



State of Wisconsin  
Department of Financial Institutions  
**2019-2021 Biennial Report**  
October 2021

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**State of Wisconsin**  
*Department of Financial Institutions*

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Tony Evers, **Governor**

Kathy Blumenfeld, **Secretary**

October 15, 2021

Governor Tony Evers  
Office of the Governor  
115 East, State Capitol Building  
Madison, WI 53702

Members of the Wisconsin Legislature  
State Capitol Building  
Madison, WI 53702

Dear Governor Evers and Legislators,

On behalf of the Wisconsin Department of Financial Institutions (DFI), I am honored to present you DFI's biennial report for the biennium ending June 30, 2021.

DFI plays a key role in strengthening Wisconsin's financial future by protecting the safety and soundness of Wisconsin's financial institutions, safeguarding the investing public, facilitating commerce, and increasing financial capability throughout the state.

The importance of this role is underscored by the sheer number of financial institutions, licensed financial services, charitable organizations, business entities, and securities representatives the department regulates, licenses, or registers. That total includes:

- 149 state-chartered banks and saving institutions;
- 117 state-chartered credit unions;
- 21,938 licensed financial services providers;
- 22,014 charitable organizations;
- 515,670 business entities;
- 164,221 securities agents;
- 1,587 broker-dealers; and
- 345 investment advisers.

The department also administers the Wisconsin Consumer Act and maintains the state's business and organization filings. DFI is self-supporting through program revenue derived from fees and assessments paid by regulated entities and individuals. As part of DFI's efforts to maintain the state's business and organization filings, DFI implemented new contact center software in September 2020. The enhanced software improved the department's analytics and ability to

serve its customers. The department also continued its efforts to modernize its information technology systems and improve cybersecurity.

The department also works to advance financial literacy, capability, and inclusion throughout the state. During the biennium, the department helped revise the Wisconsin Standards for Personal Financial Literacy (PFL) and administered the Financial Literacy Innovation Grant program, which helped educators adopt and implement the new PFL standards in classrooms across Wisconsin. Due in part to this program and in collaboration with SecureFutures, Next Gen Personal Finance, and the Department of Public Instruction, Milwaukee Public Schools (MPS) adopted a one-semester personal finance course graduation requirement in April 2021. This makes MPS one of only 12 urban school districts in the country to put this requirement in place without a state policy. This historic decision guarantees all MPS students will receive financial education.

To promote financial inclusion, Gov. Tony Evers signed Executive Order #106 relating to the creation of the Governor's Council on Financial Literacy and Capability in February 2020. The executive order expanded the mission and membership of the existing Governor's Council on Financial Literacy, which the department guides and provides administrative support. The Council is now comprised of 35 members and has created four committees, including the Financial Inclusion Committee.

DFI also administers Wisconsin's College Savings Program and works to engage with Wisconsin's students and families on the importance of saving for college. As of June 30, 2021, the program had \$7.160 billion in assets under management, consisting of \$4.670 billion in the direct-sold Edvest plan and \$2.459 billion in the advisor-sold Tomorrow's Scholar plan. During the biennium, the total of all accounts grew to 365,380, an increase of 6.6% compared to 2019. This represents 204,873 Edvest accounts and 160,507 Tomorrow's Scholar accounts.

During the summer of 2020, I chaired the Governor's Task Force on Student Debt to address the growing student debt crisis in Wisconsin. While student loan debt is a large and complex issue, the task force aimed to address what could be done by the State of Wisconsin to assist borrowers with their student debt, provide clear and useful information, and suggest proactive measures to combat student debt. The task force presented its eight recommendations and final report to Gov. Evers in August 2020. In February 2021, Gov. Evers included many of the task force's recommendations in his 2021-2023 Executive Budget proposal, and a few were included in the final 2021-2023 Biennial Budget enacted in July 2021. For additional information, please read pages 16-18 of this report.

Finally, while the COVID-19 global health pandemic shaped much of the 2019-2021 biennium, DFI persevered and adjusted to the ever-changing circumstances the pandemic presented while working with customers to meet their needs. The department's staff transitioned from working primarily in the Hill Farms State Office Building to remote work with remarkable speed. Equipment was deployed by IT staff and several processes were adapted to enable continued customer service, despite the challenges the pandemic presented. The pandemic also caused a temporary shift in regulatory examinations to an entirely off-site, virtual format. A hybrid format combining on-site and off-site reviews is expected going forward. The department also

participated in the COVID-19 Enforcement Task Force, an international investor protection initiative to crack down on investment schemes related to the COVID-19 pandemic. The North American Securities Administrators Association, of which DFI is a member, coordinated the task force. As part of this effort, DFI reviewed more than 100 domain names related to the COVID-19 pandemic that targeted Wisconsin investors, opened three investigations, and issued one cease and desist order.

As we look ahead to the 2021-2023 biennium, DFI will continue its focus on modernizing our agency, building financial capability, and investing in our people. We will remain efficient, effective, and transparent in our efforts, and we look forward to implementing the Governor's budget recommendations to consolidate multiple older financial applications into one centralized cashing application capable of integrating with the state's accounting system and modernize the department's notary information technology systems.

To learn more about DFI, I encourage you to visit our website, [www.wdfi.org](http://www.wdfi.org), and follow us on [Facebook](#), [LinkedIn](#), and [Twitter](#).

Sincerely,



Kathy Blumenfeld  
Secretary  
Wisconsin Department of Financial Institutions  
Office of the Secretary  
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P.O. Box 8861  
Madison, WI 53708-8861

## **DFI Agency Description and Mission**

### **DFI Agency Description:**

The Department of Financial Institutions (DFI) is headed by a Secretary who is appointed by the Governor with the advice and consent of the Senate. The department operates with four regulatory and licensing divisions or offices and is supported by the Division of Administrative Services and Technology.

The department's functions include the regulation and examination of state-chartered depository institutions and other financial services providers, registration of securities offerings and regulation of securities professionals, issuance of notary public commissions, registration of trademarks, registration of charitable organizations, and support and maintenance of the state's central business registration and Uniform Commercial Code (UCC) filing systems. In addition, the Secretary is the administrator of the Wisconsin Consumer Act, governing consumer credit transactions under \$25,000.

