

PROGRAM NARRATIVE**Date:** 01/13/2011**413 Dept of Financial Institutions****Time:** 11:30:56**Program:** Administration**Reporting level:** 00-413-100-00-00-00-00000000**Program Performance Measures**

- 1) Ensure the financial institutions operate in a safe and sound manner.
- 2) Examine all regulated entities within the timeframes prescribed by North Dakota statutes.
- 3) The maintenance of public confidence in regulated industries.
- 4) Provide for the opportunity for these industries to effectively service the convenience and needs of depositors, borrowers, and other customers, and to participate in and promote the economic progress of North Dakota.
- 5) Provide for the simplification and modernization of the laws governing the regulated industries.
- 6) To maintain a regulatory agency that consists of highly trained and experienced examiners to implement the mission, duties and responsibilities of the agency.
- 7) As regulators, we perform our duties in an ethical, unbiased, informed, and efficient manner.
- 8) Maintain the Department of Financial Institution's records management system to enhance efficiency and effectiveness.
- 9) Maintain examination staff at allotted FTE levels.
- 10) Operate the Department within budget parameters.

Program Statistical Data

The Department of Financial Institutions has 18 examiners, 2 chief examiners, 4 consumer investigators, and 5 office staff to supervise and examine 77 banks, 2 trust companies, 28 credit unions, 434 collection agencies, 228 money brokers, 29 money transmitter companies, 816 Mortgage Loan Originators, and 63 deferred presentment service providers. Currently there are no state chartered savings and loans. In addition the Department examines the Bank of North Dakota on a bi-annual basis.

Explanation of Program Costs

Salaries represent 80% of the Department budget. Travel expenses, which comprise almost 40 percent of the Operating expense request, are primarily for vehicle, motel and meal costs for the 17 bank financial institutions examiners, 3 credit union financial institutions examiners, and 4 consumer investigators, who travel within the state at least 90% of the time, including 65% overnight travel.

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The Department successfully retained national accreditation from the National Credit Union Administration for the credit union division. The accreditation process enhances the function of the Department since it requires staff to review the aspects of the Department operations, and encourages the Department to strive for continuous process improvement in areas that may not receive an exemplary rating.

The examination staff continues to maintain bank and credit union examination frequency within the requirements set by statute, as well as federal examination frequency requirements. The Department issues administrative orders to problem institutions, and more closely supervises these institutions to ensure the corrective programs are implemented as expeditiously as possible. The Department has developed an early warning system which assists the Department in an attempt to identify and forestall potentially problem situations.

The State Banking and Credit Union Boards continue to act on applications as quickly as possible while still providing public comment opportunity.

The number of licenses issued to Money Brokers, Collection Agencies, Mortgage Loan Originators, Deferred Presentment Service Providers (payday lenders), and Money Transmitters continues to increase on an annual basis. Staff has revised procedures to continue to provide licenses to agencies in the most efficient manner. The Department has automated the Department records to greatly enhance the licensing process, as the number of new licenses issued continues to grow. The license applications have been placed on the Department website, so businesses can download the information as opposed to waiting to have applications mailed to them, or they can apply online.

The Department continues to revise the pay plan to attract and retain qualified individuals through the Human Resource Management Services. The intent is to reduce the turnover in the Department and recruit better candidates.

REQUEST DETAIL BY PROGRAM

413 Dept of Financial Institutions

Bill#: HB1008

Date: 01/13/2011

Biennium: 2011-2013

Time: 11:30:56

Program: Administration	Reporting Level: 00-413-100-00-00-00-00000000
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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Salaries and Wages					
Salaries - Permanent	2,922,805	3,605,550	230,922	3,836,472	0
Temporary Salaries	5,328	37,403	(37,403)	0	0
Overtime	1,597	3,672	(3,672)	0	0
Fringe Benefits	913,278	1,215,600	20,328	1,235,928	0
Total	3,843,008	4,862,225	210,175	5,072,400	0

Salaries and Wages

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	3,843,008	4,862,225	210,175	5,072,400	0
Total	3,843,008	4,862,225	210,175	5,072,400	0

