

**OKLAHOMA DEPARTMENT OF CONSUMER CREDIT 635**

**Scott Leshner, Administrator**

**FY'17 Projected Division/Program Funding By Source**

	<b>Appropriations</b>	<b>Federal</b>	<b>Revolving*</b>	<b>Local</b>	<b>Other</b>	<b>Total</b>
General Operations			\$4,902,716			\$4,902,716
Consumer Counseling Ed			\$24,000			\$24,000
ISD			\$243,396			\$243,396
<b>Total</b>		<b>\$0</b>	<b>\$5,170,112</b>	<b>\$0</b>	<b>\$0</b>	<b>\$5,170,112</b>

\*Source of "Other" and % of "Other" total for each.

**FY'16 Carryover and Refund by Funding Source**

	<b>Appropriations</b>	<b>Federal</b>	<b>Revolving</b>	<b>Local</b>	<b>Other*</b>	<b>Total</b>
FY'16 Carryover		NA	NA	NA	NA	NA
FY'16 GR Refund**						\$0

\*Source of "Other" and % of "Other" total for each.

\*\*Indicate how the FY'16 General Revenue refund was budgeted  
N/A

**What Changes did the Agency Make between FY'16 and FY'17?**

**1.) Are there any services no longer provided because of budget cuts?**

NA

**2.) What services are provided at a higher cost to the user?**

License renewal fees were higher than the past two years. Because of SB 1616 removing \$4 million dollars from the Revolving Fund, the Department was unable to rebate licensing fees to our licensees in FY17.

**3.) What services are still provided but with a slower response rate?**

During the first half of FY17 the Department drastically reduced travel for in-state and out-of- state examinations because of funding concerns due to SB 1616 reallocation of \$4 million dollars.

**4.) Did the agency provide any pay raises that were not legislatively/statutorily required? If so, please provide a detailed description in a separate document.**

Attached

**FY'18 Expected Division/Program Funding By Source**

	<b>Appropriations</b>	<b>Federal</b>	<b>Revolving*</b>	<b>Other</b>	<b>Total</b>	<b>% Change</b>
General Operations			\$4,902,716		\$4,902,716	0.00%
Consumer Counseling Ed			\$24,000		\$24,000	0.00%
ISD			\$243,396		\$243,396	0.00%
<b>Total</b>		<b>\$0</b>	<b>\$5,170,112</b>	<b>\$0</b>	<b>\$5,170,112</b>	<b>0.00%</b>

\*Source of "Other" and % of "Other" total for each.

**FY'18 Top Five Budget Adjustments**

	<b>\$ Amount</b>
<b>Total</b>	

**How would the agency handle a 5% appropriation reduction in FY'18?**

**How would the agency handle a 7.5% appropriation reduction in FY'18?**

**How would the agency handle a 10% appropriation reduction in FY'18?**

**Is the agency seeking any fee increases for FY'18?**

The Department is not seeking any fee increases.	<b>\$ Amount</b>
	\$0
	\$0

**What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?**

Office Space increase to accommodate growth in staff  
 Department licensing platform database modernization  
 Department replacement of aging laptops

**Federal Government Impact**

- 1.) How much federal money received by the agency is tied to a mandate by the Federal Government?**  
The DOCC does not receive any federal funding.
- 2.) Are any of those funds inadequate to pay for the federal mandate?**  
The DOCC does not receive any federal funding.
- 3.) What would the consequences be of ending all of the federal funded programs for your agency?**  
The DOCC does not receive any federal funding.
- 4.) How will your agency be affected by federal budget cuts in the coming fiscal year?**  
The DOCC does not receive any federal funding.
- 5.) Has the agency requested any additional federal earmarks or increases?**  
The DOCC does not receive any federal funding.

