

DEPARTMENT OF FINANCIAL INSTITUTIONS

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

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. The agency also regulates third-party payment providers, independent escrow companies, payday lenders, title lenders, and mortgage loan servicers operating in Utah.

The General Fund Restricted Account – Financial Institutions was created by the Legislature 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.”

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

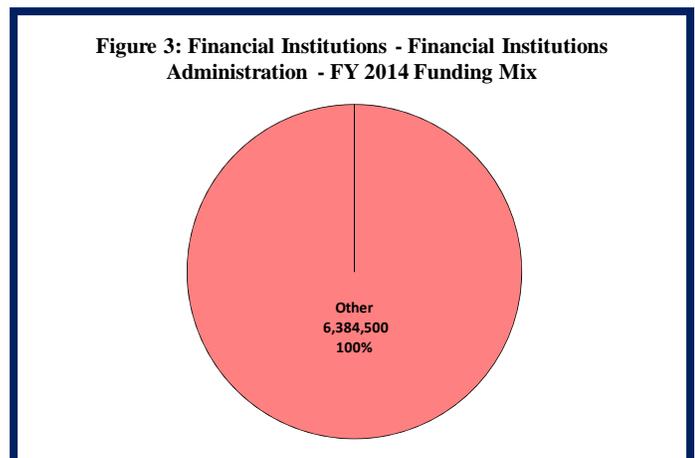
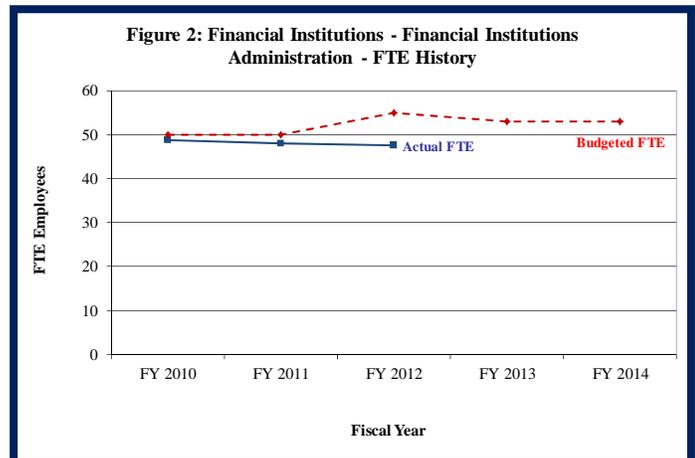
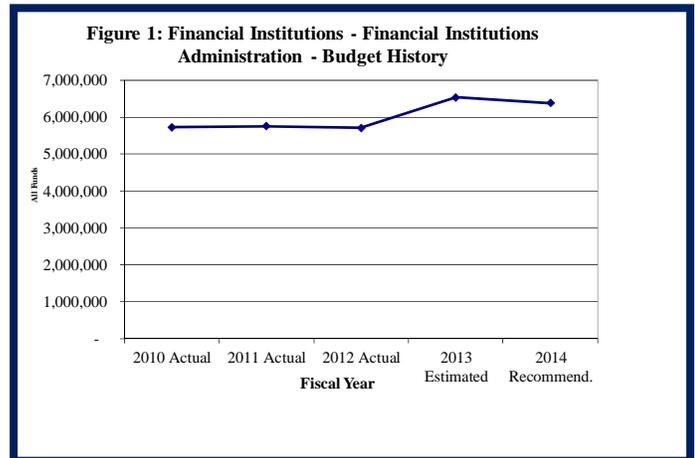
Additional information about this line item and its programs can be found in the Compendium of Budget Information at:

http://le.utah.gov/interim/2013/lfa/cobi2013/agcy_680.htm

ISSUES AND RECOMMENDATIONS

Budget Adoption

For the Financial Institutions Administration line item, the Fiscal Analyst recommends an FY 2014 budget of \$6,384,500.



