5,774,700
Building Operations and Maintenance	209,600	220,000	0	220,000	0	220,000
Total	\$5,760,700	\$5,994,700	\$0	\$5,994,700	\$0	\$5,994,700
Categories of Expenditure						
Personnel Services	4,955,700	5,120,700	(54,800)	5,065,900	15,800	5,081,700
In-state Travel	141,400	134,500	14,000	148,500	(600)	147,900
Out-of-state Travel	127,000	118,000	27,000	145,000	(4,500)	140,500
Current Expense	451,400	537,500	(29,500)	508,000	(10,700)	497,300
DP Current Expense	85,200	84,000	43,300	127,300	0	127,300
Total	\$5,760,700	\$5,994,700	\$0	\$5,994,700	\$0	\$5,994,700
Other Data						
Budgeted FTE	50.0	55.0	(5.0)	50.0	0.0	50.0
Actual FTE	48.0	0.0	0.0	0.0	0.0	0.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

SUMMARY OF RECOMMENDATIONS

The Fiscal Analyst Recommends the Subcommittee:

1. Approve an FY 2013 recommended budget of \$5,994,700 for the Department of Financial Institutions as shown in the budget detail table.
2. Forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$3,500, and an ongoing appropriation of \$48,700 from the Financial Institutions Restricted Fund for clerical staff at the Department of Financial Institutions.
3. Forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$6,000, and an ongoing appropriation of \$223,600 from the Financial Institutions Restricted Fund for examiner staff at the Department of Financial Institutions.
4. Forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$148,100 from the Financial Institutions Restricted Fund for computer replacement at the Department of Financial Institutions.