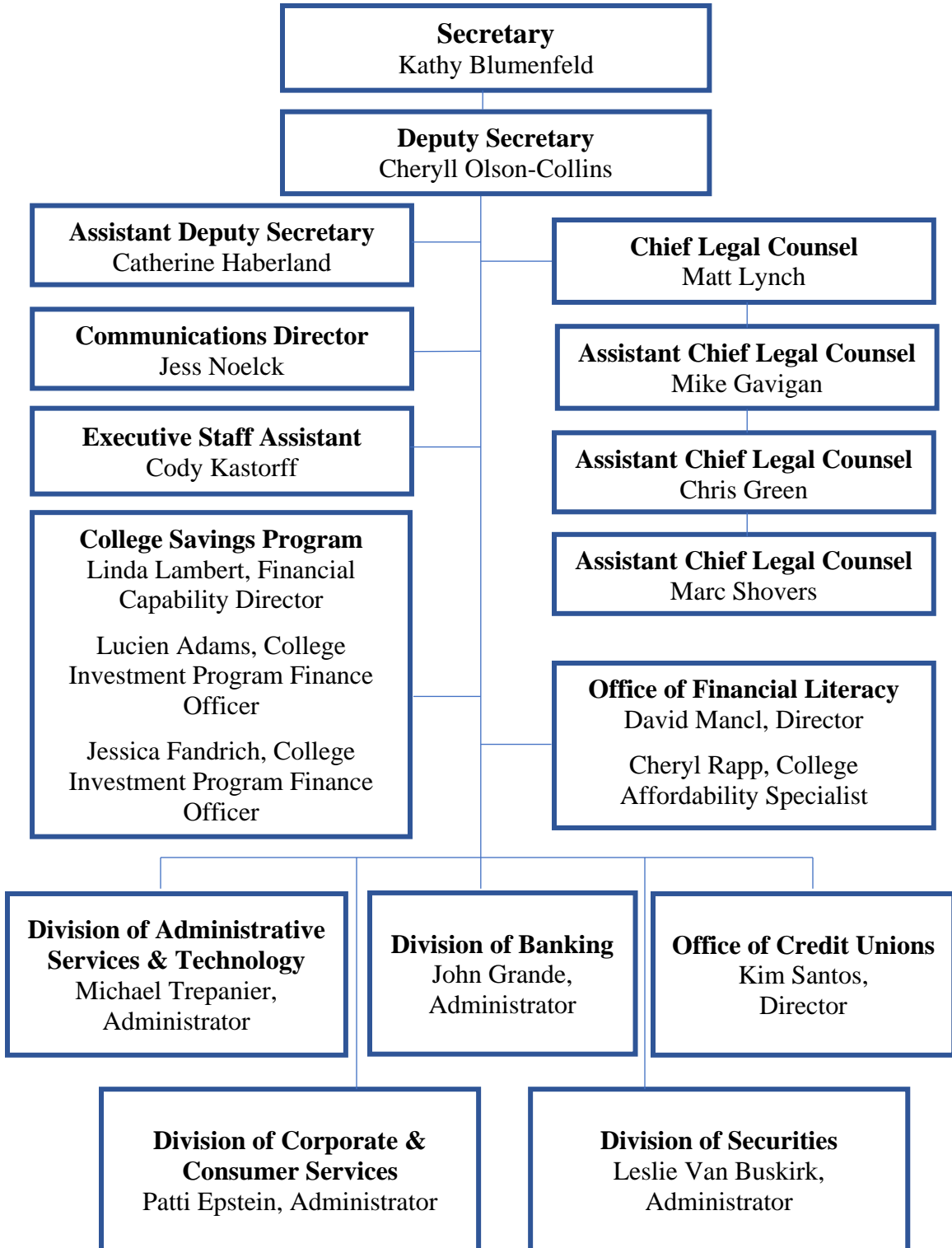
The department also houses the Office of Financial Literacy, which promotes financial literacy as a life skill and provides information to the public on matters of personal finance, investor protection and the affordability of a post-secondary education. The department is also the administrator of Wisconsin's College Savings Program, which includes the direct-sold Edvest plan and the advisor-sold Tomorrow's Scholar plan.

### **DFI Mission:**

DFI is dedicated to protecting the safety and soundness of Wisconsin's financial institutions, safeguarding the investing public, facilitating commerce, and increasing financial capability throughout the state.

# Organizational Chart

(As of June 30, 2021)



## 2019-2021 DFI Program Measurements

### Program 1: Supervision of Financial Institutions, Securities Regulation & Other Functions

**Goal: Assure the safety and soundness of the state’s banking industry.**

- **Objective/Activity:** Examine state-chartered banks and savings institutions for compliance with laws and any issues related to the condition of the financial institutions within established time frames. All banks are to be examined at least every 18 months, with more frequent examinations of larger, more complex institutions. DFI’s Division of Banking has entered into alternating examination agreements with the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve, so approximately 40 percent of all banks should be examined by the Division of Banking in each calendar year to meet that standard.

#### Bank Examinations

| Calendar Year | Number of Banks | Exams Due | Exams Complete | Percent to Target |
|---------------|-----------------|-----------|----------------|-------------------|
| 2021*         | 153             | 29        | 30             | 103.45%           |
| 2020          | 153             | 60        | 60             | 100%              |
| 2019          | 164             | 61        | 66             | 108.20%           |

\*Data as of June 30, 2021

**Goal: Protect the consumers of financial services.**

- **Objective/Activity:** Address abuses and violations of rules and statutes through expedient resolution of consumer complaints by the Bureau of Consumer Affairs. See table for percentage of consumer complaints acted on within five days of receipt and average number of days from receipt of complaint to resolution.

#### Consumer Complaints

| Calendar Year | Acted-On Goal | Acted-On Actual | Resolution Goal | Resolution Actual |
|---------------|---------------|-----------------|-----------------|-------------------|
| 2021*         | 5 Days        | 100%            | 25 Days         | 10.58 Days        |
| 2020          | 5 Days        | 100%            | 25 Days         | 16.08 Days        |
| 2019          | 5 Days        | 100%            | 25 Days         | 18.77 Days        |

\*Data as of June 30, 2021

**Goal: Facilitate economic growth.**

- **Objective/Activity:** Process new business filings swiftly to support new business activity. See table for percentage of online charter document filings processed within goal of five days.

