

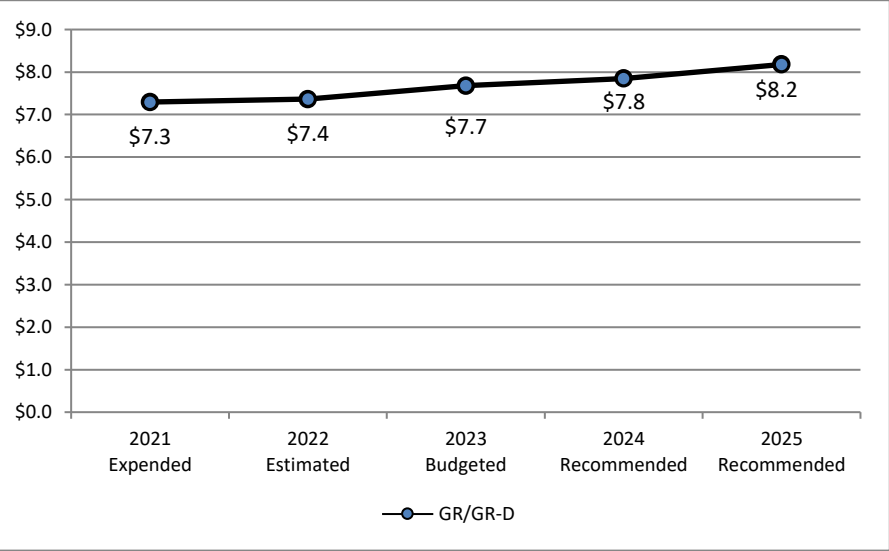
**Securities Board  
Summary of Budget Recommendations - House**

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Travis Iles, Security Commissioner  
Blake Fall, LBB Analyst

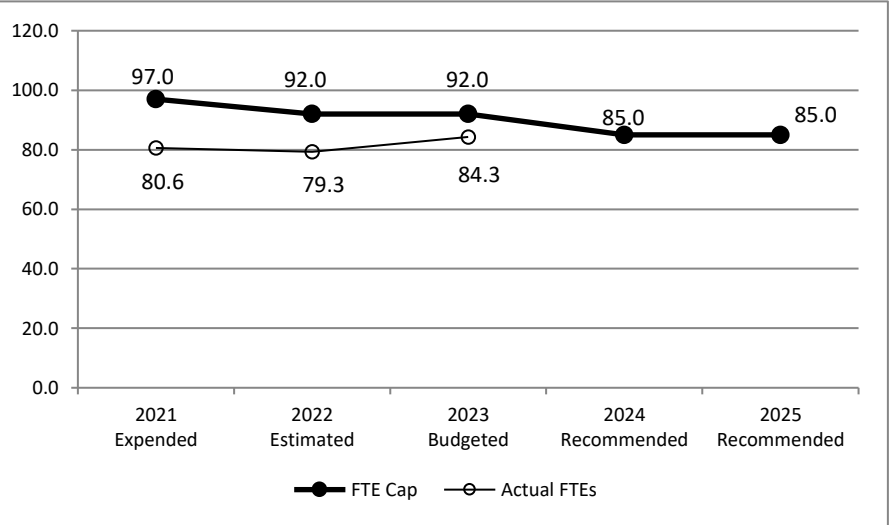
<b>Method of Financing</b>	<b>2022-23 Base</b>	<b>2024-25 Recommended</b>	<b>Biennial Change (\$)</b>	<b>Biennial Change (%)</b>
General Revenue Funds	\$15,042,015	\$16,023,995	\$981,980	6.5%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$15,042,015</i>	<i>\$16,023,995</i>	<i>\$981,980</i>	<i>6.5%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$54	\$0	(\$54)	(100.0%)
<b>All Funds</b>	<b>\$15,042,069</b>	<b>\$16,023,995</b>	<b>\$981,926</b>	<b>6.5%</b>

	<b>FY 2023 Budgeted</b>	<b>FY 2025 Recommended</b>	<b>Biennial Change</b>	<b>Percent Change</b>
FTEs	84.3	85.0	0.7	0.8%

