

PROGRAM NARRATIVE

413 Dept of Financial Institutions

Date: 12/07/2012

Time: 14:47:32

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 75 banks, 2 trust companies, 24 credit unions, 479 collection agencies, 238 money brokers, 41 money transmitter companies, 704 mortgage loan originators, 1 debt settlement service provider, and 53 deferred presentment service providers. 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.

Program Goals and Objectives

The Department successfully retained national accreditation from the National Credit Union Administration for the credit union division and from CSBS for the banking 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

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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#: SB2008

Date: 12/07/2012

Biennium: 2013-2015

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Salaries and Wages					
Salaries - Permanent	3,383,180	4,009,608	165,728	4,175,336	0
Temporary Salaries	31,170	0	0	0	0
Overtime	4,885	0	0	0	0
Fringe Benefits	1,114,228	1,347,247	67,969	1,415,216	0
Total	4,533,463	5,356,855	233,697	5,590,552	0

Salaries and Wages

General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	4,533,463	5,356,855	233,697	5,590,552	0
Total	4,533,463	5,356,855	233,697	5,590,552	0

Operating Expenses

Travel	383,323	463,150	41,770	504,920	0
Supplies - IT Software	1,138	16,200	22,600	38,800	0
Supply/Material-Professional	7,749	17,800	0	17,800	0
Bldg, Ground, Maintenance	21	0	1,800	1,800	0
Miscellaneous Supplies	945	1,700	1,000	2,700	0
Office Supplies	16,554	18,008	1,992	20,000	0
Postage	8,749	11,167	(2,367)	8,800	0
Printing	4,188	14,424	(3,224)	11,200	0
IT Equip Under \$5,000	6,592	63,416	(47,116)	16,300	0
Other Equip Under \$5,000	1,770	2,100	4,500	6,600	0
Office Equip & Furn Supplies	29,241	6,400	1,125	7,525	0
Insurance	5,847	11,100	600	11,700	0
Rentals/Leases-Equip & Other	7,279	7,150	5,450	12,600	0
Rentals/Leases - Bldg/Land	166,498	174,200	29,800	204,000	0
Repairs	0	1,150	(350)	800	0
IT - Data Processing	208,208	304,050	(135,050)	169,000	0
IT - Communications	37,839	36,893	6,207	43,100	0
Professional Development	129,724	140,774	49,026	189,800	0
Operating Fees and Services	53,938	76,407	12,593	89,000	0
Fees - Professional Services	43,148	93,374	(21,374)	72,000	0
Total	1,112,751	1,459,463	(31,018)	1,428,445	0

Operating Expenses

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

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Description	Expenditures 2009-2011 Biennium	Present Budget 2011-2013	Budget Request Change	Requested Budget 2013-2015 Biennium	Optional Request 2013-2015
Special Funds	1,112,751	1,459,463	(31,018)	1,428,445	0
Total	1,112,751	1,459,463	(31,018)	1,428,445	0
Contingency					
Operating Fees and Services	0	20,000	136,000	156,000	0
Total	0	20,000	136,000	156,000	0
Contingency					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	20,000	136,000	156,000	0
Total	0	20,000	136,000	156,000	0
Total Expenditures	5,646,214	6,836,318	338,679	7,174,997	0
Funding Sources					
Special Funds					
242 Financial Inst Regulatory Fund 242	5,646,214	6,836,318	338,679	7,174,997	0
Total	5,646,214	6,836,318	338,679	7,174,997	0
Total Funding Sources	5,646,214	6,836,318	338,679	7,174,997	0
FTE Employees	29.00	29.00	0.00	29.00	0.00

CHANGE PACKAGE DETAIL

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Biennium: 2013-2015

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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	29,800	29,800
A-A 10 Professional Services		0.00	0	0	(21,374)	(21,374)
A-A 12 Professional Development		0.00	0	0	49,026	49,026
A-A 13 Postage		0.00	0	0	(1,667)	(1,667)
A-A 14 Printing		0.00	0	0	(3,924)	(3,924)
A-A 15 Insurance		0.00	0	0	600	600
A-A 16 Misc Supplies		0.00	0	0	1,000	1,000
A-A 17 IT Equipment under \$5,000		0.00	0	0	(47,116)	(47,116)
A-A 18 Repairs		0.00	0	0	(350)	(350)
A-A 19 Janitorial Services		0.00	0	0	1,800	1,800
A-A 2 Lease/Rental Equipment		0.00	0	0	5,450	5,450
A-A 3 IT Data Processing		0.00	0	0	(135,050)	(135,050)
A-A 4 IT Communications		0.00	0	0	6,207	6,207
A-A 5 IT Software		0.00	0	0	22,600	22,600
A-A 6 Travel		0.00	0	0	41,770	41,770
A-A 7 Office Equipment		0.00	0	0	5,625	5,625
A-A 8 Office Supplies		0.00	0	0	1,992	1,992
A-A 9 Operating Fees and Services		0.00	0	0	148,593	148,593
Base Payroll Change		0.00	0	0	233,697	233,697
Total Ongoing Budget Changes		0.00	0	0	338,679	338,679
Total Base Budget Changes		0.00	0	0	338,679	338,679