
AGENCY OVERVIEW**413 Department of Financial Institutions****Date:** 12/23/2014**Time:** 12:54:49

Statutory Authority

North Dakota Century Code Titles 6, 13 and 51.

Agency Description

The Department of Financial Institutions is a self-funded regulatory agency responsible for the oversight of state banks, trust companies, building and loan associations, mutual investment corporations, mutual savings corporations, banking institutions, credit unions and other financial corporations doing business under the laws of the State of North Dakota. The Department conducts examinations to determine the soundness of the financial institutions and monitor compliance with applicable rules and regulations.

Agency Mission Statement

To maintain public confidence in North Dakota financial institutions by ensuring the financial industry operate in safe and sound manner while complying with applicable rules and laws.

Agency 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.

Major Accomplishments

1. Retained national accreditation for the bank and credit union divisions.
2. Maintained bank and credit union examination frequency within the requirements set by statute and federal regulations.
3. Issued administrative orders to problem institutions and closely supervised these institutions to ensure corrective programs were implemented.
4. Issued an increasing number of licenses to money brokers, collection agencies, loan originators, deferred presentment service providers (payday lenders), debt settlement providers, and money transmitters.
5. Utilized the National Multi-State Licensing System to issue licenses in a more efficient manner.

Future Critical Issues

Monitor economic conditions, to determine any affect the current and future economy may have on the safety and soundness of all regulated institutions.

Continue to implement updated examination software programs available through the Federal Deposit Insurance Corporation (FDIC) and National Credit Union Administration (NCUA) which improve the efficiency of examinations, provide better time management, use staff time and skills more efficiently, and make use of new and available technology.

Utilize off-site examination procedures to reduce onsite examination time. Offsite examination procedures are less disruptive to the financial institutions, reduce Department travel expenses, offer more productive examiner time, and improve morale.

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Date: 12/23/2014**Time:** 12:54:49

Continue to conduct examinations and investigations of financial institutions for compliance with laws relating to banks, credit unions, money lenders, collection agencies, mortgage loan originator, deferred presentment service providers (payday lenders), debt settlement providers, and money transmitters. Conduct investigations of complaints and alleged violations of laws, rules, and regulations. Analyze and accept filings for registration, renewal, or amendments, and recommend denials and/or other enforcement actions. Have the ability to conduct all consumer examinations in a timely fashion.

Review renewal applications for 1000+ licensees in a timely manner.

Retain staff to provide for management succession.

Be able to provide ongoing training to examination staff to ensure they meet technical competence.

REQUEST SUMMARY

413 Department of Financial Institutions
Biennium: 2015-2017

Bill#: HB1008

Date: 12/23/2014

Time: 12:54:49

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
By Major Program					
Dept of Financial Inst	6,169,838	7,580,217	233,533	7,813,750	218,089
Total Major Program	6,169,838	7,580,217	233,533	7,813,750	218,089
By Line Item					
Salaries and Wages	5,018,878	5,874,989	317,109	6,192,098	187,489
Accrued Leave	0	120,783	(120,783)	0	0
Operating Expenses	1,150,960	1,428,445	116,207	1,544,652	30,600
Contingency	0	156,000	(79,000)	77,000	0
Total Line Items	6,169,838	7,580,217	233,533	7,813,750	218,089
By Funding Source					
General Fund					
Federal Funds					
Special Funds	6,169,838	7,580,217	233,533	7,813,750	218,089
Total Funding Source	6,169,838	7,580,217	233,533	7,813,750	218,089
Total FTE	29.00	29.00	0.00	29.00	1.00

