



DEPARTMENT OF FINANCIAL INSTITUTIONS

COMMERCE AND WORKFORCE SERVICES APPROPRIATIONS SUBCOMMITTEE
STAFF: DANNY SCHOENFELD

BUDGET BRIEF

SUMMARY

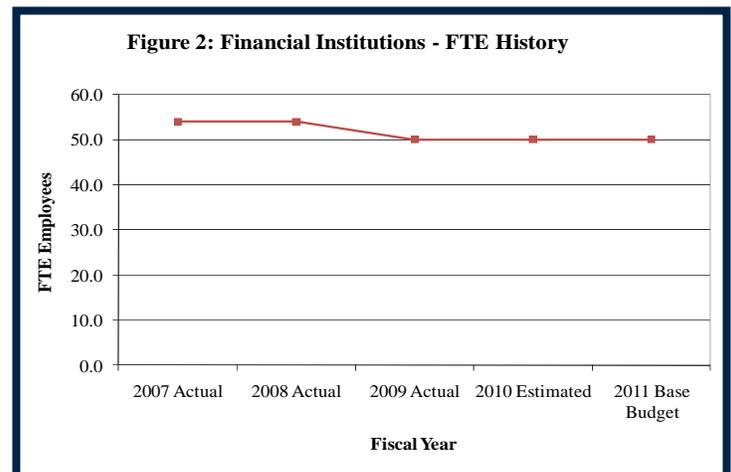
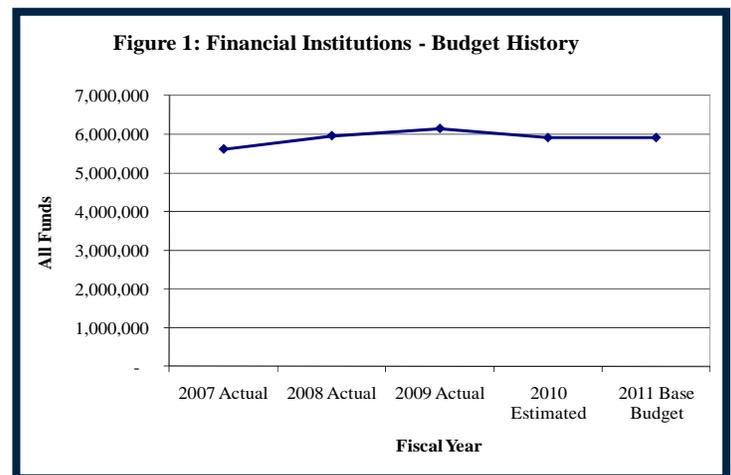
The Department of Financial Institutions regulates state-chartered deposit taking institutions including banks, savings and loan associations, credit unions, and industrial loan banks. It also regulates third-party payment providers, independent escrow companies, check cashers, payday lenders, title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

The Department of Financial Institutions promotes the availability of sound financial services through chartering, regulating, and supervising. The Department is open to establishing new and enhancing existing financial products. Financial Institutions regulates 109 institutions including, 31 commercial banks, 52 credit unions, 24 industrial banks, and 2 trust companies. It also regulates 37 travelers check or money order issuers, 2 independent escrow companies, 219 check cashers/payday lenders, 64 title lenders and 180 residential first mortgage loan servicers. The Department employs 50 people.

ISSUES AND RECOMMENDATIONS

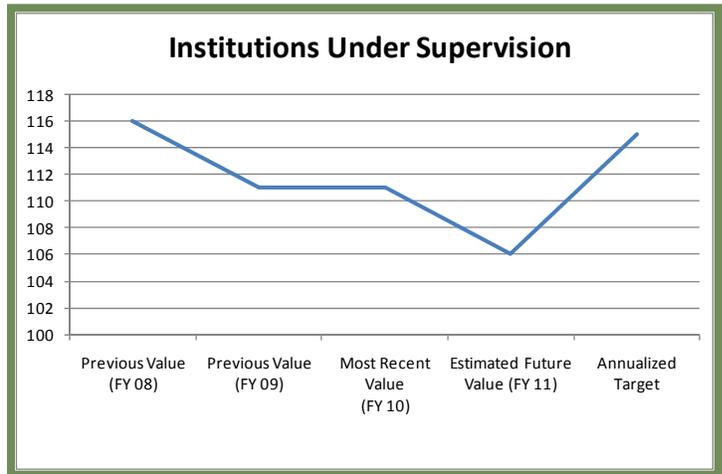
The Executive Appropriations Committee (EAC) has made base budget allocations to the various appropriations subcommittees. The budget detail table on page 3 reflects the allocation for Financial Institutions, but does not include funding for the recommendations presented in this brief or other budget priorities the subcommittee may wish to consider.

