

# OFFICE OF THE STATE BANK COMMISSIONER

Expenditure	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	10,647,140	10,774,285	10,774,285	11,175,634	11,175,634
<b>TOTAL</b>	<b>\$ 10,647,140</b>	<b>\$ 10,774,285</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 11,175,634</b>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 10,647,140</b>	<b>\$ 10,774,285</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 11,175,634</b>

## Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	4.7	1.2	1.2	3.7	3.7
FTE Positions	95.0	94.0	94.0	94.0	94.0
Non-FTE Perm.Uncl.Pos.	11.0	12.0	12.0	12.0	12.0
<b>TOTAL</b>	<b>106.0</b>	<b>106.0</b>	<b>106.0</b>	<b>106.0</b>	<b>106.0</b>

## AGENCY OVERVIEW

The Office of the State Bank Commissioner (OSBC) ensures the integrity of regulated providers of financial services through responsible and proactive oversight, while protecting and educating consumers. The agency is responsible for the supervision of state-chartered banks, trust companies/departments, savings and loan associations, money transmitters, mortgage and consumer credit lenders, and credit service organizations. In doing so, the OSBC educates regulated entities to promote compliance with governing laws and regulations. The agency also preserves the dual banking system through chartering of new state banks, maintenance of existing state charters, and equitable regulation of state banks. Finally, the OSBC is responsible for protecting consumers from unfair or unscrupulous credit practices, and promoting public trust in the state financial system.

Authority for the OSBC was established in KSA §9-101 *et. seq.* The OSBC was established in 1981 by the Legislature to regulate and examine all financial institutions. The regulation of savings and loan associations, credit unions, and securities activities were later removed. Authority for the OSBC is found in KSA §75-1304 *et. seq.*, while the State Banking Board is authorized by KSA §74-3004 *et. seq.*

The agency is headed by a Commissioner, who is appointed by the Governor to serve a four-year term. A nine member banking board is appointed by the Governor. The board serves in an advisory capacity to the office and is comprised of six banker members (with a minimum of five years of state banking experience) and three public interest members. Four banker

members represent each of the state's four congressional districts. The other two banker members represent the state at large. The board has responsibility for the approval of new charters and branch applications from banks that are ineligible, as well as other activities.

The agency, under the supervision of the Commissioner, conducts examinations of the banks and trust companies approximately every 18 months. These examinations include an on-site evaluation of assets, capital adequacy, internal routines and controls, bank management and other risk areas. The OSBC also works closely with the Federal Reserve Bank and the Federal Insurance Corporation in the regulation and supervision of these entities.

The agency's Banking Division is self-supporting through statutory assessments based on the total assets of the institutions under the department's supervision. The agency's Consumer and Mortgage Division is also self-supporting through fees for licensing and renewal activities. The agency remits \$100,000 annually to the State General Fund. The remainder of the funds are for expenditures incurred by the agency in the regulation of the entities supervised, and to fund consumer education initiative.

## **MAJOR ISSUES FROM PRIOR YEARS**

The **1999 Legislature** passed SB 271, which merged the Office of the Consumer Credit Commissioner with and into the OSBC. The bill created a Division of Consumer and Mortgage Lending within the OSBC, and an unclassified position of Deputy of Consumer and Mortgage Lending. This Deputy serves as Administrator of the Kansas Uniform Consumer Credit Code.

The **2003 Legislature** approved for FY 2004 a 5.9 percent reduction in operating expenditures for all biennial budget agencies to match the 5.9 percent allotment reductions that most other agencies absorbed in FY 2003. The Legislature restored expenditures of \$179,388 (or one-half) of the Governor's recommended reduction of \$358,775 for the OSBC. The amount reduced from this agency's budget totaled \$179,387, which was transferred to the State General Fund.

The **2004 Legislature** authorized the transfer of \$700,000 from the Bank Commissioner Fee Fund to the State General Fund in FY 2005. The amount certified by the Director of the Budget on April 19, 2004 for this agency was \$1,251,028. The 2004 Legislature also added 1.0 FTE position and appropriated \$56,426 from the Bank Commissioner Fee Fund for an attorney position in the Consumer and Mortgage Lending program in FY 2005.

