

**Section 1**

**Securities Board  
Summary of Recommendations - House**

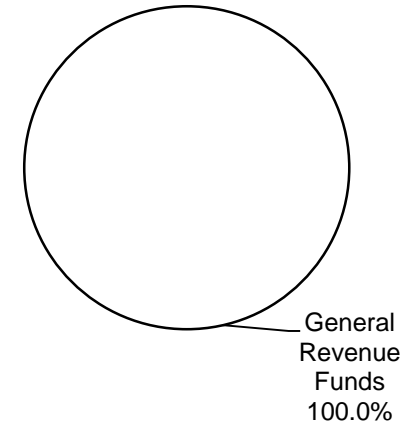
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John Morgan, Securities Commissioner

Clifford Sparks, LBB Analyst

<b>Method of Financing</b>	<b>2012-13 Base</b>	<b>2014-15 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>
General Revenue Funds	\$13,695,168	\$13,695,168	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$13,695,168</i>	<i>\$13,695,168</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$0	\$0	\$0	0.0%
<b>All Funds</b>	<b>\$13,695,168</b>	<b>\$13,695,168</b>	<b>\$0</b>	<b>0.0%</b>

RECOMMENDED FUNDING  
BY METHOD OF FINANCING



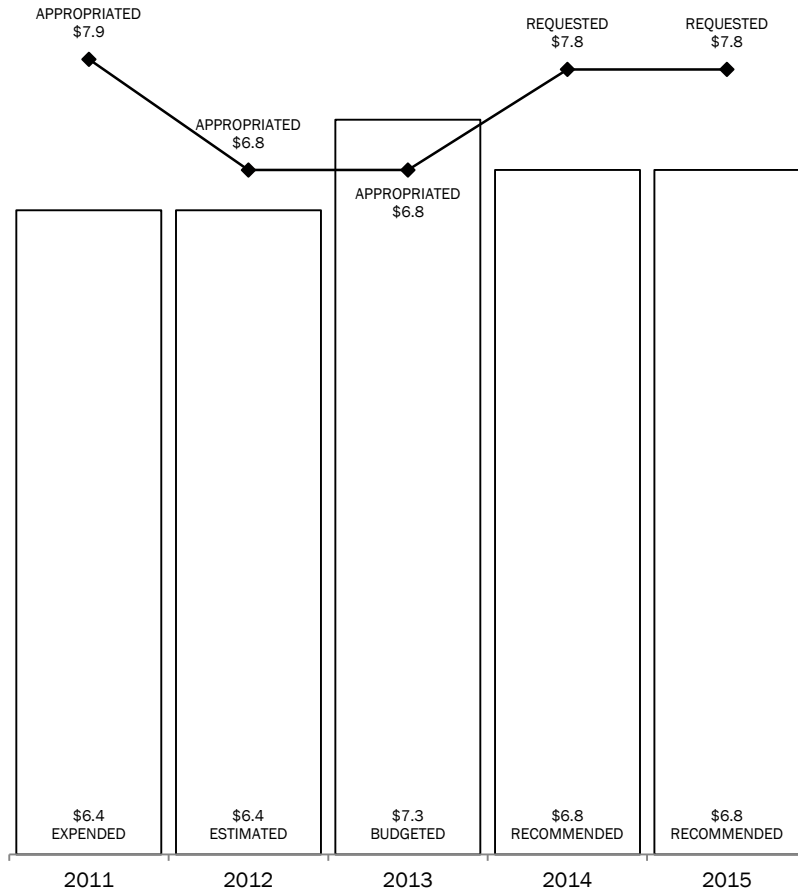
	<b>FY 2013 Budgeted</b>	<b>FY 2015 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>
<b>FTEs</b>	102.0	102.0	0.0	0.0%

The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.

