

**Department 413 - Department of Financial Institutions
House Bill No. 1008**

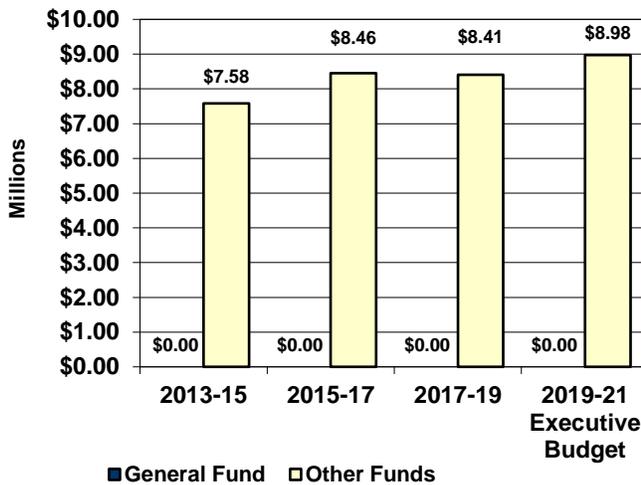
Executive Budget Comparison to Prior Biennium Appropriations

	FTE Positions	General Fund	Other Funds	Total
2019-21 Executive Budget	31.00	\$0	\$8,978,343	\$8,978,343
2017-19 Legislative Appropriations	30.00	0	8,409,912	8,409,912
Increase (Decrease)	1.00	\$0	\$568,431	\$568,431

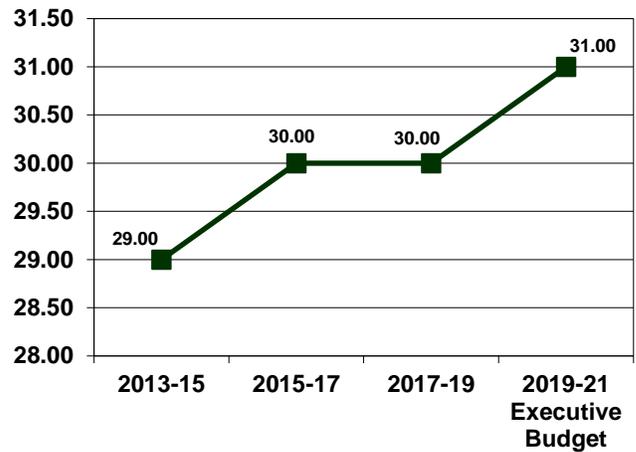
Ongoing and One-Time Other Funds Appropriations

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2019-21 Executive Budget	\$8,527,038	\$451,305	\$8,978,343
2017-19 Legislative Appropriations	8,409,912	0	8,409,912
Increase (Decrease)	\$117,126	\$451,305	\$568,431

Agency Funding



FTE Positions



Executive Budget Comparison to Base Level

	General Fund	Other Funds	Total
2019-21 Executive Budget	\$0	\$8,978,343	\$8,978,343
2019-21 Base Level	0	8,409,912	8,409,912
Increase (Decrease)	\$0	\$568,431	\$568,431

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

**Executive Budget Highlights
(With First House Changes in Bold)**

	General Fund	Other Funds	Total
1. Adds funding for state employee salary and benefit increases, of which \$287,206 is for salary increases, \$117,155 is for health insurance increases, and \$37,072 is for retirement contribution increases. The House added funding for salary adjustments of 2 percent per year and increases in health insurance premiums from \$1,241 to \$1,427 per month. The House did not add funding for retirement contribution increases.	\$0	\$441,433	\$441,433
2. Adds 1 FTE cybersecurity/money transmitter examiner (\$194,559) and related operating expenses (\$60,000)	\$0	\$254,559	\$254,559
3. Increases funding for credit union examiner. The House did not include an increase in funding for a credit union examiner.	\$0	\$39,136	\$39,136
4. Reduces operating expenses	\$0	(\$294,160)	(\$294,160)

5. Adds one-time funding for website redesign. The House provided \$351,305 for website redesign.	\$0	\$451,305	\$451,305
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Other Sections in House Bill No. 1008

There are no other sections in House Bill No. 1008.