The **2010 Legislature** added \$381,553, all from special revenue funds, for additional salary and wages for the Examination and Consumer and Mortgage Lending departments in order to maintain operations for FY 2011. The 2009 Legislature reduced the expenditure authority for FY 2011 below the amount approved for FY 2010 by \$267,536.

The **2013 Legislature** added \$438,797, all from special revenue funds, in salaries and wages to maintain a salary increase to address the problem of retaining examination staff for FY 2014, and added \$136,999, all from special revenue funds, for FY 2015. The 2013 Legislature also deleted \$42,707, and \$93,378, from FY 2014 and FY 2015 respectively, all from special revenue funds, to reflect reduced funding for salaries and wages.

The **2014 Legislature** passed HB 2525 which added change of control provisions and change in officer and director requirements to the statute. An additional change increased the amount of allowed accounts receivable to be used for permissible investment purposes.

## BUDGET SUMMARY AND KEY POINTS

**FY 2016 – Current Year.** The **agency** requests a revised estimate of FY 2016 operating expenditures of \$10,774,285, all from special revenue funds, which is a decrease of \$8,704, or less than 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to reduced salaries and wages and capital outlay expenditures, offset slightly by increased contractual service expenditures. The agency requests 94.0 FTE positions and 12.0 non-FTE unclassified permanent positions, a decrease of 1.0 FTE position below, but an increase of 1.0 non-FTE unclassified permanent position from the amount approved by the 2015 Legislature.

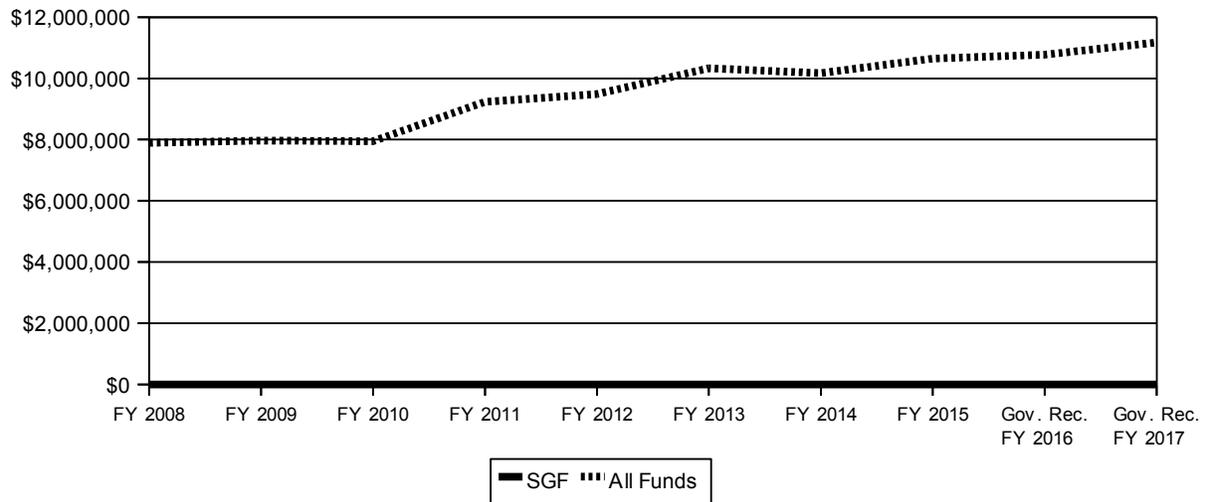
The **Governor** concurs with the agency's revised estimate in FY 2016. The Governor further recommends transferring \$1.5 million from the Bank Commissioner – Consumer Credit Fee Fund specifically from funds collected for the Consumer and Mortgage Lending Regulation to the State General Fund in FY 2016.

**FY 2017 – Budget Year.** The **agency** requests a revised estimate of FY 2017 operating expenditures of \$11,175,634, all from special revenue funds. The request is a decrease of \$42,551, or less than 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to reduced capital outlay expenditures, specifically computer hardware, and is offset partially by increased contractual service expenditures. The agency requests 94.0 FTE positions and 12.0 non-FTE unclassified permanent positions, a decrease of 1.0 FTE position below, but an increase of 1.0 non-FTE unclassified permanent position, from the amount approved by the 2015 Legislature.