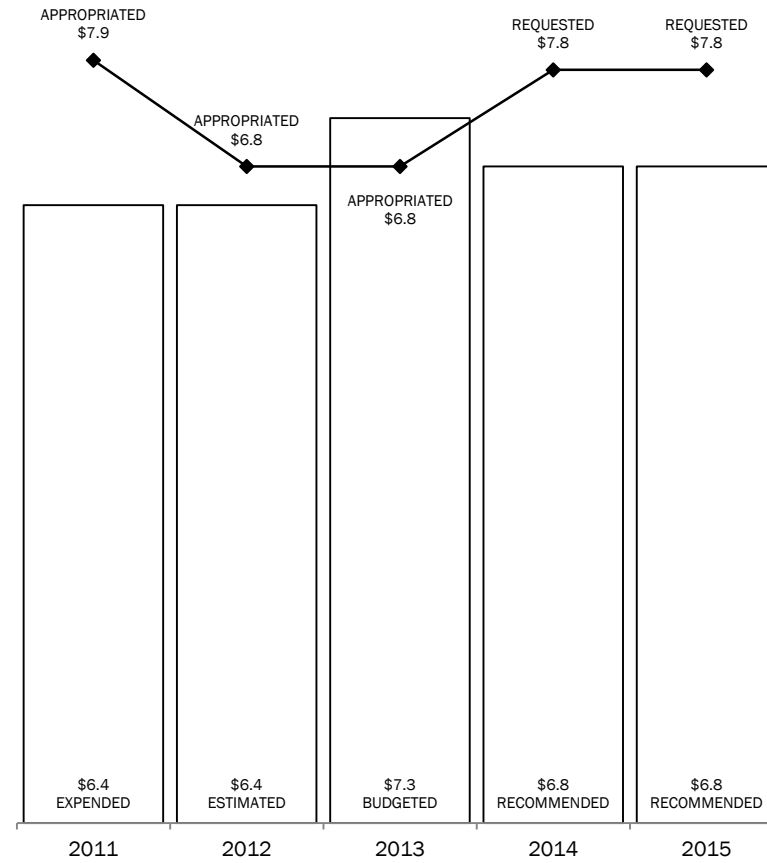
**Section 1**  
**Securities Board**  
 2014-2015 BIENNIUM  
 IN MILLIONS

