

Budget Brief - Financial Institutions

2007 GENERAL SESSION, FI-01

PURPOSE

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

ISSUES

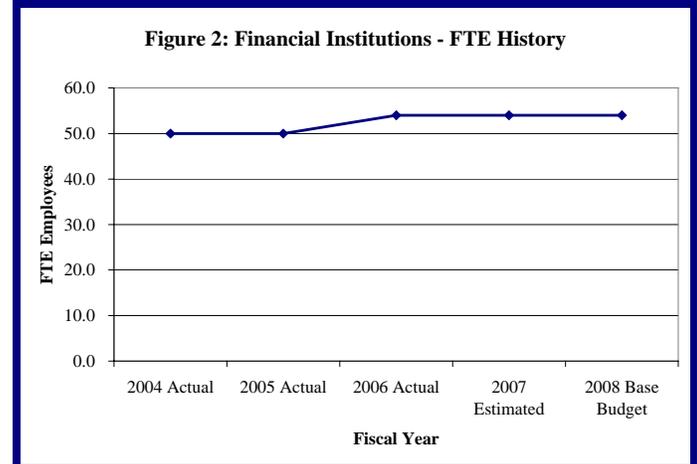
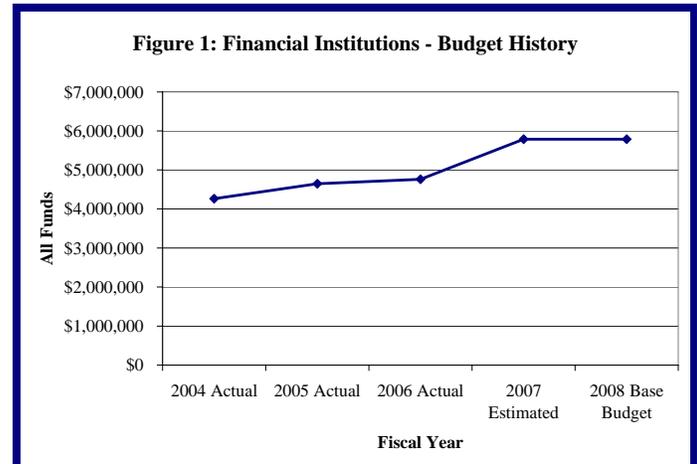
HB 430, Department of Financial Institutions Pay Plan, 2006 General Session, passed after the appropriations bill had been prepared and submitted for review. So the fiscal impact was not funded. The Analyst recommends \$16,200 from General Fund Restricted – Financial Institutions to fund the fiscal note.

One Day Adjustment: FY 2007 has one less working day than usual. The Analyst subtracted this amount from all agencies when his office figured compensation. However, the Governor had already taken that amount out of Financial Institutions base. The Analyst recommends \$13,600 in General Fund Restricted – Financial Institutions to correct the error.

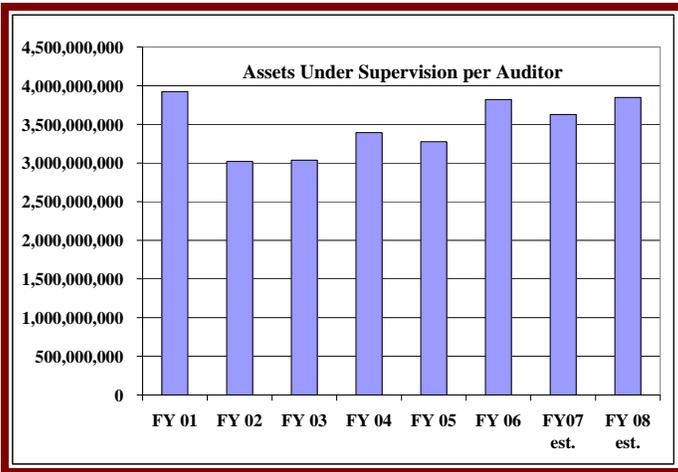
FDIC Industrial Loan Corporation (ILC)

Moratorium: Utah accounts for more than half of the nation’s ILCs. Wal-Mart’s application for a charter set off a storm of controversy. This after Target (another big retailer and a Wal-Mart rival) applied for and was granted a charter. The Federal Deposit Insurance Corporation (FDIC) issued a six month moratorium on all applications. This has allowed ILC competitors the chance to on an all out lobbying effort against ILCs in general. The unanswered question is what will the FDIC and the new Congress do?