The **Governor** concurs with the agency's revised estimate for FY 2017.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2008 – FY 2017



## OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 7,893,826	0.7 %	90.0
2009	0	--	7,968,514	0.9	97.0
2010	0	--	7,948,496	(0.3)	99.0
2011	0	--	9,234,822	16.2	99.0
2012	0	--	9,489,429	2.8	107.0
2013	0	--	10,331,736	8.9	109.0
2014	0	--	10,169,917	(1.6)	103.0
2015	0	--	10,647,140	4.7	95.0
2016 Gov. Rec.	0	--	10,774,285	1.2	94.0
2017 Gov. Rec.	0	--	11,175,634	3.7	94.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 3,281,808	41.6 %	4.0

**Summary of Operating Budget FY 2015 - FY 2017**

Office of the State Bank Commissioner

	Actual 2015	Agency Estimate				Governor's Recommendation			
		Estimate FY 2016	Estimate FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
<b>By Program:</b>									
Administration	\$ 1,560,916	\$ 1,589,647	\$ 1,630,510	\$ 40,863	2.6 %	\$ 1,589,647	\$ 1,630,510	\$ 40,863	2.6 %
Bank Regulation	5,882,073	5,971,940	6,213,393	241,453	4.0	5,971,940	6,213,393	241,453	4.0
Consumer Mortgage Regulation	3,204,151	3,212,698	3,331,731	119,033	3.7	3,212,698	3,331,731	119,033	3.7
<b>TOTAL</b>	<b>\$ 10,647,140</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 401,349</b>	<b>3.7 %</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 401,349</b>	<b>3.7 %</b>
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 8,410,230	\$ 8,752,435	\$ 9,193,684	\$ 441,249	5.0 %	\$ 8,752,435	\$ 9,193,684	\$ 441,249	5.0 %
Contractual Services	1,587,149	1,610,100	1,613,950	3,850	0.2	1,610,100	1,613,950	3,850	0.2
Commodities	70,484	83,750	88,000	4,250	5.1	83,750	88,000	4,250	5.1
Capital Outlay	167,420	153,000	105,000	(48,000)	(31.4)	153,000	105,000	(48,000)	(31.4)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 10,235,283	\$ 10,599,285	\$ 11,000,634	\$ 401,349	3.8 %	\$ 10,599,285	\$ 11,000,634	\$ 401,349	3.8 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	411,857	175,000	175,000	0	0.0	175,000	175,000	0	0.0
<b>TOTAL</b>	<b>\$ 10,647,140</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 401,349</b>	<b>3.7 %</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 401,349</b>	<b>3.7 %</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Consumer Education Settlement Fund	409,000	175,000	175,000	0	0.0	175,000	175,000	0	0.0
Bank Commissioner Fee Fund	6,772,130	6,896,082	7,162,708	266,626	3.9	6,896,082	7,162,708	266,626	3.9
Bank Commissioner Fee Fund - Consumer Credit	3,466,010	3,703,203	3,837,926	134,723	3.6	3,703,203	3,837,926	134,723	3.6
<b>TOTAL</b>	<b>\$ 10,647,140</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 401,349</b>	<b>3.7 %</b>	<b>\$ 10,774,285</b>	<b>\$ 11,175,634</b>	<b>\$ 401,349</b>	<b>3.7 %</b>

# BUDGET OVERVIEW

## A. FY 2016 – Current Year

### Adjustments to Approved Budget

The 2015 Legislature approved an all funds budget of \$10,774,285 for the Office of the State Bank Commissioner in FY 2016. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2016	Agency Estimate FY 2016	Agency Change from Approved	Governor Rec. FY 2016	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	10,782,989	10,774,285	(8,704)	10,774,285	(8,704)
<b>TOTAL</b>	<b>\$ 10,782,989</b>	<b>\$ 10,774,285</b>	<b>\$ (8,704)</b>	<b>\$ 10,774,285</b>	<b>\$ (8,704)</b>
FTE Positions	95.0	94.0	(1.0)	94.0	(1.0)

The **agency** requests FY 2016 operating expenditures of \$10,774,285, all from special revenue funds, which is a decrease of \$8,704, or less than 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to reduced salaries and wages and capital outlay expenditures, offset slightly by increased contractual service expenditures. The request is detailed below by category of expenditure. The agency requests 94.0 FTE positions and 12.0 non-FTE unclassified permanent positions, a decrease of 1.0 FTE position below, but an increase of 1.0 non-FTE unclassified permanent position from the amount approved by the 2015 Legislature.