**Historical Funding Levels (Millions)**



**Historical Full-Time-Equivalent Employees (FTEs)**



The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

**Securities Board**  
**Summary of Funding Changes and Recommendations - House**

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
<i><b>SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):</b></i>						
A) Increase for the general state employee salary increase with amounts not subject to revenue collection requirements.	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0	B.1.1, C.1.1
<b>TOTAL SIGNIFICANT &amp; OTHER Funding Changes and Recommendations (in millions)</b>	<b>\$1.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$1.0</b>	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Increases</i>	\$1.0	\$0.0	\$0.0	\$0.0	\$1.0	As Listed
<i>SIGNIFICANT &amp; OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

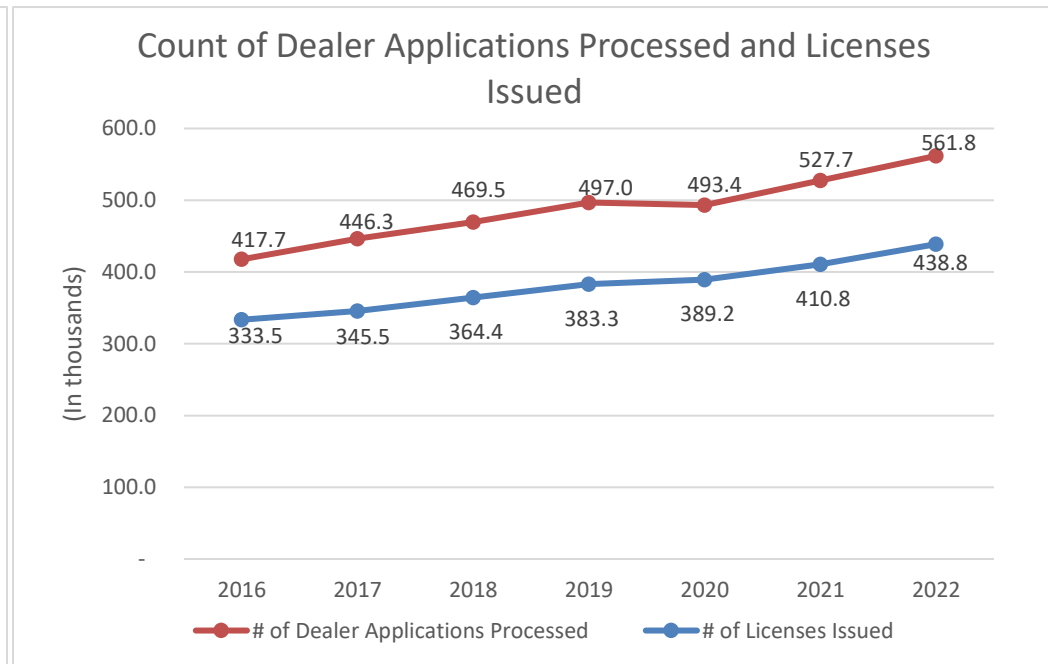
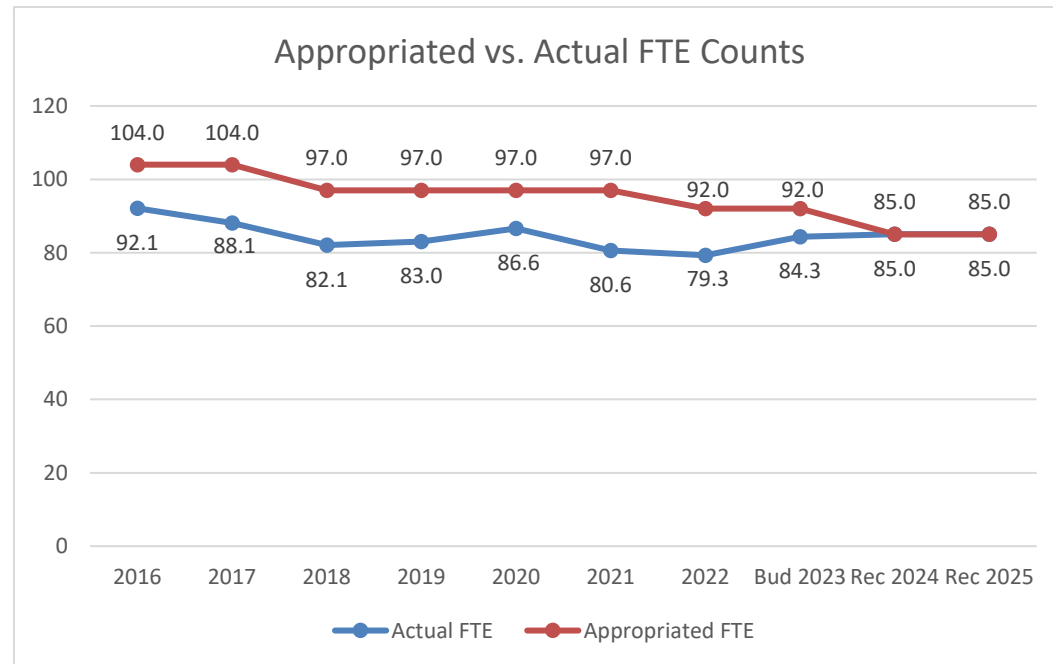
NOTE: Totals may not sum due to rounding.