#### Online Charter Document Filings Processed within Five Days

| Calendar Year | Goal | Actual |
|---------------|------|--------|
| 2021*         | 100% | 100%   |
| 2020          | 100% | 100%   |
| 2019          | 100% | 100%   |

\*Data as of June 30, 2021



**Goal: Ensure the safety and soundness of the state’s credit unions.**

- **Objective/Activity:** Maintain cycle of examinations as required by Section 186.235 (16) of the Wisconsin Statutes, which requires examination of each state-chartered credit union every 18 months. Credit unions identified as needing additional supervision are to be examined more frequently.

**Credit Union Examinations**

| Calendar Year | Number of Credit Unions | Exams Due | Exams Complete | Percent to Target |
|---------------|-------------------------|-----------|----------------|-------------------|
| 2021*         | 117                     | 42        | 49             | 116%              |
| 2020          | 118                     | 84        | 87             | 104%              |
| 2019          | 121                     | 82        | 84             | 102%              |

\*Data as of June 30, 2021

**Goal: Continue to provide college savings plans for the benefit of Wisconsin residents and nationwide under Section 529 of the Internal Revenue Code.**

- **Objective/Activity:** Maintain and increase levels of participation by offering high quality and lower cost investment choices. Direct a statewide outreach and marketing effort for the program to create awareness of college costs, savings methods, financial literacy, and related information for families.

**Total College Savings Accounts**

| Calendar Year | Goal    | Actual  |
|---------------|---------|---------|
| 2021*         | 349,742 | 365,380 |
| 2020          | 340,604 | 342,884 |
| 2019          | 320,000 | 333,925 |

\*Data as of June 30, 2021

## Statutory Reporting Requirements

**Section 230.215, Wis. Stats.: Part-Time Employment and Flexible-Time Schedules**

- Flexible-time schedules are used regularly by DFI employees. With the approval of the appropriate supervisors, DFI employees are allowed to set work schedules that maximize the efficiency of agency operations and the level of services provided to the public.
- Permanent Part-Time Positions: DFI has one permanent part-time position.

**Section 409.527, Wis. Stats.: Uniform Commercial Code**

- DFI is in substantial compliance with the filing-office rules set forth in Section 409.527.

## **Division of Banking**

### **2019-2021 Biennium Accomplishments**

#### **John Grande, Administrator**

The Division of Banking regulates and supervises state-chartered banks and consumer financial service industries under statutory Chapters 138 and 214 through 227. In addition to chartering and regularly examining state-chartered banks, the division licenses payday lenders, loan companies, mortgage bankers, mortgage brokers, mortgage loan originators, collection agencies, community currency exchanges, sales finance companies, adjustment service companies, sellers of checks, insurance premium finance companies, and credit services organizations. It also regulates auto dealers' installment sales contracts. The division investigates applications for expanded banking powers, new financial products, and interstate bank acquisitions and mergers.

#### **2019-2021 Key Accomplishments/Activities:**

- As of June 30, 2021, assets of the state-chartered commercial banks in Wisconsin totaled \$67.0 billion, up from \$57.3 billion compared to June 30, 2019.
- The number of state-chartered commercial banks declined from 156 as of June 30, 2019 to 139 as of June 30, 2021 (the 139 total includes four non-depository trust companies).
- Net loans and leases at state-chartered commercial banks totaled \$44.0 billion as of June 30, 2021, up from \$42.8 billion as of June 30, 2019.
- The number of state-chartered savings institutions remained at 14 as of June 30, 2021. Assets of savings institutions have increased from \$5.0 billion as of June 30, 2019 to \$5.9 billion as of June 30, 2021. Net loans and leases at savings institutions increased from \$4.0 billion as of June 30, 2019 to \$4.1 billion as of June 30, 2021.
- Fiduciary assets increased from \$22.8 billion as of December 31, 2018 to \$30.3 billion as of December 31, 2020 (figures include assets of four independent trust companies and banks with trust departments). Note: Year-end figures are used as that is the most recently completed reporting for some trust departments.
- From July 1, 2019 through June 30, 2021, there were 16 mergers with state-chartered institutions, two voluntary liquidations, one conversion of a state-chartered bank to a national bank, 16 acquisitions of an in-state bank holding company or in-state bank by a bank holding company, two banks that relocated their main office, and six institutions that changed their names. Over this time period, the division cancelled the charters of 18 state institutions as a result of mergers or voluntary liquidations.
- Two nationally-chartered banks converted to state charters during the biennium. This is a trend that could continue as more nationally-chartered banks understand the value of a state charter: lower examination fees and easier access to their regulator.
- State-chartered banks and savings institutions saw an increase in deposits of 8.1% from June 30, 2019, to June 30, 2020. An additional increase of 10.7% took place from June 30, 2020, to June 30, 2021. The COVID-19 pandemic is likely a significant factor in the increase. Performance and health of the banks and savings institutions remained strong despite the challenges presented by the pandemic. Community banks and savings institutions nationwide were instrumental in meeting the financial needs of consumers and businesses and in making the U.S. Small Business Administration's [Paycheck Protection Program \(PPP\)](#) loan program a success.

- The pandemic also caused a temporary shift in regulatory examinations to an entirely off-site format. A hybrid format combining on-site and off-site reviews is expected going forward.
- The division's Bureau of Licensed Financial Services regulates and licenses 21,938 licensed financial services providers as of June 30, 2021.
- In addition, the Bureau of Licensed Financial Services produced annual reports of Wisconsin's payday lending industry for calendar years 2019 and 2020. DFI assumed oversight of payday lending effective January 2011 with the approval of 2009 Wisconsin Act 405.

## Division of Corporate & Consumer Services 2019-2021 Biennium Accomplishments

### Patti Epstein, Administrator

The Division of Corporate & Consumer Services is responsible for examining and filing business records for corporations and other entities. It processes documents that effect business formations, mergers, consolidations and dissolutions, and requires the annual reports of various businesses, including partnerships, corporations, limited liability companies, cooperatives, and out of state entities. The division files and maintains documents under the Uniform Commercial Code (UCC), notary, apostille and trademark/tradename programs as well as the registrations, renewals and financial reporting of charitable organizations, fundraising counsels, and professional fundraisers.