TOTAL= \$13.7 MILLION

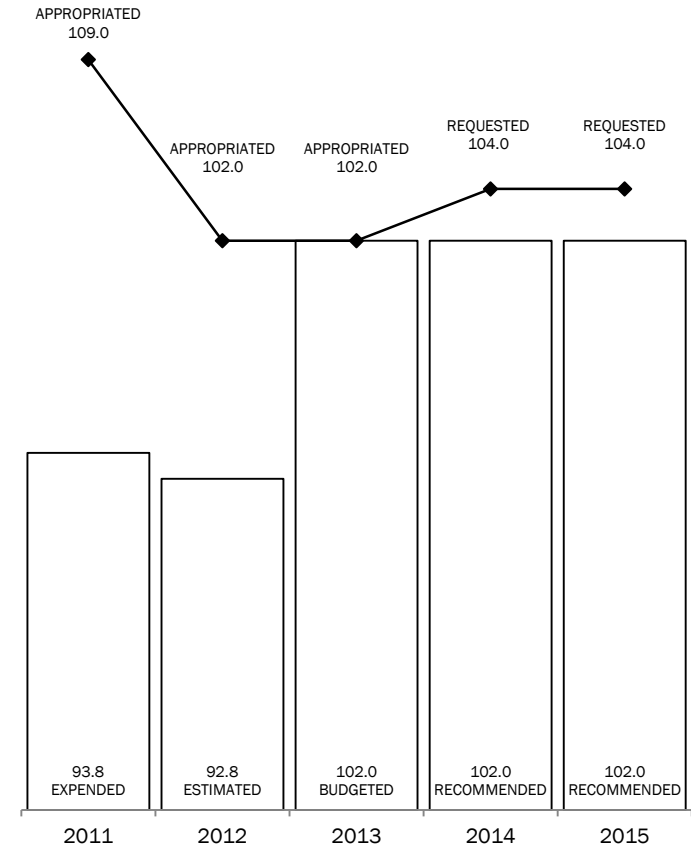
**ALL FUNDS**



**GENERAL REVENUE AND  
 GENERAL REVENUE-DEDICATED FUNDS**



**FULL-TIME-EQUIVALENT POSITIONS**



Section 2

**Securities Board**  
**Summary of Recommendations - House, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments (Optional)
LAW ENFORCEMENT A.1.1	\$5,476,833	\$5,339,154	(\$137,679)	(2.5%)	
SECURITIES REGISTRATION A.2.1	\$781,683	\$735,571	(\$46,112)	(5.9%)	
DEALER REGISTRATION A.3.1	\$864,583	\$819,446	(\$45,137)	(5.2%)	
INSPECT RECORDS A.4.1	\$3,587,031	\$3,746,913	\$159,882	4.5%	
<b>Total, Goal A, PROTECT INVESTORS</b>	<b>\$10,710,130</b>	<b>\$10,641,084</b>	<b>(\$69,046)</b>	<b>(0.6%)</b>	
CENTRAL ADMINISTRATION B.1.1	\$2,561,114	\$2,622,428	\$61,314	2.4%	
INFORMATION TECHNOLOGY B.1.2	\$423,924	\$431,656	\$7,732	1.8%	
<b>Total, Goal B, INDIRECT ADMINISTRATION</b>	<b>\$2,985,038</b>	<b>\$3,054,084</b>	<b>\$69,046</b>	<b>2.3%</b>	
<b>Grand Total, All Strategies</b>	<b>\$13,695,168</b>	<b>\$13,695,168</b>	<b>\$0</b>	<b>0.0%</b>	The agency reallocated contingency appropriations certified in late fiscal year 2012 to fund 5.0 Full-Time Equivalents (FTEs) to pay for one-time Information Technology expenditures in 2013. Recommendations for 2014-15 align with the agency's request and continue funding in both fiscal years to support full staffing at 2013 levels.

## Section 3

### **Securities Board Selected Fiscal and Policy Issues**

1. Enactment in 2012 of the federal Jumpstart Our Business Startups (JOBS) Act permits issuers of securities to make unregistered offerings of securities through general public solicitation. Historically private offerings have been restricted from any form of general solicitation or general advertising. Although the legislation was enacted to assist legitimate small businesses raise capital, the removal of federal restrictions that existed in prior law may allow promoters of fraudulent investment schemes to raise large amounts of funds from the public. The agency is requesting an exceptional item of 2.0 FTEs to address a decrease in reduction investor protection (see items not included in the recommendations #2). LBB recommendations do not include additional funding and FTEs for this item based on the unknown impact of the federal legislation at this time.

**Section 4**

**Securities Board  
Performance Review and Policy Report Highlights**

<b>Reports &amp; Recommendations</b>	<b>Report Page</b>	<b>Savings/ (Cost)</b>	<b>Gain/ (Loss)</b>	<b>Fund Type</b>	<b>Included in Introduced Bill</b>	<b>Action Required During Session</b>
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**NO RELATED RECOMMENDATIONS**

## Section 5

### Securities Board Rider Highlights

4. **(former) Out-of-State Travel Cap Exemption.** Recommendations delete this rider.
5. **(former) Contingent Revenue Rider.** Recommendations delete this rider. Additional revenues were generated and appropriations were increased during the 2012-13 biennium for the purposes of this rider. These amounts were included in the agency's 2012-13 base and in the 2014-15 recommendations.

**Section 6**

**Securities Board  
Items not Included in Recommendations - House**

	<u>2014-15 Biennial Total</u>	
	<u>GR &amp; GR- Dedicated</u>	<u>All Funds</u>
1. Increase General Revenue funding for the Implementation of a Professional Career Ladder (merit salary increases) for 20 Attorney positions and 39 Financial Examiner positions (\$766,290 each year).	\$ 1,532,580	\$ 1,532,580
2. Increase General Revenue funding and the Full-Time Equivalent (FTE) cap for 2.0 FTEs each year for an Investigator I and Attorney I position (see Selected Fiscal and Policy Issues #1):	\$ 278,014	\$ 278,014
a. Salaries and wages \$211,576 for the biennium		
\$98,026 for 1.0 Investigator I (\$49,013 each year)		
\$113,550 for 1.0 Attorney I (\$56,775 each year)		
b. Other Operating Expenses \$66,438 for the biennium		
\$22,000 for Investigative and Court Costs		
\$18,570 for Travel		
\$16,968 for Rent-Building		
\$3,260 for Consumable Supplies		
\$4,200 for Training		
\$1,440 for Other Personnel Costs		
<b>Total, Items Not Included in the Recommendations</b>	<b>\$ 1,810,594</b>	<b>\$ 1,810,594</b>