

## Office of Financial Institutions

- During the 2016 sessions, what did the department testify would be the effects of the FY 17 budget on services, staffing, and contracts?

OFI's budget for FY 17 did not include any major reductions; therefore, no impact to services, staffing, or contracts.

- Compared to FY 16, what reductions, including services, staffing, and contracts, have been made in the department in FY 17?

OFI's budget for FY 17 did not include any major reductions; therefore, no impact to services, staffing, or contracts.

- What reductions would the department make if there are mid-year reductions to the FY 17 budget?

OFI has identified approximately \$500,000 for a mid-year reduction to the FY 17 budget. OFI continues to have hiring and retention issues; therefore, approximately \$385,000 will be derived from Salaries and Related Benefits due to attrition and approximately \$115,000 will be derived from Interagency Transfers due to unconsolidation of Human Capital Management.

The significant reason these salary and related benefits funds are available for mid-year cut is attributed to a 40% attrition rate for new hires within the last 5 years, 8 months. OFI is working with the Department of Civil Service to address the turnover; therefore, once the turnover is reduced, these funds will not be available for reductions in subsequent fiscal years.

- Provide a brief overview of the FY 18 budget request compared to FY 17 by budget unit. What increases are requested in FY 18 and why are the increases necessary, including any new or expanded programs or services to additional populations? Are there any reductions in the FY 18 budget requests, including those as a result of annualizing reductions made in FY 17?

OFI has requested a 1.06% increase from FY 17 Existing Operating Budget to FY 18 Requested Budget, which is an increase of \$141,788.

Included in the overall increase of \$141,788 are the following:

Non-Recurring Adjustment for Unconsolidation of Human Capital Management = (\$154,809)

2.2% Inflation = \$32,494

Annualized Costs of FY 16/17 Training Series = \$39,119

FY 17/18 Training Series = \$38,729

FY 17/18 Performance Adjustments for Classified & Unclassified T.O. =  
\$186,255

- Has the department added any positions, including classified, unclassified, and other charges positions, in FY 17? If so, how many and what positions? Did the department request additional positions in the FY 18 budget request? If so, how many and what positions.

Yes, OFI added one (1) classified position in FY 17 due to unconsolidation of Human Capital Management. This position was transferred from the Division of Administration, Office of Human Resources to OFI. OFI was paying for this position and other related human resource support functions through Interagency Transfer.

No additional positions were requested in the FY 18 budget request.

- Provide a summary of changes in salaries from FY 16 to FY 17, including performance adjustments, promotions, or any other changes in salaries. Provide a summary of requested changes in salaries from FY 17 to FY 18, including performance adjustments, promotions, or any other changes in salaries.

FY 16 to 17 Summary of Changes in Salaries:

Performance Adjustments = \$0.00

Promotions = \$28,425

FY 15/16 Annualization of Training Series = \$24,969

FY 16/17 Training Series = \$10,900

FY 17 to 18 Summary of Changes in Salaries:

Performance Adjustments = \$132,085

Promotions = \$0.00

FY 16/17 Annualization of Training Series = \$28,502

FY 17/18 Training Series = \$28,218

NOTE: These numbers represent salary changes only and do not include the applicable related benefits.

- What budget adjustments have been made since the initial appropriation to your department? How much in each means of finance has been appropriated to each agency since the initial appropriation?

Since the initial appropriation, OFI has had one (1) mid-year adjustment approved. This budget adjustment was a net zero impact to overall expenditure appropriation. It transferred one (1) classified T.O. from DOA – Human Resources to OFI. The applicable funding associated with this T.O. was moved from Interagency Transfer category to Salaries and Related Benefits categories for the unconsolidation of Human Capital Management. The means of financing

associated with this budget adjustment was Fees & Self-Generated. This budget adjustment was a net zero impact to the overall appropriation. It was a transfer of budget authority between expenditures categories.

- Do your spending and staffing levels match the priorities of your department?

No. OFI has experienced a turnover rate of 40% in its field examination staff for the period from February 1, 2011 to November 28, 2016 (5 years, 8 months). During this time period, OFI has hired 50 entry level examiners of which 20 have separated from service.

The high turnover rate for OFI's field examination staff is placing an increased burden on OFI because senior staff are constantly training new examiners, thus increasing the amount of time it takes to complete an examination. Due to the highly specialized training required to become a proficient financial institutions examiner, it takes approximately 5 years to fully train an examiner. It is extremely important for OFI to retain staff so that OFI has a well-trained examination staff to fulfill its regulatory mandates. Industry supports OFI having a well-trained examination staff so that examinations can be performed in an efficient and effective manner. As a result, OFI is currently gathering nationwide salary information to assist Civil Service in conducting a salary study in an effort to increase salaries for examination staff to decrease turnover.

If the salary study results in a recommendation to increase salaries, OFI will request additional budget authority to fund salary increases.

- Provide the top 5 performance measures that give the outcomes in your department. How do you rank nationally based on these priority measures?

1. Percentage of examinations conducted within policy guidelines.
2. Percentage of independent examination reports processed within 30 days.
3. Percentage of complaints for which a decision was rendered within 60 days.
4. Percentage of registrations and licenses approved or denied within 60 days of the date they were deemed complete.
5. Percentage of requests for authorization of securities offerings approved or denied within statutory guidelines.

OFI was reaccredited in November 2015 for its Banking, Credit Union, and Residential Mortgage Lending Programs. Reaccreditation scores were as follows: Banking 93.3%, Credit Union 91%, and Residential Mortgage Lending 91%.

- Provide a list of all sources of revenue that are not appropriated. These funds could include restricted or off budget accounts. Also, please provide the amount anticipated to be used in FY 17, the amount in FY 18, and any balance or reserve amount for each source or revenue.

OFI is 100% funded with fees & self-generated revenue. Approximately 50% of total revenue collections revert to the General Fund at the end of each fiscal year; therefore, there are no additional balances or reserves available.