The co-chairs of the EAC recommend that the subcommittee complete the following tasks: review agency base budgets; reallocate revenue where possible within the base budget to meet new subcommittee budget priorities; and, develop a priority list, to be submitted to the EAC, of new budget priorities not completed through budgetary reallocations.

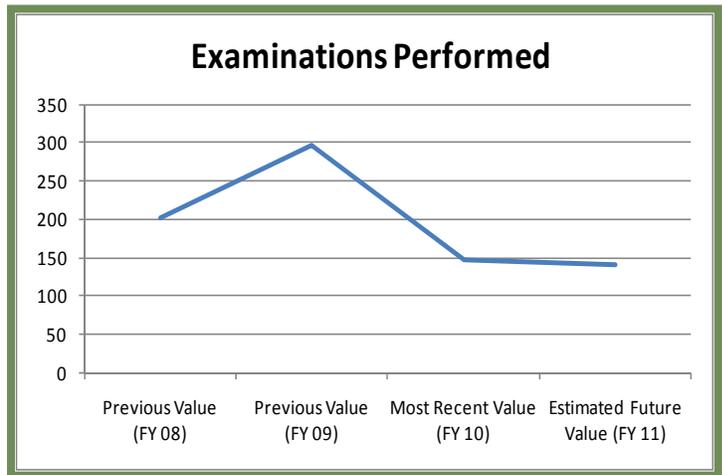


PERFORMANCE MEASURES

Institutions under supervision, ensures the citizens choice of financial institutions with the ate of Utah. The annual target of institutions to evaluate is 115.



Examinations Performed is an internal measure of the total number of bank examination performed during a state fiscal year. These examinations ensure the safety and soundness of financial institutions with the state. The annual target of examinations is 137.



FY 2011 Agency Budget Requests

The Department of Financial Institutions is requesting an on-going increase of \$30,000 for their current lease space.

BUDGET DETAIL

The Financial Institutions receives the majority of its revenue from the General Fund Restricted-Financial Institutions that is assessed on institutions that the department examines. The following table details the remaining revenue supporting Financial Institutions, as well as, program expenditures and division budgets. The total budget for Financial Institutions totals \$5.9 million.

BUDGET TABLE

Financial Institutions						
	FY 2009	FY 2010		FY 2010		FY 2011*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Base Budget
GFR - Financial Institutions	6,592,300	5,912,200	0	5,912,200	0	5,912,200
Lapsing Balance	(443,900)	0	0	0	0	0
Total	\$6,148,400	\$5,912,200	\$0	\$5,912,200	\$0	\$5,912,200
Line Items						
Financial Institutions Administration	6,148,400	5,912,200	0	5,912,200	0	5,912,200
Total	\$6,148,400	\$5,912,200	\$0	\$5,912,200	\$0	\$5,912,200
Categories of Expenditure						
Personnel Services	5,125,000	5,113,300	2,300	5,115,600	0	5,115,600
In-state Travel	128,700	139,700	(9,700)	130,000	0	130,000
Out-of-state Travel	92,300	125,500	(20,500)	105,000	0	105,000
Current Expense	475,200	388,700	82,900	471,600	0	471,600
DP Current Expense	327,200	145,000	(55,000)	90,000	0	90,000
Total	\$6,148,400	\$5,912,200	\$0	\$5,912,200	\$0	\$5,912,200
Other Data						
Budgeted FTE	50.0	50.0	0.0	50.0	0.0	50.0

LEGISLATIVE ACTION

The Executive Appropriations Committee adopted FY 2011 General and Education Fund revenue estimates that are 98% of the original FY 2010 ongoing appropriations. The FY 2011 base budget bills (S.B. 1 and H.B. 1) reduce appropriations for all line items and programs proportionately to match revenues. However, the Executive Appropriations Committee allocated 95% of original FY 2010 ongoing appropriations to each subcommittee and directed the subcommittees to compile a list of options equal to a 5% ongoing cut. The Executive Appropriations Committee will use these options to make final adjustments to the FY 2011 budget.

Legislature wishes to adopt the recommendations presented in this brief. The Analyst recommends that the Legislature consider:

1. Adopt the base budget amount of \$5.9 million of the Department of Financial Institutions detailed above.
2. The subcommittee may wish to include the increase leased space request from the Department of Financial Institutions.