### Securities Board Selected Fiscal and Policy Issues - House

**1. Staff Retention and Appropriated FTE Reduction.**

As a result of the continued strength of the financial market, the number of investigations opened, securities filings, and applications processed, general agency workload has increased. In response to the increase in agency demand, the caseload per staff member has increased to continue to process 100% of submitted applications. Additionally, cases have grown more complex as activity involving digital assets and cryptocurrency increases, increasing the amount of time to complete investigations and inspections. Over this same time period, the agency has consistently operated at FTE levels below their appropriated amount with actual FTE amounts decreasing. The agency attributes this issue to higher-than-average turnover rates and an inability to provide salaries that are competitive with the private financial industry. Recommendations include a reduction of the FTE cap from 92.0 to 85.0 to better reflect the agency’s actual FTE levels.

To address these problems, the agency has adopted a strategy of increasing staff salaries for positions with high turnover rates, primarily in the attorney and financial examiner positions, to improve staff retention. Funding for these salary increases is drawn from salary savings of vacant positions that either take the agency time to refill or which the agency purposefully leaves unfilled in order to use these salary savings to retain other employees. Over time, this has led to a situation where the Agency’s budget will not support full staffing at the agency’s appropriated FTE amount of 92.0s each fiscal year. In addition, high turnover among certain positions, such as Financial Examiners, results in a general lack of institutional knowledge among these staff, an increase in training of new employees, and more experienced staff having to take on cases mid-process from examiners that have left the agency. The agency anticipates these trends will continue into the 2024–25 biennium. In addition, the agency reports that 15 experienced staff will be eligible for retirement at the end of fiscal year 2024, 11 of which have 20+ years of service.



Not included in recommendations are two exceptional items the agency requests to address these workload issues. These include:

- A request of \$1.4 million in General Revenue to recover lapsed funds from the previous biennium that were appropriated to fund vacant FTEs positions, increase salaries for current staff, and to further fund vacant positions. The salary increase for existing roles would be across-the-board in varying amounts based on how critical the role is to the agency's mission. See also, Items Not Included in Recommendations #1.
- A request of \$609,000 in General Revenue to fund currently vacant FTE positions to meet enforcement workload demands, with a primary focus on filling the financial examiner role. See also, Items Not Included in Recommendations #2.