- Salaries and Wages.** The agency requests \$8,752,435, all from special revenue funds, for salaries and wages in FY 2016. The request is a decrease of \$16,904, or 0.2 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on unclassified regular wages and offset slightly by increased expenditures on unclassified temporary wages.
- Contractual Services.** The agency requests \$1,610,100, all from special revenue funds, for contractual services. The request is an increase of \$26,300, or 1.7 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased rent, software licensing fees, and professional fees related to processing background checks for employees and applicants.
- Commodities.** The agency requests \$83,750, all from special revenue funds, for commodities in FY 2016. The request is a decrease of \$1,100, or 1.3 percent, below the amount approved by the 2015 Legislature.

- **Capital Outlay.** The agency requests \$153,000, all from special revenue funds, for capital outlay in FY 2016. The request is a decrease of \$10,000, or 6.1 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on computer hardware.
- **Other Assistance.** The agency requests \$175,000, all from special revenue funds, for other assistance in FY 2016. The request is a decrease of \$7,000, or 3.8 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures associated with the 2011 Voluntary Retirement Incentive Program.

The **Governor** concurs with the agency's revised estimate in FY 2016. The Governor further recommends transferring \$1.5 million from the Bank Commissioner – Consumer Credit Fee Fund specifically from funds collected for the Consumer and Mortgage Lending Regulation to the State General Fund in FY 2016.

## B. FY 2017 – Budget Year

### Adjustments to Approved Budget

The 2015 Legislature approved an all funds budget of \$11,218,185 for the Office of the State Bank Commissioner in FY 2017. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2017	Agency Estimate FY 2017	Agency Change from Approved	Governor Rec. FY 2017	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	11,218,185	11,175,634	(42,551)	11,175,634	(42,551)
<b>TOTAL</b>	<b>\$ 11,218,185</b>	<b>\$ 11,175,634</b>	<b>\$ (42,551)</b>	<b>\$ 11,175,634</b>	<b>\$ (42,551)</b>
FTE Positions	95.0	94.0	(1.0)	94.0	(1.0)

The **agency** requests a revised estimate of FY 2017 operating expenditures of \$11,175,634, all from special revenue funds. The request is a decrease of \$42,551, or less than 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to reduced capital outlay expenditures, specifically computer hardware, and is offset partially by increased contractual service expenditures. The request is detailed below by category of expenditure. The agency requests 94.0 FTE positions and 12.0 non-FTE unclassified permanent positions, a decrease of 1.0 FTE position below, but an increase of 1.0 non-FTE unclassified permanent position from the amount approved by the 2015 Legislature.

- **Salaries and Wages.** The agency requests \$9,193,684, all from special revenue funds, for salaries and wages for FY 2017. The request is a decrease of \$3,151, or less than 1.0 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on unclassified regular

wages and offset slightly by increase expenditures on unclassified temporary wages.

- **Contractual Services.** The agency requests \$1,613,950, all from special revenue funds, for contractual services for FY 2017. The request is an increase of \$7,100, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased rent, partially offset by reduced expenditures on travel.
- **Commodities.** The agency requests \$88,000, all from special revenue funds, for commodities for FY 2017. The request is an increase of \$500, or less than 1.0 percent, above the amount approved by the 2015 Legislature.
- **Capital Outlay.** The agency requests \$105,000, all from special revenue funds, for capital outlay for FY 2017. The request is a decrease of \$40,000, or 27.6 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on computer hardware.
- **Other Assistance.** The agency requests \$175,000, all from special revenue funds, for other assistance for FY 2017. The request is a decrease of \$7,000, or 3.8 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures associated with the 2011 Voluntary Retirement Incentive Program.

The **Governor** concurs with the agency's revised estimate for FY 2017.

## Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Consumer Education Settlement Fund	1.5	1.5
Bank Commissioner Fee Fund	64.0	64.0
Bank Commissioner Fee Fund - Consumer Credit	34.5	34.5
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

**Note:** Details may not add to totals due to rounding.

## Bank Commissioner Fee Fund Analysis

The Bank Commissioner Fee Fund is funded in part by assessments on state chartered banks and trust companies. Revenues of the Bank Commissioner Fee Fund are generated by fee income through the Banking Regulation and Consumer Mortgage Regulation programs. The agency receives no money from the State General Fund. Cash flow analysis provided is for Bank Commissioner Fee Fund writ-large.

Banking revenues are in the form of assessments paid by state chartered banks and trust companies to provide operating funds, pursuant to KSA §9-1703. Assessments for banks, trust companies, and trust departments are calculated prior to the beginning of each fiscal year. Bank assessments are based on bank assets as reported to the Federal Deposit Insurance Corporation (FDIC) as of the quarter ending March 31, while trust company assessments are based on the total amount of fiduciary assets under management as reported on the December 31 OSBC call report. For trust departments, fiduciary assets reported to the FDIC on the March 31 call report are utilized. The OSBC employs a four-tier rate schedule for determining assessment fees. The agency states that predicting application revenue each year is difficult because the level of revenues received is dependent solely on the submission of applications.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,163,213	\$ 1,131,059	\$ 1,131,059	\$ 1,347,371	\$ 1,347,371
Revenue	6,739,976	7,112,394	7,112,394	7,133,000	7,133,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 7,903,189	\$ 8,243,453	\$ 8,243,453	\$ 8,480,371	\$ 8,480,371
Less: Expenditures	6,772,130	6,896,082	6,896,082	7,162,708	7,162,708
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,131,059</u>	<u>\$ 1,347,371</u>	<u>\$ 1,347,371</u>	<u>\$ 1,317,663</u>	<u>\$ 1,317,663</u>
Ending Balance as Percent of Expenditures	16.7%	19.5%	19.5%	18.4%	18.4%
Month Highest Ending Balance	July <u>\$ 8,917,714</u>	July <u>\$ 8,289,571</u>	July <u>\$ 8,289,571</u>	July <u>\$ 7,569,409</u>	July <u>\$ 7,569,409</u>
Month Lowest Ending Balance	June <u>\$ 5,971,160</u>	June <u>\$ 5,284,269</u>	June <u>\$ 5,284,269 0</u>	June <u>\$ 4,216,635</u>	June <u>\$ 4,216,635 0</u>

## Bank Commissioner - Consumer Credit Fee Fund Analysis

The Bank Commissioner Fee Fund is funded in part by assessments on state chartered banks and trust companies. Revenues of the Bank Commissioner Fee Fund are generated by fee income through the Banking Regulation and Consumer Mortgage Regulation programs. The agency receives no money from the State General Fund. The Bank Commissioner - Consumer Credit Fee Fund is a subfund of the Bank Commissioner Fee Fund.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 5,376,762	\$ 4,840,101	\$ 4,840,101	\$ 3,936,898	\$ 2,436,898
Revenue	2,929,349	2,800,000	2,800,000	2,800,000	2,800,000
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 8,306,111	\$ 7,640,101	\$ 7,640,101	\$ 6,736,898	\$ 5,236,898
Less: Expenditures	3,466,010	3,703,203	3,703,203	3,837,926	3,837,926
Transfers Out	0	0	1,500,000	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 4,840,101</u>	<u>\$ 3,936,898</u>	<u>\$ 2,436,898</u>	<u>\$ 2,898,972</u>	<u>\$ 1,398,972</u>
Ending Balance as Percent of Expenditures	139.6%	106.3%	65.8%	75.5%	36.5%

## Consumer Education Settlement Fee Fund

The Consumer Education Settlement Fee Fund supports the operations of the Consumer Mortgage Regulation program of the OSBC. Revenue to the fund is generated through fines and settlements levied through enforcement actions brought against companies involved in illegal credit activities. Income to the Consumer Education Settlement Fund is volatile and difficult to forecast.