### 2019-2021 Key Accomplishments/Activities:

- Wisconsin Administrative Code s. DFI-CCS 10.04 became effective April 1, 2020. This rule assigns fees to all Limited Liability Partnership and General Partnership forms filed under Ch. 178.0120, Wis. Stats.
- New contact center software was implemented in September 2020 offering improved reliability, flexibility, and analytics to better serve our customers.
- Emergency Guidance was issued in May 2020 due to the COVID-19 public health emergency to immediately implement 2019 Wisconsin Act 125, which allows for remote notarization in this state.
- Due to the COVID-19 public health emergency, staff transitioned from in-house to remote work with remarkable speed. Equipment was deployed by IT staff and several processes were adapted to enable continued customer service, despite the challenges the pandemic presented.
- As of June 30, 2021, there were 515,670 business entities registered with DFI, a net increase of 51,906 over the previous biennium.
- The number of new business entities created were:
  - In the six months ending June 30, 2021: 38,449, a net increase of 12,047 more than the first six months of 2020;
  - In the year ending Dec. 31, 2020: 57,236, a net increase of 6,959 more than the prior calendar year;
  - In the year ending Dec. 31, 2019: 50,277, a net increase of 2,061 more than the prior calendar year.
- In the 24 months ending June 30, 2021, the division processed 964,216 business documents, 817,861 of which were received online.

### Uniform Commercial Code (UCC) Performance Measures\*

| Total Processed<br>2019-2021 Biennium | Total Processed<br>2017-2019 Biennium | Percent<br>Change | In-<br>House | Online  | Online<br>Percentage |
|---------------------------------------|---------------------------------------|-------------------|--------------|---------|----------------------|
| 417,288                               | 339,289                               | 18.7%             | 29,346       | 387,942 | 93%                  |

\*Data as of June 30, 2021

**Trademark/Tradename Performance Measures\***

| <b>Total Processed<br/>2019-2021 Biennium</b> | <b>Total Processed<br/>2017-2019 Biennium</b> | <b>Percent<br/>Change</b> | <b>In-<br/>House</b> | <b>Online</b> | <b>Online<br/>Percentage</b> |
|---|---|---------------------------|----------------------|---------------|------------------------------|
| 9,296   | 8,420   | 9.42%                     | 2,488                | 6,848         | 73.7%                        |

\*Data as of June 30, 2021

**Notary Performance Measures\***

| <b>Total Processed<br/>2019-2021 Biennium</b> | <b>Total Processed<br/>2017-2019 Biennium</b> | <b>Percent<br/>Change</b> | <b>In-<br/>House</b> | <b>Online</b> | <b>Online<br/>Percentage</b> |
|---|---|---------------------------|----------------------|---------------|------------------------------|
| 30,386  | 28,785  | 5.3%                      | 14,442               | 15,944**      | 52.5%                        |

\*Data as of June 30, 2021

\*\*Notary can only be paid online, not filed.

**Apostille Performance Measures\***

| <b>Total Processed<br/>2019-2021 Biennium</b> | <b>Total Processed<br/>2017-2019 Biennium</b> | <b>Percent<br/>Change</b> | <b>In-<br/>House</b> | <b>Online</b> | <b>Online<br/>Percentage</b> |
|---|---|---------------------------|----------------------|---------------|------------------------------|
| 3,142   | 2,124   | 32.4%                     | 548                  | 2,300         | 73.2%                        |

\*Data as of June 30, 2021

**Charitable Organizations Performance Measures\***

| <b>Total Processed<br/>2019-2021 Biennium</b> | <b>Total Processed<br/>2017-2019 Biennium</b> | <b>Percent<br/>Change</b> | <b>In-<br/>House</b> | <b>Online</b> | <b>Online<br/>Percentage</b> |
|---|---|---------------------------|----------------------|---------------|------------------------------|
| 22,014  | 20,804**                                      | 5.8%                      | N/A***               | N/A***        | N/A***                       |

\*Data as of June 30, 2021

\*\*Previous data reported (10,547) reflected active charitable organizations, not the number processed in the biennium.

\*\*\*System limitations do not allow for a breakdown of in-house vs online completion rates.

## Office of Financial Literacy 2019-2021 Biennium Accomplishments

### David Mancl, Director

The Office of Financial Literacy (OFL) promotes financial literacy as a life skill and provides information to the public on matters of personal finance and investor protection. OFL originates and leads initiatives on financial and economic literacy in order to expand opportunities and security to Wisconsin residents.

### 2019-2021 Key Accomplishments/Activities:

- In February 2021, the Governor's Council on Financial Literacy expanded its mission and membership with [Executive Order #106](#) signed by Gov. Evers. The new [Governor's Council on Financial Literacy and Capability](#) is fulfilling its expanded mission, which now includes helping Wisconsinites build financial capability and identifying ways to improve the financial inclusion of all Wisconsin residents. In addition, the order increased the Council's membership from 25 to 35 members, bolstering the Council's expertise in the areas of financial capability and inclusion. The OFL has directed the Council in the following accomplishments:
  - Conducted two Governor's Financial Literacy Awards programs honoring 14 individuals and 13 organizations.
  - Established the Financial Literacy Innovation Awards, which incentivized schools to increase financial literacy education by providing more than \$140,000 to 10 school districts/CESAs encompassing thousands of educators and students. Milwaukee Public Schools (MPS) adopted a one-semester personal finance course graduation requirement in April 2021, in part due to this initiative.
  - Conducted two Wisconsin Summits on Financial Literacy at Lambeau Field with more than 150 participants. Due to the COVID-19 global pandemic, the event was held virtually in 2020 and is expected to be virtual in 2021, too.
- As of 2021, 93% of school districts require or offer personal finance education courses in high school (up from 91% in 2019), due in part to OFL initiatives. However, only 34% of schools guarantee students will have one-semester of personal finance education before graduating, while 59% provide students with the option to take an elective personal finance education course.
- OFL took a lead role in revising the [Wisconsin Standards for Personal Financial Literacy \(PFL\)](#). OFL Director David Mancl served as co-chair of the Wisconsin Department of Public Instruction's standards writing team. [Adopted in June 2020](#), the updated set of standards includes a financial mindset content area, which joins education and employment, money management, saving and investing, credit and debt, and risk management and insurance as six strands important to the whole of financial literacy. The addition of the financial mindset strand sets Wisconsin apart from other states and national PFL standards. The content area focuses on life strategies, financial psychology, and digital awareness needed for students to succeed in their financial futures.
- In July 2020, to help educators adopt and implement the new PFL standards in classrooms across Wisconsin, DFI funded and OFL administered the [Financial Literacy Innovation Grant Program](#) in collaboration with the Governor's Council on Financial Literacy and the Wisconsin Department of Public Instruction. Ten grants