Replace Desk Chairs

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$26,800 from the Financial Institutions Restricted Fund to replace 40 desk chairs at the Department of Financial Institutions.

The current desk chairs at the department are between 13 and 17 years old. With a warranty of 12 years having expired, any repair costs would be charged to the department at full price. In fiscal year 2012, three chairs broke, two beyond repair. The department replaced 14 chairs last year with its existing budget. If approved, this request would be funded with nonlapsing balances carried over from FY 2012. No fee or assessment increases would be necessary.

Replace Office Furniture

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$18,000 from the Financial Institutions Restricted Fund to replace office furniture at the Department of Financial Institutions.

This increase would provide funding to replace office furniture in the three executive offices at the department. The department estimates that each office would require about \$6,000 to replace a desk, work station, credenza, hutch, file cabinet, and a book case. The total cost was arrived at by using the mid-range line of office furniture in the Utah Correctional Industries catalog. If approved, this request would be funded with nonlapsing balances carried over from FY 2012. No fee or assessment increases would be necessary.

Adoption of Fees

In accordance with UCA 63J-1-504 requiring the department to “submit its fee schedule . . . to the Legislature for its approval on an annual basis”, UCA 63J-1-504 also states, “the Legislature may approve, increase or decrease and approve, or reject any fee submitted to it by a fee agency.”

The department is requesting the creation of a set of fees to compensate for the costs of producing its annual report, code book, a filing fee, a renewal fee, and a fee for photocopies. A detailed fee schedule for the Department of Financial Institutions is found in the issue brief titled *Financial Institutions: FY 2014 Fee Schedule*, these fees are discussed in more detail there.

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>
Replace Desk Chairs	\$26,800 one-time restricted	As Requested*
Replace Office Furniture	\$18,000 one-time restricted	As Requested*

*The Governor’s recommendation combined both of these requests into one for a total \$44,000

BUDGET DETAIL TABLE

Financial Institutions - Financial Institutions Administration						
Sources of Finance	FY 2012 Actual	FY 2013 Appropriated	Changes	FY 2013 Revised	Changes	FY 2014* Recommended
GFR - Financial Institutions	5,994,700	6,384,500	157,600	6,542,100	(157,600)	6,384,500
GFR - Financial Institutions, One-time	0	157,600	(157,600)	0	0	0
Lapsing Balance	(279,300)	0	0	0	0	0
Total	\$5,715,400	\$6,542,100	\$0	\$6,542,100	(\$157,600)	\$6,384,500
Programs						
Administration	5,501,400	6,322,100	0	6,322,100	(157,600)	6,164,500
Building Operations and Maintenance	214,000	220,000	0	220,000	0	220,000
Total	\$5,715,400	\$6,542,100	\$0	\$6,542,100	(\$157,600)	\$6,384,500
Categories of Expenditure						
Personnel Services	4,829,300	5,476,600	(290,600)	5,186,000	92,200	5,278,200
In-state Travel	117,700	147,900	37,300	185,200	(12,500)	172,700
Out-of-state Travel	166,500	140,500	81,600	222,100	(24,900)	197,200
Current Expense	475,300	501,300	111,500	612,800	(43,900)	568,900
DP Current Expense	126,600	118,200	217,800	336,000	(168,500)	167,500
DP Capital Outlay	0	157,600	(157,600)	0	0	0
Total	\$5,715,400	\$6,542,100	\$0	\$6,542,100	(\$157,600)	\$6,384,500
Other Data						
Budgeted FTE	55	53	0	53	0	53
Actual FTE	52	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 a FY 2014 recommended budget of \$6,384,500 for the Financial Institutions Administration line item as shown in the budget detail table.
2. Forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$26,800 to replace 40 desk chairs.
3. Forward to the Executive Appropriations Committee for further consideration, a onetime increase of \$18,000 to replace office furniture in three executive offices.
4. After review and adjustment, adopt the fee schedule included in the issue brief titled *Financial Institutions: FY 2014 Fee Schedule* and approve the recommendations contained therein.