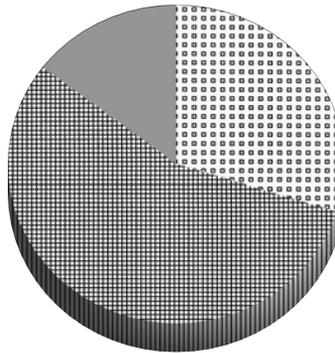
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec.. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 555,654	\$ 259,728	\$ 259,728	\$ 147,228	\$ 147,228
Revenue	113,074	62,500	62,500	40,000	40,000
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 668,728	\$ 322,228	\$ 322,228	\$ 187,228	\$ 187,228
Less: Expenditures	409,000	175,000	175,000	175,000	175,000
Transfers Out	0	0	0	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 259,728</u>	<u>\$ 147,228</u>	<u>\$ 147,228</u>	<u>\$ 12,228</u>	<u>\$ 12,228</u>
Ending Balance as Percent of Expenditures	63.5%	84.1%	84.1%	7.0%	7.0%

# PROGRAM DETAIL

## Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Administration
  Bank Regulation
  Consumer Mortgage Regulation

Program	Gov. Rec. All Funds FY 2017	Percent of Total	Gov. Rec. SGF FY 2017	Percent of Total
Administration	\$ 1,630,510	14.6 %	\$ 0	-- %
Bank Regulation	6,213,393	55.6	0	--
Consumer Mortgage Regulation	3,331,731	29.8	0	--
<b>TOTAL</b>	<b>\$ 11,175,634</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>-- %</b>

## FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

Program	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Administration	8.0	8.0	8.0	8.0	8.0
Bank Regulation	59.0	58.0	58.0	58.0	58.0
Consumer Mortgage Regulation	28.0	28.0	28.0	28.0	28.0
<b>TOTAL</b>	<b>95.0</b>	<b>94.0</b>	<b>94.0</b>	<b>94.0</b>	<b>94.0</b>

## A. Administration

The Administration program provides support for the supervisory and regulatory functions of the Office of State Bank Commissioner. This program encompasses many functions including administering and formulating OSBC policies; administering fiscal systems and processes, including formulation of the OSBC budget; providing legal services to staff in their execution of regulatory requirements; administering the human resource functions of recruitment, payroll, and benefits for employees of the OSBC; supporting information technologies utilized by the OSBC; and resolving banking complaints and inquiries from consumers.

<b>ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017</b>					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 1,041,337	\$ 1,100,472	\$ 1,100,472	\$ 1,146,235	\$ 1,146,235
Contractual Services	464,165	445,525	445,525	434,975	434,975
Commodities	23,519	23,650	23,650	26,300	26,300
Capital Outlay	29,038	20,000	20,000	23,000	23,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,558,059</u>	<u>\$ 1,589,647</u>	<u>\$ 1,589,647</u>	<u>\$ 1,630,510</u>	<u>\$ 1,630,510</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,857	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 1,560,916</u></b>	<b><u>\$ 1,589,647</u></b>	<b><u>\$ 1,589,647</u></b>	<b><u>\$ 1,630,510</u></b>	<b><u>\$ 1,630,510</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,560,916	1,589,647	1,589,647	1,630,510	1,630,510
<b>TOTAL</b>	<b><u>\$ 1,560,916</u></b>	<b><u>\$ 1,589,647</u></b>	<b><u>\$ 1,589,647</u></b>	<b><u>\$ 1,630,510</u></b>	<b><u>\$ 1,630,510</u></b>
FTE Positions	8.0	8.0	8.0	8.0	8.0
Non-FTE Uncl. Perm. Pos.	6.0	6.0	6.0	6.0	6.0
<b>TOTAL</b>	<b><u>14.0</u></b>	<b><u>14.0</u></b>	<b><u>14.0</u></b>	<b><u>14.0</u></b>	<b><u>14.0</u></b>

The **agency** requests FY 2017 operating expenditures of \$1,630,510, all from special revenue funds, for agency administration. The request is an increase of \$40,863, or 2.6 percent, above the amount approved by the 2015 Legislature. Major changes from the approved amounts include the following.