totaling more than \$140,000 were awarded to schools across Wisconsin to enhance personal finance education and implement Wisconsin's new PFL standards. Grant recipients were selected out of a field of 28 applicants by the Governor's Council on Financial Literacy. The grants helped educators implement essential financial coursework in their classrooms aligned with the new PFL standards and in partnership with their communities. Due in part to this program and in collaboration with SecureFutures, Next Gen Personal Finance, and the Wisconsin Department of Public Instruction, Milwaukee Public Schools (MPS) adopted a one-semester personal finance course graduation requirement in April 2021. This makes MPS one of only 12 urban school districts in the country to put this requirement in place without a state policy. This historic decision guarantees all MPS students will receive financial education.

- OFL, in partnership with the Wisconsin Department of Employee Trust Funds (ETF), launched [Wisconsin Strong: Your Financial Security](#) in March 2021. Wisconsin Strong is an innovative and holistic financial wellness program for Wisconsin public employees, retirees, and their families. Wisconsin Strong provides public sector employers and their employees a helpful and intuitive toolbox of proven financial fitness resources designed to support the most common financial wellness needs, including a financial health assessment, student loan debt management, and retirement planning. As of June 2021, 5,348 Financial Wellness Checkups were completed, and 6,757 financial education courses were completed by 2,163 users. The program was completely funded by a grant awarded to DFI and ETF in September 2020, and it will continue into the 2021-2023 biennium.
- In May 2021, OFL partnered with a broad coalition of Wisconsin organizations to launch the [Wisconsin Saves Automatic Saving Initiative](#) to encourage Wisconsinites to establish emergency savings accounts through automated saving. This effort is part of a national pilot project and is being led by DFI Secretary Kathy Blumenfeld, Wisconsin State Treasurer Sarah Godlewski, Wisconsin Bankers Association President and CEO Rose Oswald Poels, Wisconsin Women's Business Initiative Corporation President Wendy Baumann, and America Saves, the leading national campaign in promoting savings. The initiative encourages small- and medium-sized employers to promote to their employees the ease and benefits of saving automatically for emergencies through split deposit. By involving employers in Wisconsin Saves, the number of Wisconsinites with emergency savings will increase and more people will be able to manage financial hardships, whether it be a minor setback or a shock of pandemic proportions.
- OFL continued its support of Money Smart Week, a financial literacy awareness and education campaign done in partnership with the Federal Reserve Bank of Chicago. Due to the COVID-19 pandemic, in-person events were canceled, so DFI held virtual, statewide financial literacy essay contests for high school students. In 2020, out of the 101 essay entries received, the top five were each awarded \$1,000 Edvest gift cards. In 2021, out of the 117 essay entries received, the top ten were each awarded \$1,000 Edvest gift cards.
- OFL continued its commitment to the Finance and Investment Bowl, an educational game using a quiz show format, which challenges high school students and tests their knowledge on personal finance, business, economics, and current events. Held in 12 regional tournaments involving over 60 schools and over 700 students.

- OFL participated in the Wisconsin Student Diversity Internship Program by hiring an intern who worked on financial literacy and capability projects during the summer of 2021. The State of Wisconsin Student Diversity Internship Program is administered by the Bureau of Equity & Inclusion in collaboration with the Bureau of Merit Recruitment and Selection.
- In response to a 2019-2021 budget proposal from Gov. Tony Evers to explore solutions to Wisconsin’s student debt crisis, DFI Secretary Kathy Blumenfeld, Higher Educational Aids Board Executive Secretary Connie Hutchison, and Wisconsin State Treasurer Sarah Godlewski hosted a series of listening sessions to better understand Wisconsinites’ struggles with student debt. These listening sessions were held in La Crosse, Milwaukee, Wausau, and Green Bay during the summer of 2019 with support from OFL.
- In January 2020, Gov. Evers signed [Executive Order #67](#), creating the [Governor’s Task Force on Student Debt](#) to address the growing student debt crisis in Wisconsin. DFI Secretary Blumenfeld chaired the task force with support from OFL. Due to the COVID-19 pandemic, the task force convened virtually and completed its work in three months. While student loan debt is a large and complex issue, the task force aimed to address what could be done by the State of Wisconsin to assist borrowers with their student debt, provide clear and useful information, and suggest proactive measures to combat student debt. Over the course of eight meetings, the task force examined 37 proposed solutions and narrowed these solutions to eight recommendations. Many individuals and organizations contributed to the final eight recommendations and report on how Wisconsin can provide relief, education, and protection to its student debtholders now and in the future. The task force [presented](#) its [final report](#) to Gov. Evers in August 2020. In February 2021, as a result of the task force’s work, the following higher education initiatives were included in Gov. Evers’ [2021-2023 Executive Budget](#) proposal:
  - Continuing the tuition freeze at the UW System for Wisconsin residents, and funding the freeze by providing more than \$50 million over the biennium in unrestricted, flexible dollars to UW System to ensure they can provide high-quality service without sacrificing affordability.
  - Investing \$36 million over the biennium in Wisconsin's technical colleges so that they can continue to provide critical services to the over 280,000 students they currently serve and ensure that Wisconsin has the skilled workforce it needs to recover from the COVID-19 pandemic.
  - Expanding the “Bucky’s Tuition Promise” program to all UW System campuses as a commitment to make college accessible for low-income students. The program provides four years of free tuition to students in a household with an adjusted gross income of \$60,000 or less. In 2018, UW-Madison created this program to attract resident low-income students by offering free tuition.
  - Providing UW System non-resident tuition exemptions to multiple groups, including members of certain Native American tribes, otherwise eligible individuals who are undocumented, and resident active-duty service members and their families who are relocated to another state by the service agency.
  - Supporting students eligible for need-based financial aid by increasing the Wisconsin Grant program by 10% in each year at the UW System, WTCS, private non-profit colleges, and tribal colleges.