Continuing Appropriations

No continuing appropriations for this agency.

Deficiency Appropriation

There are no deficiency appropriations for this agency.

Significant Audit Findings

There are no significant audit findings for this agency.

Major Related Legislation

Senate Bill No. 2093 - Amends various sections of Title 6 and Title 13, to change the requirement of capital and liquid assets, to provide an increase to the annual licensing fee for financial institutions from \$450 to one-quarter of 1 percent of transactions, not to exceed \$2,500, and provides for a minimum fee of \$500.

Department of Financial Institutions - Budget No. 413
House Bill No. 1008
Base Level Funding Changes

	Executive Budget Recommendation				House Version			
	FTE Position	General Fund	Other Funds	Total	FTE Position	General Fund	Other Funds	Total
2019-21 Biennium Base Level	30.00	\$0	\$8,409,912	\$8,409,912	30.00	\$0	\$8,409,912	\$8,409,912
2019-21 Ongoing Funding Changes								
Base payroll changes			(\$323,842)	(\$323,842)			(\$323,842)	(\$323,842)
Salary increase			287,206	287,206			173,761	173,761
Health insurance increase			117,155	117,155			138,324	138,324
Retirement contribution increase			37,072	37,072			0	0
Adds 1 FTE cybersecurity/money transmitter examiner	1.00		254,559	254,559	1.00		254,559	254,559
Increases funding for credit union examiner			39,136	39,136			0	0
Reduces operating expenses			(294,160)	(294,160)			(294,160)	(294,160)
Total ongoing funding changes	1.00	\$0	\$117,126	\$117,126	1.00	\$0	(\$51,358)	(\$51,358)
One-time funding items								
Adds funding for website redesign			\$451,305	\$451,305			\$351,305	\$351,305
Total one-time funding changes	0.00	\$0	\$451,305	\$451,305	0.00	\$0	\$351,305	\$351,305
Total Changes to Base Level Funding	1.00	\$0	\$568,431	\$568,431	1.00	\$0	\$299,947	\$299,947
2019-21 Total Funding	31.00	\$0	\$8,978,343	\$8,978,343	31.00	\$0	\$8,709,859	\$8,709,859

Other Sections for Department of Financial Institutions - Budget No. 413

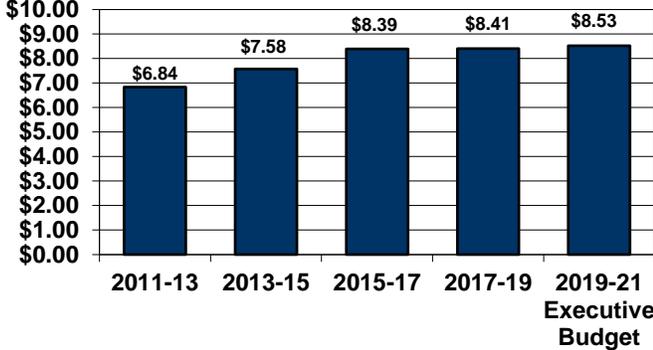
	Executive Budget Recommendation	House Version
Line item transfers	Section 3 would authorize the Department of Financial Institutions to transfer up to 10 percent of the total appropriation between line items during the 2019-21 biennium.	No other sections included in the House version.
Appropriation - Additional federal funds or other funds	Section 4 would appropriate any additional income from federal or other funds that may become available to the Department of Financial Institutions during the 2019-21 biennium.	
Exemption - Website redesign project	Section 5 would provide that the total appropriation for the agency's 2017-19 biennium operating expenses line item is exempt from North Dakota Century Code Section 54-44.1-11 and is continued into the 2019-21 biennium, for the continued development of the website redesign and information technology project.	