**Division and Program Descriptions**

The Department of Consumer Credit is fully funded by the Consumer Credit Administrative Expenses Revolving Fund (250 Fund), without state or federal appropriations. The DOCC exists for the protection of Oklahoma citizens and is responsible for the administration of the Uniform Consumer Credit Code of consumer credit sales and loans. The DOCC is also responsible for the administration and regulation of Mortgage Brokers, Mortgage Lenders, Mortgage Loan Originators, Pawnbrokers, Deferred Deposit Lenders, Rental Purchase Lessors, Health Spa contracts, Precious Metal Dealers and Employees, Credit Service Organizations and Consumer Litigation Funders. Administration and regulation includes licensing, in-state and out-of-state licensee examinations, consumer inquiries, complaints, investigations and enforcement actions.

**FY'17 Budgeted FTE**

	Supervisors	Classified	Unclassified	\$0 - \$35 K	\$35 K - \$70 K	\$70 K - \$\$\$
General Operations	7	33	5	0	30	8
<b>Total</b>	<b>7</b>	<b>33</b>	<b>5</b>	<b>0</b>	<b>30</b>	<b>8</b>

FTE History					
	2017 Budgeted	2016	2013	2010	2006
General Operations	38	33	21	18	12
<b>Total</b>	<b>38</b>	<b>33</b>	<b>21</b>	<b>18</b>	<b>12</b>

Performance Measure Review					
	FY'16	FY'15	FY'14	FY'13	FY'12
Measure I					
Measure II					
Measure III					

Revolving Funds			
	FY'14-16 Avg. Revenues	FY'14-16 Avg. Expenditures	June '16 Balance
<b>Consumer Cr. Counseling Rev CF230</b> Statutory Authority? 59 O.S. 3118 Source of Funds: Each payday lender submits a \$0.05 payment to the fund for each payday loan transaction entered into with a consumer. What is the fund spent on? Credit counseling services for consumers with payday loans. Is there a cap on the fund? No	\$43,470	\$33,848	\$134,362
<b>Consumer Cr. Adm Exp Revol-CF250</b> Statutory Authority? 14A O.S. 6-301 Source of Funds: License fees and penalties from licensees of the Department. What is the fund spent on? Funding for the operations of the Department. Is there a cap on the fund? No	\$4,628,709	\$3,301,490	\$4,419,624.51* * SB 1616 remove \$2 Million on 7/1/2016 and \$2 Million on 12/1/2016 from Department's Revolving Fund (250)
<b>OK Mortg Broker Loan Orig-CF260</b> Statutory Authority? 59 O.S. 2095.20 Source of Funds: A \$10.00 fee paid by mortgage licensees What is the fund spent on? Provides funds to consumers who have civil judgments for monetary damages against mortgage licensees that have not been paid. Is there a cap on the fund? No	\$52,077	\$0	\$406,818

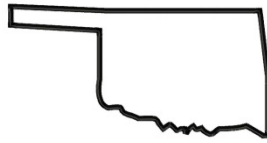
**What Changes did the Agency Make between FY'16 and FY'17?**

4.) Did the agency provide any pay raises that were not legislatively/statutorily required?  
If so, please provide a detailed description in a separate document.

<b>Name</b>	<b>Position</b>	<b>Type of Pay Increase</b>	<b>Amount</b>
Mark Swan	Examiner II	Career progression	9.30%
Chris Williams	Examiner II	Career progression	9.30%
Anthony Breshers	Examiner II	Career progression	9.30%
Skyler Fleetwood	Examiner II	Career progression	9.30%
Scott White	Examiner II	Career progression	9.30%
Jimmie Ray	Examiner II	Career progression	9.30%
April Ledgerwood	Examiner II	Career progression	9.30%
Roy John Martin	Attorney	Market	7.00%
Ruben Tornini	Deputy Administrator	Market	7.00%
Drew S'Renco	Chief Examiner	Market	7.00%