REQUEST DETAIL413 Department of Financial Institutions
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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Salaries and Wages					
Salaries - Permanent	3,738,444	3,782,944	819,807	4,602,751	136,344
Temporary Salaries	7,228	0	0	0	0
Overtime	2,290	0	0	0	0
Fringe Benefits	1,270,916	2,092,045	(502,698)	1,589,347	51,145
Total	5,018,878	5,874,989	317,109	6,192,098	187,489
Salaries and Wages					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	5,018,878	5,874,989	317,109	6,192,098	187,489
Total	5,018,878	5,874,989	317,109	6,192,098	187,489
Accrued Leave					
Salaries - Permanent	0	120,783	(120,783)	0	0
Total	0	120,783	(120,783)	0	0
Accrued Leave					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	120,783	(120,783)	0	0
Total	0	120,783	(120,783)	0	0
Operating Expenses					
Travel	400,260	504,920	25,330	530,250	22,000
Supplies - IT Software	1,780	38,800	0	38,800	500
Supply/Material-Professional	7,085	17,800	(4,940)	12,860	300
Bldg, Ground, Maintenance	1,375	1,800	0	1,800	0
Miscellaneous Supplies	5,417	2,700	800	3,500	0
Office Supplies	24,716	20,000	1,500	21,500	600
Postage	8,465	9,500	0	9,500	0
Printing	3,066	10,500	0	10,500	100
IT Equip Under \$5,000	17,212	16,300	68,022	84,322	300
Other Equip Under \$5,000	670	14,125	0	14,125	200
Office Equip & Furn Supplies	33,792	0	475	475	0
Insurance	5,994	11,700	1,550	13,250	0
Rentals/Leases-Equip & Other	9,255	12,600	(12,600)	0	0
Rentals/Leases - Bldg/Land	195,024	204,000	23,140	227,140	0
Repairs	0	800	0	800	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
IT - Data Processing	155,113	169,000	6,155	175,155	600
IT - Communications	37,381	43,100	3,575	46,675	0
Professional Development	132,761	189,800	13,200	203,000	6,000
Operating Fees and Services	72,488	89,000	(10,000)	79,000	0
Fees - Professional Services	39,106	72,000	0	72,000	0
Total	1,150,960	1,428,445	116,207	1,544,652	30,600
Operating Expenses					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	1,150,960	1,428,445	116,207	1,544,652	30,600
Total	1,150,960	1,428,445	116,207	1,544,652	30,600
Contingency					
Operating Fees and Services	0	156,000	(79,000)	77,000	0
Total	0	156,000	(79,000)	77,000	0
Contingency					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	0	156,000	(79,000)	77,000	0
Total	0	156,000	(79,000)	77,000	0
Funding Sources					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	6,169,838	7,580,217	233,533	7,813,750	218,089
Total Funding Sources	6,169,838	7,580,217	233,533	7,813,750	218,089

CHANGE PACKAGE SUMMARY
 413 Department of Financial Institutions
 Biennium: 2015-2017

Bill#: HB1008

Date: 12/23/2014

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
Ongoing Budget Changes						
A-A 1 Expenditures Changes		0.00	0	0	37,207	37,207
Base Payroll Change		0.00	0	0	196,326	196,326
Total Ongoing Budget Changes		0.00	0	0	233,533	233,533
Total Base Budget Changes		0.00	0	0	233,533	233,533
<u>Optional Budget Changes</u>						
Ongoing Optional Changes						
A-C 2 New FTE	1	1.00	0	0	218,089	218,089
Total Ongoing Optional Changes		1.00	0	0	218,089	218,089
Total Optional Budget Changes		1.00	0	0	218,089	218,089

BUDGET CHANGES NARRATIVE

413 Department of Financial Institutions

Bill#: HB1008

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Expenditures Changes

Changes to 2015 - 2017 expenditure line items.

Change Group: A	Change Type: C	Change No: 2	Priority: 1
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New FTE

To add a FTE for the credit union examiner.

Change Group: R	Change Type: A	Change No: 1	Priority:
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New Credit Union Examiner

Provides funding for a new Credit Union Examiner. Even though the number of credit unions has not changed the assets that are regulated has increased by 124%.

Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive Compensation Package Adjustment

Provides funding for recommended 2015-17 compensation adjustments.