Operating Expenses

Travel	331,479	423,880	14,520	438,400	0
Supplies - IT Software	62,018	19,328	(3,128)	16,200	0
Supply/Material-Professional	13,826	15,030	2,770	17,800	0
Food and Clothing	50	0	0	0	0
Miscellaneous Supplies	101	1,580	120	1,700	0
Office Supplies	15,911	16,949	751	17,700	0
Postage	11,437	14,562	(4,062)	10,500	0
Printing	5,390	11,058	972	12,030	0
IT Equip Under \$5,000	48,295	10,600	52,816	63,416	0
Other Equip Under \$5,000	470	170	2,000	2,170	0
Office Equip & Furn Supplies	23,268	6,300	200	6,500	0
Insurance	5,475	10,702	398	11,100	0
Rentals/Leases-Equip & Other	10,050	9,316	(2,166)	7,150	0
Rentals/Leases - Bldg/Land	155,480	168,662	5,538	174,200	0
Repairs	0	1,150	0	1,150	0
IT - Data Processing	126,913	286,739	(115,499)	171,240	0
IT - Communications	34,533	40,281	(4,281)	36,000	0
Professional Development	143,066	124,540	13,060	137,600	0
Operating Fees and Services	66,726	63,580	11,420	75,000	0
Fees - Professional Services	30,418	79,836	5,864	85,700	0
Total	1,084,906	1,304,263	(18,707)	1,285,556	0

Operating Expenses

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Request 2011-2013
Special Funds	1,084,906	1,304,263	(18,707)	1,285,556	0
Total	1,084,906	1,304,263	(18,707)	1,285,556	0
Contingency					
Operating Fees and Services	16,443	20,000	0	20,000	0
Total	16,443	20,000	0	20,000	0
Contingency					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	16,443	20,000	0	20,000	0
Total	16,443	20,000	0	20,000	0
Total Expenditures	4,944,357	6,186,488	191,468	6,377,956	0
Funding Sources					
Special Funds					
242 Financial Inst Regulatory Fund 242	4,944,357	6,186,488	191,468	6,377,956	0
Total	4,944,357	6,186,488	191,468	6,377,956	0
Total Funding Sources	4,944,357	6,186,488	191,468	6,377,956	0
FTE Employees	27.00	29.00	0.00	29.00	0.00

CHANGE PACKAGE DETAIL

413 Dept of Financial Institutions
 Biennium: 2011-2013

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds

Base Budget Changes

Ongoing Budget Changes

A-A 1 Lease/Rental Building		0.00	0	0	5,538	5,538
A-A 10 Professional Services		0.00	0	0	5,864	5,864
A-A 11 Professional Supplies		0.00	0	0	2,770	2,770
A-A 12 Professional Development		0.00	0	0	13,060	13,060
A-A 13 Postage		0.00	0	0	(4,062)	(4,062)
A-A 14 Printing		0.00	0	0	972	972
A-A 15 Insurance		0.00	0	0	398	398
A-A 17 Misc Supplies		0.00	0	0	120	120
A-A 18 IT Equipment Under \$5,000		0.00	0	0	52,816	52,816
A-A 2 Lease/Rental Equipment		0.00	0	0	(2,166)	(2,166)
A-A 3 IT Data Processing		0.00	0	0	(115,499)	(115,499)
A-A 4 IT Communications		0.00	0	0	(4,281)	(4,281)
A-A 5 IT Software		0.00	0	0	(3,128)	(3,128)
A-A 6 Travel		0.00	0	0	14,520	14,520
A-A 7 Office Equipment		0.00	0	0	2,200	2,200
A-A 8 Office Supplies		0.00	0	0	751	751
A-A 9 Operating Fees and Services		0.00	0	0	11,420	11,420
Base Payroll Change		0.00	0	0	210,175	210,175
Total Ongoing Budget Changes		0.00	0	0	191,468	191,468
Total Base Budget Changes		0.00	0	0	191,468	191,468