Department 413 - Department of Financial Institutions

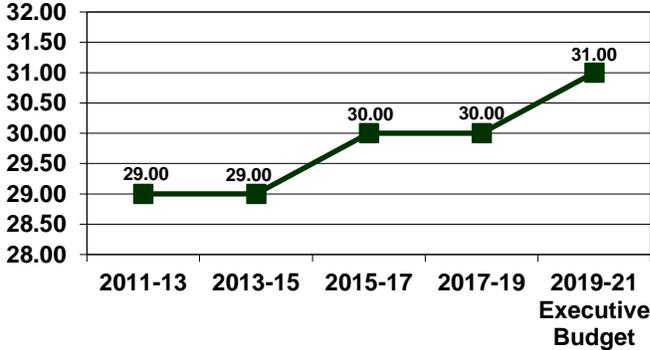
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2011-13

Agency Funding (in Millions)



FTE Positions



Ongoing Other Funds Appropriations					
	2011-13	2013-15	2015-17	2017-19	2019-21 Executive Budget
Ongoing other funds appropriations	\$6,836,318	\$7,580,217	\$8,389,442	\$8,409,912	\$8,527,038
Increase (decrease) from previous biennium	N/A	\$743,899	\$809,225	\$20,470	\$117,126
Percentage increase (decrease) from previous biennium	N/A	10.9%	10.7%	0.2%	1.4%
Cumulative percentage increase (decrease) from 2011-13 biennium	N/A	10.9%	22.7%	23.0%	24.7%

Major Increases (Decreases) in Other Funds Appropriations

2013-15 Biennium

- 1. Added contingency funding for costs related to switching to a national mortgage licensing system \$136,000

2015-17 Biennium

- 1. Added funding for 1 FTE credit union examiner position and related operating expenses \$218,089
- 2. Added funding for operating expenses \$116,207
- 3. Reduced contingency funding (\$79,000)

2017-19 Biennium

- 1. Reduced funding for salaries and wages in anticipation of savings from vacant positions and employee turnover (\$185,196)
- 2. Reduced contingency funding to provide \$20,000 (\$57,000)

2019-21 Biennium (Executive Budget Recommendation)

- 1. Adds 1 FTE cybersecurity/money transmitter examiner (\$194,559) and related operating expenses (\$60,000) \$254,559
- 2. Increases funding for credit union examiner. **The House did not increase funding for a credit union examiner.** \$39,136
- 3. Reduces operating expenses (\$294,160)

**GOVERNOR'S RECOMMENDATION FOR THE
DEPT. OF FINANCIAL INSTITUTIONS AS SUBMITTED
BY THE OFFICE OF MANAGEMENT AND BUDGET**

SECTION 1. APPROPRIATION. The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from other income, to the department of financial institutions for the purpose of defraying the expenses of the department of financial institutions, for the biennium beginning July 1, 2019, and ending June 30, 2021 as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Salaries and wages	\$6,813,840	\$351,286	\$7,165,126
Operating expenses	1,576,072	217,145	1,793,217
Contingency	<u>20,000</u>	<u>0</u>	<u>20,000</u>
Total special funds	\$8,409,912	\$568,431	\$8,978,343
Full-time equivalent positions	30.00	1.00	31.00

SECTION 2. ONE-TIME FUNDING. - The following amounts reflect the one-time funding items approved by the sixty-fifth legislative assembly for the 2017-19 biennium:

<u>One-Time Funding Description</u>	<u>2017-19</u>	<u>2019-21</u>
IT Project	\$ 0	<u>\$451,305</u>
Total other fund	\$ 0	\$451,305

The 2019-21 one-time funding amounts are not a part of the entity's base budget for the 2021-23 biennium. The department of financial institutions shall report to the appropriations committees of the sixty-seventh legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 3. LINE ITEM TRANSFERS. Notwithstanding section 54-16-04, the department of financial institutions may transfer between line items within section 1 of this Act up to ten percent of the total appropriation contained in section 1 during the biennium beginning July 1, 2019, and ending June 30, 2021. The department of financial institutions shall notify the office of management and budget and the legislative council of any transfer made pursuant to this section

SECTION 4. APPROPRIATION - In addition to the amounts appropriated to the department of financial institutions in section 1 of this Act, there is appropriated any additional income from federal or other funds which may become available to the agency for the biennium beginning July 1, 2019, and ending June 30, 2021.

SECTION 5. EXEMPTION. The amount appropriated for the operating expenses, is not subject to the provisions of section 54-44.1-11. Any unexpended funds from this appropriation line are available for continued development of the website redesign and informational technology project during the biennium beginning July 1, 2019, and ending June 30, 2021.