- Doubling funding for the need-based Minority Undergraduate Retention Grant program. This program provides minority students with grants of up to \$2,500 per year to offset postsecondary education costs.
- Expanding the rural dental loan repayment program to provide loan repayment assistance to dentists at the same level as physicians practicing in rural areas. Dentists will be able to earn up to \$100,000 in assistance over three years for providing services in rural areas. This will help to ensure dental access is widespread across Wisconsin both in urban centers and rural areas.
- Providing fellowships and loan repayment assistance to individuals who commit to teaching nursing at a UW System institution for at least three years.
- Creating a student loan borrower bill of rights that will require student loan servicers to provide complete and accurate information to borrowers on payment options and help ensure Wisconsinites are treated fairly.
- Creating the Office of Student Loan Ombudsman within DFI, which will oversee the implementation of the borrower bill of rights, and if necessary, revoke the license of a loan servicer imposing unjust harm on borrowers. The Office of Student Loan Ombudsman would also function as a central resource for information for student loan borrowers.
- Requiring DFI to maintain and make available information regarding student loan forgiveness programs for which employees of the state or employees of a local unit of government may be eligible. Additionally, requiring all state and local public employers to provide information regarding student loan forgiveness programs to their employees.
- Not all of the proposed higher education initiatives made it into the final [2021-2023 Biennial Budget](#); however, the final [2021-2023 Enacted Budget](#) signed by Gov. Evers:
  - Provides two-thirds funding to Wisconsin's schools for the first time in two decades.
  - Invests an additional \$408 million in general school aids, building upon the \$330 million increase in the last budget.
  - Provides \$89 million over the biennium to increase reimbursement for students with disabilities in fiscal year 2022-2023.
  - Invests an additional \$19 million in school mental health programs.
  - Doubles state resources for gifted and talented students.
  - Fully funds high-cost transportation aid and increases the number of districts eligible to receive it.
  - Increases the number of small, rural school districts eligible for sparsity aid.
  - Addresses the shortage of professors in nursing disciplines by providing \$5 million in fiscal year 2021-2022 for a new nurse educator fellowship and financial aid program administered by the Higher Educational Aids Board. This program also will help to increase the number of nursing professionals in the state, ultimately improving access to healthcare.
  - Boosts the University of Wisconsin-Madison's Division of Extension's ability to conduct outreach and education by providing \$2 million over the biennium.
  - Supports technical education by providing \$2.25 million in each year to the Wisconsin Technical College System in general aid plus \$2.25 million in each year for grants to district boards.

- For additional information on the [Governor’s Task Force on Student Debt](#), please visit the task force website at <https://lookforwardwi.gov/student-debt-task-force/>, or email the task force at [StudentDebtTaskForce@dfi.wisconsin.gov](mailto:StudentDebtTaskForce@dfi.wisconsin.gov).
- OFL’s College Affordability Specialist, Cheryl Rapp, continued to raise awareness about the importance of preparing for post-secondary education by doing the following to help students maximize their investment in education and minimize the need to incur unnecessary student debt:
  - Provided virtual and in-person presentations at numerous local, state, and national conferences to various audiences, including students, educators, counselors, parents, employers, and policy makers.
  - Expanded the “Look Forward to Your Future” website ([LookForwardWI.gov](#)), a Wisconsin-focused resource to help students and their parents plan for higher education by adding a section dedicated to responsible borrowing.
  - Updated the “College and Career Readiness” guide, an educational resource material that has been distributed to more than 30,000 educators and students throughout Wisconsin.
  - Created a FAFSA<sup>®</sup> Completion Task Force as part of the department’s work with the Wisconsin Association of Student Financial Aid Administrators in February 2021. The task force’s goal is to assist Wisconsin students and their families in completing the Free Application for Federal Student Aid (FAFSA<sup>®</sup>) and make sure any FAFSA<sup>®</sup> problems are resolved prior to the beginning of the students’ college academic year. The task force provides FAFSA<sup>®</sup> completion information to school districts, high schools, and other designated entities, as well as the tools college prep personnel need to help students complete the FAFSA<sup>®</sup>.

## **College Savings Program 2019-2021 Biennium Accomplishments**

### **Linda Lambert, Financial Capability Director**

Wisconsin's College Savings Program offers two savings plans under Section 529 of the U.S. Internal Revenue Code. Edvest is a direct-sold plan and Tomorrow's Scholar is available through financial advisors and fee-only planners. Both plans offer a range of investment choices in low-cost institutional funds. Accounts grow tax-free when used for qualified education expenses. Contributions may be subtracted from income on Wisconsin income tax returns. The College Savings Program is overseen by the Department of Financial Institutions (DFI). Day-to-day operations are handled by the College Savings Program officers, contracted and subcontracted program managers, and investment consultant. The investment decisions are overseen and approved by the College Savings Program Board.

### **2019-2021 Key Accomplishments/Activities:**

- The [College Savings Program](#) continues to grow, both in total accounts and average savings per account.
  - During the biennium, the total of all accounts (including replacement and additional) grew to 365,380, an increase of 6.6% in absolute numbers compared to 2019. This represents 204,873 Edvest accounts and 160,507 Tomorrow's Scholar accounts. Within Tomorrow's Scholar, many accounts are consolidated within the Registered Investment Advisors who use omnibus accounts for administrative ease. The number of Tomorrow's Scholar accounts represents only 70% of the total individual accounts held.
  - Enrollment of new beneficiaries aged 0-5 years continues to be the greatest cohort of new accounts each month, due in part to social media directed to young parents.
  - The number of accounts in all 72 counties have steadily grown. Average account size is now \$22,928 with the median slightly lower due to increasing numbers of new accounts.
  - Assets managed by the College Savings Program as of June 30, 2021, were \$7,160 billion, consisting of \$4.670 billion in Edvest and \$2.490 billion in Tomorrow's Scholar.
  - Most account owners (71%) select Enrollment Data investment portfolios that are progressive by design to manage market risk during volatility and the years preceding use.
  - About 12% of Edvest account owners and 31% of Tomorrow's Scholar account owners are out-of-state, attracted in part by low-fees and investment selection. These additional assets help Wisconsin maintain a program similar to those of larger states.
  - The legacy Tuition Units plan (the original 1998 Edvest plan) was retired in early 2021. The less than 300 remaining accounts were converted and their funds transferred to the Edvest plan. The Tuition Units Trust Program officially closed after the final account records were sent to the State Records Center and roughly 40 dormant accounts were sent to the Department of Revenue Unclaimed Property.