- **Contractual Services.** The agency requests \$434,975, all from special revenue funds, for contractual services for FY 2017. The request is an increase of \$40,600, or 10.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased rent, data administration expenses being accounted for within the Administration program, and professional fees related to processing background checks for employees and applicants.

- **Commodities.** The agency requests \$26,300, all from special revenue funds, for commodities for FY 2017. The request is an increase of \$9,500, or 56.5 percent, above the amount approved by the 2015 Legislature. The increase is attributable to office supply expenditures, specifically toner.
- **Capital Outlay.** The agency requests \$23,000, all from special revenue funds, for capital outlay for FY 2017. The request is a decrease of \$10,000, or 30.3 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced computer hardware expenses.
- **Other Assistance.** The agency requests \$0, all from special revenue funds, for other assistance for FY 2017. The request is a decrease of \$7,000, or 100.0 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures associated with the 2011 Voluntary Retirement Incentive Program.

The **Governor** concurs with the agency's revised estimate for the Administration program for FY 2017.

## **B. Bank Regulation**

The Bank Regulation program is responsible for oversight and supervision of all state chartered banks and trust departments, trust companies, and money transmitter companies. Total assets supervised in banks and trust entities are approximately \$83.75 billion.

<b>BANK REGULATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017</b>					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 4,944,375	\$ 5,049,365	\$ 5,049,365	\$ 5,302,218	\$ 5,302,218
Contractual Services	796,325	807,175	807,175	813,875	813,875
Commodities	37,543	42,200	42,200	43,300	43,300
Capital Outlay	103,830	73,200	73,200	54,000	54,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 5,882,073</u>	<u>\$ 5,971,940</u>	<u>\$ 5,971,940</u>	<u>\$ 6,213,393</u>	<u>\$ 6,213,393</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
<b>TOTAL</b>	<b><u>\$ 5,882,073</u></b>	<b><u>\$ 5,971,940</u></b>	<b><u>\$ 5,971,940</u></b>	<b><u>\$ 6,213,393</u></b>	<b><u>\$ 6,213,393</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,882,073	5,971,940	5,971,940	6,213,393	6,213,393
<b>TOTAL</b>	<b><u>\$ 5,882,073</u></b>	<b><u>\$ 5,971,940</u></b>	<b><u>\$ 5,971,940</u></b>	<b><u>\$ 6,213,393</u></b>	<b><u>\$ 6,213,393</u></b>
FTE Positions	59.0	58.0	58.0	58.0	58.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0
<b>TOTAL</b>	<b><u>60.0</u></b>	<b><u>59.0</u></b>	<b><u>59.0</u></b>	<b><u>59.0</u></b>	<b><u>59.0</u></b>

The **agency** requests FY 2017 operating expenditures of \$6,213,393, all from special revenue funds, for the Bank Regulation program. The request is a decrease of \$111,874, or 1.8 percent, below the amount approved by the 2015 Legislature. Major changes from the approved amounts include the following. The agency requests 58.0 FTE positions, a decrease of 1.0 FTE below the amount approved by the 2015 Legislature.

- **Salaries and Wages.** The agency requests \$5,302,218, all from special revenue funds, for salaries and wages for FY 2017. The request is a decrease of \$97,374 or 1.8 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on unclassified regular wages, attributable to newer, less tenured employees having lower salaries than the individuals they are replacing.
- **Commodities.** The agency requests \$43,300, all from special revenue funds, for commodities for FY 2017. The request is a decrease of \$5,000, or 10.4 percent, below the amount approved by the 2015 Legislature. The is attributable to reduced expenditures on gasoline.
- **Capital Outlay.** The agency requests \$54,000, all from special revenue funds, for capital outlay for FY 2017. The request is a decrease of \$15,000, or 21.7 percent, below the amount approved by the 2015 Legislature. The is attributable to reduced computer hardware expenditures.

The **Governor** concurs with the agency's revised estimate for the Bank Regulation program for FY 2017.