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

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

**Agency Exceptional Items Not Included (in agency priority order)**

1)	General Revenue funding for merit-based salary increases and to fund vacant FTE positions.	\$1,466,289	\$1,466,289	0.0	No	No	\$1,134,852
2)	General Revenue Funding for vacant FTE positions in response to increased workload demand.						
	a) 4.0 Financial Examiners or Attorneys (\$60,000)	\$487,200	\$487,200	4.0	No	No	\$487,200
	b) 1.0 Staff Services Officer (\$60,000)	\$121,800	\$121,800	1.0	No	No	\$121,800
3)	General Revenue Funding to implement the agency's Information Technology Modernization and Cybersecurity Plan.						
	a) Modernization of the agency's network infrastructure, cloud computing, and cybersecurity.	\$310,308	\$310,308	0.0	Yes	No	\$258,116
	b) additional FTEs for a cybersecurity analyst, network specialist, and system support specialist.	\$395,850	\$395,850	3.0	Yes	No	\$395,850
4)	General Revenue funding and authority to raise the Securities Commissioner exempt salary from \$177,836 (Group 5) to \$197,415 (Group 5)	\$39,158	\$39,158	0.0	No	No	\$39,158
5)	General Revenue funding for annual leave payouts as the agency will have a significant number of retirement-eligible staff during the 2024-25 biennium.	\$370,339	\$370,339	0.0	No	No	\$0
6)	General Revenue funding to purchase software that will enable to agency to conduct financial analysis on blockchain transactions.	\$140,000	\$140,000	0.0	Yes	Yes	\$140,000

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

		2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
		GR & GR-D	All Funds	FTEs			
<b>Agency Rider Edit Requests Not Included</b>							
7)	<b>Performance Measure Targets.</b> Agency requests to lower the FY2024 and FY2025 target for explanatory performance measure A.2.1, Revenues Deposited to the State Treasury from Securities Applications from \$172,118,962 to \$149,700,000.	\$0	\$0	0.0	No	No	\$0
<b>TOTAL Items Not Included in Recommendations</b>		<b>\$3,330,944</b>	<b>\$3,330,944</b>	<b>8.0</b>			<b>\$2,576,976</b>

**Securities Board  
Appendices - House**

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\* Appendix is not included - no significant information to report

**Securities Board  
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS**

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
LAW ENFORCEMENT A.1.1	\$5,976,959	\$5,976,959	\$0	0.0%	
SECURITIES REGISTRATION A.2.1	\$837,434	\$837,380	(\$54)	(0.0%)	
DEALER REGISTRATION A.3.1	\$828,672	\$828,672	\$0	0.0%	
INSPECT RECORDS A.4.1	\$3,878,620	\$3,878,620	\$0	0.0%	
<b>Total, Goal A, PROTECT INVESTORS</b>	<b>\$11,521,685</b>	<b>\$11,521,631</b>	<b>(\$54)</b>	<b>(0.0%)</b>	
CENTRAL ADMINISTRATION B.1.1	\$2,904,920	\$2,912,418	\$7,498	0.3%	
INFORMATION TECHNOLOGY B.1.2	\$615,464	\$619,464	\$4,000	0.6%	
<b>Total, Goal B, INDIRECT ADMINISTRATION</b>	<b>\$3,520,384</b>	<b>\$3,531,882</b>	<b>\$11,498</b>	<b>0.3%</b>	
SALARY ADJUSTMENTS C.1.1	\$0	\$970,482	\$970,482	100.0%	General Revenue funding for the general state employee salary increase.
<b>Total, Goal C, SALARY ADJUSTMENTS</b>	<b>\$0</b>	<b>\$970,482</b>	<b>\$970,482</b>	<b>100.0%</b>	
<b>Grand Total, All Strategies</b>	<b>\$15,042,069</b>	<b>\$16,023,995</b>	<b>\$981,926</b>	<b>6.5%</b>	



**Securities Board  
FTE Highlights - House**

<b>Full-Time-Equivalent Positions</b>	<b>Expended 2021</b>	<b>Estimated 2022</b>	<b>Budgeted 2023</b>	<b>Recommended 2024</b>	<b>Recommended 2025</b>
Cap	97.0	92.0	92.0	85.0	85.0
Actual/Budgeted	80.6	79.3	84.3	NA	NA

<b>Schedule of Exempt Positions</b>					
Securities Commissioner, Group 5	\$162,491	\$172,087	\$172,087	\$177,836	\$177,836

Notes:

a) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report 22-706, August 2022), indicates a market average salary of \$177,836 for the Securities Commissioner position at the State Securities Board. The agency is requesting authority to raise the exempt salary to the Group 5 cap of \$197,415 with additional funding.

b) The State Auditor's Office is the source for the FY 2021 and FY 2022 annual average (actual) FTE levels.