**Department of Consumer Credit- 635  
List of Fees**

Type of License	Amount
CLF New License	\$ 290.00
CLF Renewal License	\$ 580.00
CSO New License	\$ 900.00
CSO New Branch License	\$ 600.00
CSO Renewal License	\$ 600.00
DDL New License	\$ 1,550.00
DDL Renewal License	\$ 850.00
DDL Annual Report Late Fee	\$ 50.00
MB New License	\$ 1,660.00
MB Renewal License	\$ 710.00
MBB New License	\$ 660.00
MBB Renewal License	\$ 660.00
ML New License	\$ 1,660.00
ML Renewal License	\$ 710.00
MLB New License	\$ 660.00
MLB Renewal License	\$ 660.00
MLO New License	\$ 460.00
MLO Renewal License	\$ 260.00
Notification New License	\$ 120.00
Notification Renewal License	\$ 120.00
PM New License	\$ 1,125.00
PM Renewal License	\$ 700.00
PME New License	\$ 200.00
PME Renewal License	\$ 200.00
PB New License	\$ 965.00
PB New Branch	\$ 640.00
PB Renewal License	\$ 640.00
RTO New License	\$ 800.00
RTO Renewal License	\$ 600.00
RTO Contract Reviewal	\$ 100.00
SL New License	\$ 1,215.00
SL New Branch License	\$ 790.00
SL Renewal License	\$ 790.00
SL Annual Report Fee	\$ 50.00
SPA New License	\$ 500.00
SPA New Branch License	\$ 300.00
SPA Renewal License	\$ 300.00
SPA Contract Reviewal	\$ 100.00



# DEPARTMENT OF CONSUMER CREDIT 635

## BPR SUPPLEMENTAL HANDOUT

### SECTION 1

#### FY17 Projected Division/Program Funding By Source

**Consumer Credit Administrative Expenses Revolving Fund – 250 Fund:** The Oklahoma Department of Consumer Credit (Department) is a non-appropriated state agency, receiving its revolving funding from annual licensing fees and civil penalties assessed through its legal proceedings. In accordance with the provisions of 14A O.S. § 6-303, eighty percent (80%) of all fees and civil penalties collected by the Department is deposited into the General Operations account, and the remaining twenty percent (20%) of said monies are deposited into the State's General Revenue Fund.

Although this section states a carryover amount of \$4.6 million, this figure is not a true representation of the funds that were available to the Department for Fiscal Year 2017. With Senate Bill 1616, \$4 million was reallocated and transferred from the Department's revolving fund by the Legislature to the Special Cash Fund of the State Treasury. One half of this amount was taken from the Department's Revolving Fund on July 1, 2016, and the remaining half was transferred on December 1, 2016. In actuality, the true carryover for the Department, after having set aside the \$4 million was approximately \$600,000 to be used for operating expenses, payroll, and other departmental needs through the end of the calendar year. These figures represent an 86% reduction in the funds available to the Department.

**Oklahoma Deferred Deposit lending Regulatory Revolving Fund- 230 Fund:** Each payday lender submits a \$0.05 payment to the fund for each payday loan transaction entered into with a consumer. These funds are utilized by non-profit credit counseling and education organizations offering services to consumers with payday loans.

**Oklahoma Mortgage Broker and Mortgage Loan Originator Recovery Fund – 260 Fund:** Each mortgage licensee pays a \$10.00 fee to provide funding to consumers who have been awarded civil judgements for monetary damages against mortgage licensees, but have not been paid.

**Federal:** The Department does not receive Federal funding.

**Local:** The Department does not receive funding from state or local entities.

## **SECTION 2**

### **What Changes did the Agency Make between FY16 and FY17?**

#### **1. Are there any services no longer provided because of budget cuts?**

The Department made drastic changes, reductions, and temporary suspensions in an effort to continue providing critical services such as examinations, investigations, and consumer assistance. Due to the \$4 million reallocation of the Department's revolving fund to the State's general fund, the Department was facing such possibilities, but worked diligently to prevent any elimination of services. The services provided by this Department are necessary and vital to the protection of Oklahoma consumers in consumer credit transactions.

#### **2. What services are provided at a higher cost to the user?**

The Department and the industries that we regulate believe that they should pay for their own regulation. Since the Department operates solely on the licensing fees that industries pay, the Department believes that when we have dollars that are not needed to fund operations, these dollars should be returned to our licensees in the form of a rebate. Due to SB 1616 and the removal of \$4 million from the Department's revolving fund, the Department was unable to provide rebates to licensees on their license renewal fees which has been done the past two years.

