



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 23, 2003

Joint Committee on Finance

Paper #341

Base Budget Reduction (Financial Institutions)

[LFB 2003-05 Budget Summary: Page 172, #2]

CURRENT LAW

The Department of Financial Institutions (DFI) is organized into two programs: the supervision of financial institutions, securities regulation, and other functions (Program 1); and the Office of Credit Unions (Program 2), which is attached to DFI for administrative purposes.

GOVERNOR

Reduce expenditure and position authority in the Department's general program operations appropriation for financial institutions and securities regulation by \$406,200 PR and 8.50 PR positions annually and authority in the Department's general program operations appropriation for the Office of Credit Unions by \$259,500 PR and 5.0 PR positions annually. The administration indicates that the deleted positions would include 6.0 financial examiners (5.0 of which are in the Office of Credit Unions), 3.0 records management positions, 1.50 program assistants, 2.0 communications specialists, and 1.00 information systems position.

DISCUSSION POINTS

1. As part of a base budget reduction, the bill would eliminate position and expenditure authority for 13.5 full-time equivalent positions, six of which would be financial examiner positions. The bill would delete five of the financial examiner positions and associated funding from Program 2, the Office of Credit Unions, and the remaining position and funding from Program 1.

2. However, the administration has requested that the bill be amended to divide the six financial examiner position reductions evenly between the two programs. Under this proposal, two financial examiner positions would be restored to the Office of Credit Unions and, instead, deleted

from DFI's general program operations appropriation under Program 1. In addition, \$89,600 of expenditure authority would be eliminated from Program 1 and restored to the Office of Credit Unions as follows: \$64,200 PR each year for salaries; \$23,600 PR each year for fringe benefits; and \$1,800 PR each year for supplies and services.

3. As a result of a difference in the way GPR-Earned is determined for the two programs, the requested shift in position and expenditure authority would affect the amounts lapsed by the agency to the general fund. [The methods of determining the lapse amounts under each program are described in LFB Paper #340 that reestimates GPR-Earned under the bill.] The requested revision to the Governor's proposal would increase the estimated lapse at the end of 2003-04 by \$21,100 and decrease the estimated lapse at the end of 2004-05 by \$30,000. The net result would be a decreased lapse for the 2003-05 biennium of \$8,900.

ALTERNATIVES

1. Approve the Governor's proposal as drafted in SB 44.

2. Approve the Governor's proposal with a modification to accept the administration's request concerning the financial examiner positions. Restore position authority for two financial examiners and expenditure authority of \$89,600 PR annually to the Office of Credit Unions and delete such authority from DFI's general program operations appropriation under Program 1.

In addition, increase the estimated lapse to the general fund at the end of 2003-04 by \$21,100 and decrease the estimated lapse to the general fund at the end of 2004-05 by \$30,000.

<u>Alternative 2</u>	<u>GPR</u>
2003-05 REVENUE (Change to Bill)	- \$8,900

Prepared by: Faith Russell