BUDGET AT A GLANCE



PERFORMANCE MEASURES

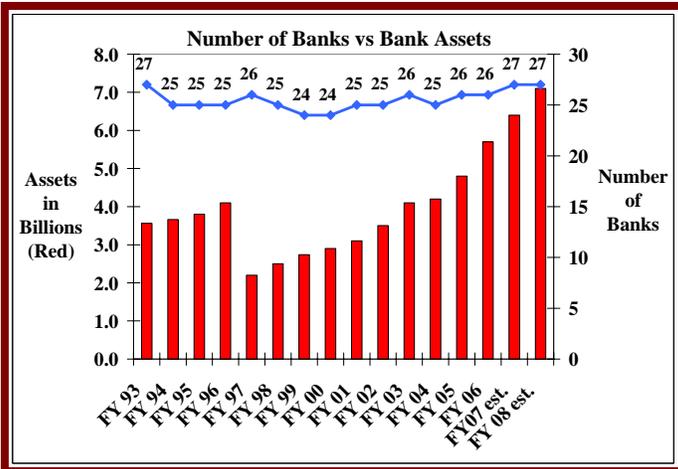


Measure: Total Assets Under Supervision Per Examiner

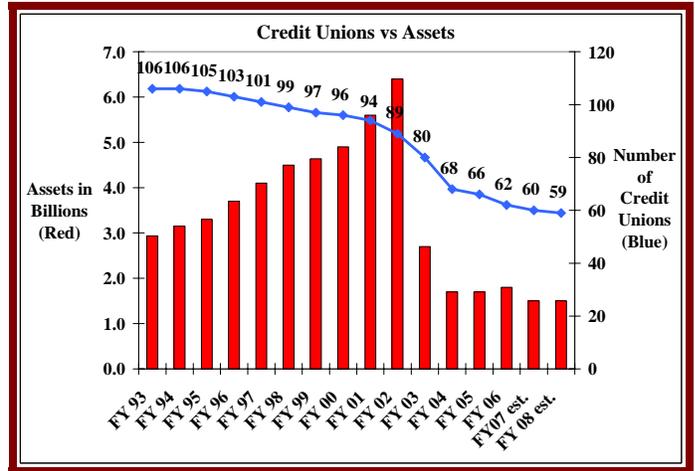
Goal: Maintain examiner assets under supervision at a level that allows adequate examination.

Methodology: Divide total assets by the number of examiners.

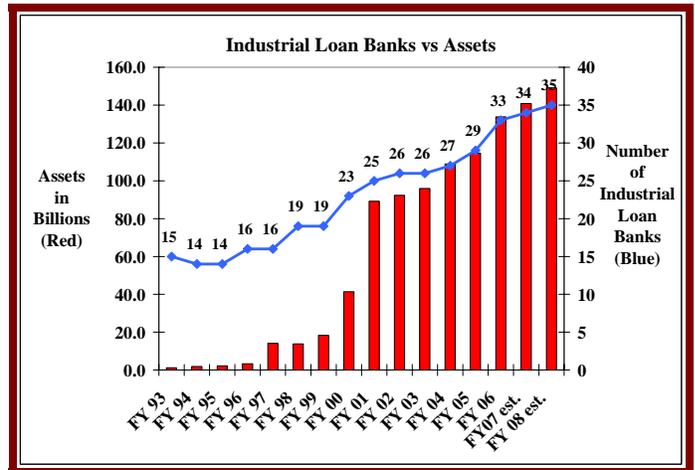
Measure Type: Workload.



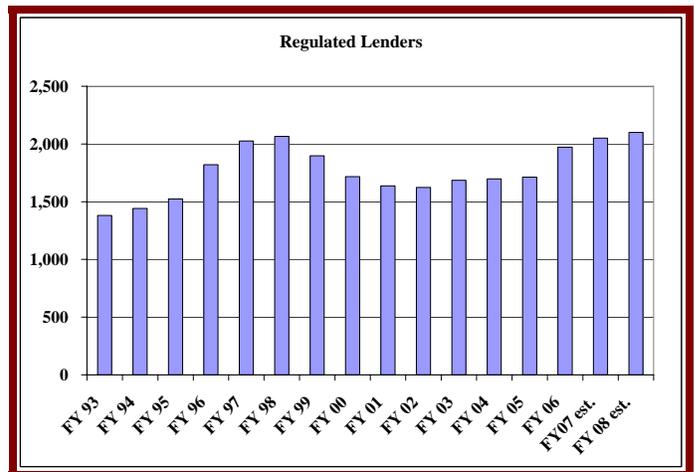
This graph shows assets climbing as the number of banks remains about the same. This is a workload measure.



Credit unions are beginning to recover from the exodus to federal charters.



Industrial Loan Banks continue rapid growth.



This includes Travelers check or money order issuers, independent escrow companies, check cashers/payday lenders, and residential first mortgage loan services. It is a workload measure.

RECOMMENDED BASE BUDGET

The Analyst recommends the FY 2008 Base Budget shown below at \$5,787,600.

Financial Institutions						
Sources of Finance	FY 2006 Actual	FY 2007 Appropriated	Changes	FY 2007 Revised	Changes	FY 2008* Base Budget
GFR - Financial Institutions	5,093,100	5,788,900	0	5,788,900	(1,300)	5,787,600
Lapsing Balance	(332,900)	0	0	0	0	0
Total	\$4,760,200	\$5,788,900	\$0	\$5,788,900	(\$1,300)	\$5,787,600
Line Items						
Financial Institutions Administration	4,760,200	5,788,900	0	5,788,900	(1,300)	5,787,600
Total	\$4,760,200	\$5,788,900	\$0	\$5,788,900	(\$1,300)	\$5,787,600
Categories of Expenditure						
Personal Services	4,079,100	5,117,900	(249,200)	4,868,700	64,400	4,933,100
In-State Travel	95,100	105,000	18,500	123,500	(5,200)	118,300
Out of State Travel	113,600	175,500	23,800	199,300	(11,500)	187,800
Current Expense	340,300	365,400	88,000	453,400	(31,600)	421,800
DP Current Expense	132,100	25,100	118,900	144,000	(17,400)	126,600
Total	\$4,760,200	\$5,788,900	\$0	\$5,788,900	(\$1,300)	\$5,787,600
Other Data						
Budgeted FTE	54.0	54.0	0.0	54.0	0.0	54.0

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