#### **3. What services are still provided, but with a slower response rate?**

Core duties of the Department such as in-state examinations and investigations, both critical for consumer protection, were drastically reduced due to the 86% reduction in operating budget. Budgeted travel expenses were temporarily reduced to \$0 as of July 1, 2016, to ensure the continuity of the Department.

Out-of-State travel for the purpose of conducting examinations were suspended even though these expenses are fully reimbursed to the Department by the licensee. Out-of-state examination travel expenses are initially funded by the Department's revolving fund until reimbursement is received.

**4. Did the agency provide any pay raises that were not legislatively/statutorily required? If so, please provide a detailed description in a separate document.**

The Department has worked diligently within the limitations set forth by the Merit Rules to evaluate and increase compensation packages in order to stay competitive with other state and federal regulatory agencies. Specifically, this deters the Consumer Financial Protection Bureau (CFPB) from recruiting from our staff after we have expended resources to recruit, hire and train them. Just this week we hired a very promising examiner candidate only to lose him to a job offer from the CFPB. As part of the Department's mortgage accreditation through the Conference of State Bank Supervisors (CSBS), the Department is required to maintain competitive salaries and compensation package in an effort to procure and retain the talent necessary to effectively regulate the mortgage industry. By having a highly trained staff, the Department is able to keep federal regulators from imposing its regulatory authority into the state of Oklahoma.

### **SECTION 3**

#### **FY18 Top Five Budget Adjustments**

1. In an effort to maintain our accreditation with CSBS, the Department must increase its staff in order to address the demands of over 11,000 licenses and the examinations that are required. Currently, staff is at 38 FTE, with a projected increase of five (5) additional FTE.
2. With the hiring and training of new staff comes support that requires the necessary equipment and services for the new staff to effectively and adequately perform their duties, as well as for the existing staff to remain able to do so.
3. Additional examination demands will result in an increase in our FY18 budget, but the costs will balance out as out-of-state travel costs are reimbursed to the Department by the licensees.
4. To maintain and increase the Department's efficiency and accuracy, maintaining the Department's CSBS accreditation and individual examiner certifications are of the utmost importance. The required training will reflect budget adjustments as more and more of our staff becomes certified.



## SECTION 4

### Is the Agency seeking any fee increases for FY18

The Department is not seeking any fee increases for FY18.

## SECTION 5

### What are the agency's top 2-3 capital or technology (one-time) requests, if applicable?

1. Office Space: The Department's current address is an office facility originally occupied in 2011 and was intended to accommodate 18 individuals. As we are now a staff of 38, space is at a premium and staff's ability to perform their work efficiently is severely impaired. Office space is a **top** capital priority.
2. Currently, the Department relies upon an antiquated central SQL database for information storage and retrieval. The Department's SQL database has continually evolved to meet our needs for quite some time, however, it has been pushed to the limits of efficiency. The database is actually costing the Department thousands in consulting fees to maintain and adapt. This recurring expense is due to support from OMES not being available under the IT Sharing Agreement. In today's technical landscape, the Department is requiring a shift from our database to a web based program that is meant to handle a larger volume of historical, current, and future data as well as the ability to interface with other systems; therefore, a database conversion process is a **critical** capital priority.
3. The Department has experienced substantial growth in FTE since 2010. The Department is now experiencing a continuous challenge in maintaining IT equipment up to standards. The routine replacement and upgrade of laptops and such is an ongoing technology need and priority.

## SECTION 6

### Division and Program Descriptions

For operations budgeting purposes, the Department uses one division: General Operations.

**General Operations:** The Consumer Credit Administrative Expenses Revolving Fund supplies the Department with all the funding needed to address all fiduciary responsibilities of the Department. The fund pays for administering and regulating the Uniform Consumer Credit Code

of consumer credit sales and consumer loans in the State of Oklahoma. The Department is also responsible for the licensing and regulation of mortgage brokers, mortgage lenders, mortgage loan originators, pawn shops, deferred deposit lenders, rental purchase lessors, health spa contracts, credit service organizations, consumer litigation funders, and precious metal and gem dealers.

The administration and regulation includes in-state/out-of-state investigations, examinations, licensing, enforcement actions as well as consumer complaints and inquiries.