- In early 2021, the State of Wisconsin adopted the SECURE Act of 2019, retroactively recognizing the cost of apprenticeships, and a one-time payment of up to \$10,000 per individual, towards student loan debt (principal and interest) of the beneficiary, or a sibling of the beneficiary, as an eligible Qualified Higher Education Expenses (QHEE) through a Wisconsin college savings plan. Funds used from a 529 college savings plan are tax-free when used for any of the above QHEE. Funds can be used at nearly 4,000 colleges, universities, technical colleges, graduate, and professional schools in the U.S. and some abroad. Since 2018, elementary and secondary school tuition is also allowed.
- Electronic technology provides account owners increased efficiency and manages internal costs.
  - New enrollments are now 95% online with 88% of account owners receiving electronically-delivered statements.
  - Tomorrow's Scholar technology continues to link national broker-dealer distribution platforms and omnibus networks, upgrading service to clients and planners.
- College Savings Program awareness and outreach to state residents continues to shift from traditional mass media to more efficient digitally targeted messaging, encouraging internal savings.
  - The Edvest core program operates year-round, using mixes of social media, pre-college activities, limited key event sponsorships, and State of Wisconsin agency and University of Wisconsin System (UW System) benefit fairs.
  - Tomorrow's Scholar provides 529-specific investment options designed for fee-only planners and broker/dealers, unique to the advisor-sold market.
- The plans have received national recognition in financial media among peers in the 80-plus 529 plans in the U.S.:
  - Both plans have been ranked by SavingforCollege.com in the Top Ten weighted investment performance in trailing 3- and 5-year periods as of June 30, 2021. In the 5-year performance category, Edvest ranked 8<sup>th</sup>, and Tomorrow's Scholar ranked 5<sup>th</sup> for its Advisor shares and ranked 1<sup>st</sup> in the Fee-only Planner shares.
  - Medalist-award plan among annual rankings of 529 plans - Edvest Bronze Medal.
  - Continued favorable rankings among plans for lowest management fees (Lowest Fee 529 Plans of 2020).
- In late 2020, Edvest plan assets under management (AUM) grew to meet a contract breakpoint reduction in its Program Management Fee to reduce the fee to six basis points (bps) from the previous seven bps. The State Administration Fee on Edvest was waived in 2012, and the CSP Board approved a recommendation presented to them by the CSP staff to reduce the Tomorrow's Scholar State Administration Fee from seven bps to six bps, a 40% overall reduction from the original ten bps that had previously been reduced in 2018 to seven bps. The new reduction will remain in place through December 31, 2022.
- The Wisconsin CSP leads the employer segment with [Edvest at Work](#), a financial wellness employee benefit option for Wisconsin employers to offer at no cost, with little to no administration and full support of the Edvest College Savings Plan.
  - Edvest offers enhanced digital resources for employers to offer Edvest on their benefits platforms, including educational materials and communication tools. These resources are designed to raise awareness among their employees on the

benefits of saving for college early, setting up recurring contributions even if only in modest amounts, and using a Wisconsin 529 plan to obtain a tax deduction from Wisconsin income tax.

- Employees from more than 400 Wisconsin employers contribute to Edvest accounts by direct deposit of payroll. In mid-2021, Edvest had experienced a 51% YTD growth in payroll direct deposit transactions.
- The Wisconsin CSP is diligent in adding Edvest at Work to more new employers, below is a list of existing organizations who participate in Edvest at Work today:
  - All 60+ State of Wisconsin agencies, employing over 300,000 full-time government employees.
  - The complete UW System, consisting of 13 universities across 26 campuses, employing 39,000 faculty members and staff.
  - The Wisconsin Technical College System (WTCS) Schools, with 16 technical colleges and 49 campuses, serving every community in Wisconsin, large, small, urban, and rural; employing thousands of faculty members and staff.
  - Over 400 private employers.
  - The CSP and Tuition Financing Inc. teams work with the State Chambers of Commerce to build the Edvest at Work platform and Tomorrow's Scholar.
- Beginning in late 2019, the CSP added incentives to its marketing efforts aiming to increase new sustaining accounts. The incentive awarded new account owners who set up recurring contributions for at least six months. This effort helped to fulfill the CSP's objective to help families save for higher education with the benefits of starting early and continuing to save. Plus, this results in a positive return on our marketing dollars by putting these dollars back into the program and directly into individual Edvest accounts.
- It is the Wisconsin CSP's goal to reach every employer in the state and build awareness of Wisconsin's College Savings Program and the value of saving for higher education.

# **Division of Securities**

## **2019-2021 Biennium Accomplishments**

### **Leslie M. Van Buskirk, Administrator**

The Division of Securities, created in Wis. Stat. § 15.183 (3) by 1995 Wisconsin Act 27, regulates the sale of investment securities and franchises under Chapters 551 (the Wisconsin Uniform Securities Law) and 553 (the Wisconsin Franchise Investment Law) of the Wisconsin Statutes. The division manages registrations and notice filings for securities offerings. It also registers broker-dealers, securities agents, investment advisers and investment adviser representatives, and monitors their activities through examinations. The division investigates complaints and, where it finds violations of the law, initiates the appropriate administrative, injunctive or criminal action.