### ***C. Consumer Mortgage Regulation***

The Consumer Mortgage Regulation program is responsible for oversight and supervision of consumer credit lenders, mortgage lenders and brokers, debt management companies, sales finance companies, and other credit providers with approximately \$18.0 billion in loans to Kansas consumers. This program's duties include promoting reasonable regulation to foster a competitive credit marketplace; enforcing laws to discourage unscrupulous or illegal credit activities; licensing and regulating consumer and mortgage credit providers; conducting examinations to promote lawful credit practices and adherence to state and federal laws; investigating consumer complaints; and facilitating consumer education and awareness of credit issues.

**CONSUMER MORTGAGE REGULATION  
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
<b>Expenditures:</b>					
Salaries and Wages	\$ 2,424,518	\$ 2,602,598	\$ 2,602,598	\$ 2,745,231	\$ 2,745,231
Contractual Services	326,659	357,400	357,400	365,100	365,100
Commodities	9,422	17,900	17,900	18,400	18,400
Capital Outlay	34,552	59,800	59,800	28,000	28,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 2,795,151</u>	<u>\$ 3,037,698</u>	<u>\$ 3,037,698</u>	<u>\$ 3,156,731</u>	<u>\$ 3,156,731</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	409,000	175,000	175,000	175,000	175,000
<b>TOTAL</b>	<b><u>\$ 3,204,151</u></b>	<b><u>\$ 3,212,698</u></b>	<b><u>\$ 3,212,698</u></b>	<b><u>\$ 3,331,731</u></b>	<b><u>\$ 3,331,731</u></b>
<b>Financing:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,204,151	3,212,698	3,212,698	3,331,731	3,331,731
<b>TOTAL</b>	<b><u>\$ 3,204,151</u></b>	<b><u>\$ 3,212,698</u></b>	<b><u>\$ 3,212,698</u></b>	<b><u>\$ 3,331,731</u></b>	<b><u>\$ 3,331,731</u></b>
FTE Positions	28.0	28.0	28.0	28.0	28.0
Non-FTE Uncl. Perm. Pos.	4.0	5.0	5.0	5.0	5.0
<b>TOTAL</b>	<b><u>32.0</u></b>	<b><u>33.0</u></b>	<b><u>33.0</u></b>	<b><u>33.0</u></b>	<b><u>33.0</u></b>

The **agency** requests FY 2017 operating expenditures of \$3,331,731, all from special revenue funds, for the Consumer Mortgage Regulation program. The request is an increase of \$28,695, or less than 1.0 percent, above the amount approved by the 2015 Legislature. The agency requests 28.0 FTE positions and 5.0 non-FTE unclassified permanent positions, an increase of 1.0 non-FTE unclassified permanent positions above the amount approved by the 2015 Legislature.

- **Salaries and Wages.** The agency requests \$2,745,231, all from special revenue funds, for salaries and wages for FY 2017. The request is an increase of \$86,695, or 3.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to increased expenditures on unclassified regular and unclassified temporary wages as a result of the agency adding a non-FTE unclassified permanent position within the program and adding an employee to the group health insurance program.
- **Contractual Services.** The agency requests \$365,100, all from special revenue funds, for contractual services for FY 2017. The request is a decrease of \$39,000, or 9.7 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on travel and travel associated expenses as well reduced employee and student tuition reimbursement.
- **Commodities.** The agency requests \$18,400, all from special revenue funds, for commodities for FY 2017. The request is a decrease of \$4,000, or 17.9 percent,

above the amount approved by the 2015 Legislature. The decrease is attributable to reduced expenditures on gasoline, as a result of reduced travel.

- **Capital Outlay.** The agency requests \$28,000, all from special revenue funds, for capital outlay for FY 2017. The request is a decrease of \$15,000, or 34.9 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to reduced computer hardware expenses.

The **Governor** concurs with the agency's revised estimate for the Consumer Mortgage Regulation program for FY 2017.

<b>PERFORMANCE MEASURES</b>				
<b>Measure</b>	<b>Gov. Rec. for FY 2015</b>	<b>Actual FY 2015</b>	<b>Gov. Rec. FY 2016</b>	<b>Gov. Rec. FY 2017</b>
Number of state-chartered banks	226	223	217	212
Assets of state-chartered banks (in billions)	\$38.20	\$37.50	\$39.70	\$42.10
Problem banks as a percentage of total banks	6.00%	4.50%	3.20%	4.70%