### **2019-2021 Key Accomplishments/Activities:**

- The Bureau of Professional Registration and Compliance oversees the registration of securities broker-dealers, investment advisers, and their registered professionals, as well as the regulation of securities offerings.
- Professional registration totals as of June 30, 2021 were:
  - 1,587 broker-dealers, a decrease of 2% compared to 2019, reflecting the ongoing trend of consolidation of firms within the securities industry.
  - 164,221 securities agents, an increase of 7.5% compared to 2019.
  - 345 state-registered investment advisers, a decrease of 2% compared to 2019.
  - 10,680 investment adviser representatives, an increase of 5% compared to 2019.
- Division staff conducted 180 on-site examinations, including 172 investment advisers and 8 broker-dealers, representing an 8% decrease in total exams during the two-year period. This decrease is attributable to the COVID-19 pandemic as well as examiner turnover, reducing the number of exams staff conducted while new examiners were engaged in training.
- In March 2020, an emergency order was issued granting relief from certain regulatory requirements through the expiration of the Governor's COVID-19 public health emergency order. During the COVID-19 pandemic, the Series 63, 65 and 66 qualification exams were made available remotely by appointment, as were the FINRA exams, and pandemic-related hardship waivers were granted on a case-by-case basis.
- As of June 30, 2021, there were 25,301 mutual funds filed in Wisconsin, representing a nearly 5% decrease since June 30, 2019.
- As of June 30, 2021, there were 1,506 active franchise registrations in Wisconsin, representing a 5% increase since June 30, 2019.
- Bureau of Enforcement activities during the biennium (from July 1, 2019 through June 30, 2021) included:
  - The division issued 56 cease and desist orders against 115 persons or entities in violation of Ch. 551 or Ch. 553, representing a 24% increase in orders and a 49% increase in respondents.
  - Enforcement investigations resulted in a total of \$28,176,41.83 imposed for the benefit of investors as restitution, disgorgement, rescissions and settlements through administrative and/or criminal proceedings.

- Penalties and costs in the amount of \$500,000 were assessed through administrative and criminal proceedings.
  - Prosecutions resulted in 12 criminal complaints filed and 8 criminal convictions related to violations investigated by the division.
- The Enforcement Bureau participated in the [COVID-19 Enforcement Task Force](#), an international investor protection initiative to crack down on investment schemes related to the COVID-19 pandemic. The North American Securities Administrators Association, of which DFI is a member, coordinated the task force. As part of this effort, DFI reviewed more than 100 domain names related to the COVID-19 pandemic that targeted Wisconsin investors, opened three investigations, and issued one cease and desist order.

# Office of Credit Unions

## 2019-2021 Biennium Accomplishments

### Kim Santos, Director

The Office of Credit Unions regulates state-chartered credit unions and is dedicated to ensuring the safety and soundness of those institutions while fostering their development through a progressive regulatory environment. The Office of Credit Unions charters new credit unions; examines credit union records and assets; acts on applications and requests from credit unions that require approval per Chapter 186 of the Wisconsin Statutes; approves mergers of credit unions; and cooperates with similar agencies in neighboring states on interstate matters. If a credit union is not in compliance with state law, the Office of Credit Unions may take regulatory action to correct the deficiency and protect the public.

### 2019-2021 Key Accomplishments/Activities:

- As of June 30, 2021, the Office of Credit Unions regulated 117 state-chartered credit unions with assets totaling \$53.7 billion. This represented a decrease of five credit unions but an increase of more than \$14 billion in assets since June 30, 2019.
- Total loans as of June 30, 2021, were more than \$36 billion, an increase of more than \$5 billion since 2019. Loans represented 79.46% of shares and 68.11% of assets.
  - Real estate loans comprised 57.51% of total loans.
  - Personal loans comprised 42.49% of total loans.
    - Note: Member business loans are included in both real estate loans and personal loans depending on the collateral securing the loan. Member business loans comprised nearly \$5 billion of total loans.
- Cash and investments totaled more than \$14.4 billion as of June 30, 2021 and represented 26.91% of assets.
- Total savings increased nearly \$13 billion in two years to \$46.0 billion in total savings.
- Total net worth for Wisconsin state-chartered credit unions as of June 30, 2021 was 10.32% of assets. This ratio decreased from 11.27% as of June 30, 2019. In dollars, the amount increased by over \$1 billion.
- Delinquent loan ratio declined, dropping from 0.62% to 0.41% in the two-year period. The charge-off ratio also declined from 0.25% to 0.18%. Effective lending and collection practices assisted in the declines of the delinquency ratio and net loan loss ratio.
- The return on average assets ratio rose from 1.09% to 1.38%. This strong ratio is driven by the net income of the large credit unions. Net income was \$355.4 million and credit unions reduced provision for loan loss expense and adjusted operating expenses through June 30, 2021.
- The COVID-19 pandemic caused an abnormal increase in deposits and assets from June 2020 to June 2021. The financial ratios stayed strong despite the challenges presented by the pandemic during this period. Credit unions adjusted operations and continued to serve their members in unique ways. Many provided [Paycheck Protection Program \(PPP\)](#) loans and other assistance or relief to members. The pandemic also shifted regulatory exams to a virtual format with a hybrid exam model expected going forward.
- Additional information about credit union performance may be found in the quarterly financial bulletins on the Department of Financial Institutions' website at [www.wdfi.org](http://www.wdfi.org).



## 2021-2023 Biennial Budget (2021 Wisconsin Act 58)

### Comparative Provisions of 2021-2023 Biennial Budget (2021 Wisconsin Act 58):

| <b>FINANCIAL INSTITUTIONS</b> |                              |                     |                        |                        |                     |   |               |
|-------------------------------|------------------------------|---------------------|------------------------|------------------------|---------------------|---|---------------|
| <b>Budget Summary</b>         |                              |                     |                        |                        |                     |   |               |
| Fund                          | 2020-21 Base<br>Year Doubled | 2021-23<br>Governor | 2021-23<br>Jt. Finance | 2021-23<br>Legislature | 2021-23<br>Act 58   | Act 58 Change Over<br>Base Year Doubled |               |
|                               |                              |                     |                        |                        |                     | Amount                                  | Percent       |
| GPR                           | \$0                          | \$2,000,000         | \$0                    | \$0                    | \$0                 | \$0                                     | 0.0%          |
| PR                            | 39,019,400                   | 40,908,900          | 37,112,600             | 37,112,600             | 37,112,600          | - 1,906,800                             | - 4.9         |
| SEG                           | <u>1,626,800</u>             | <u>1,974,200</u>    | <u>1,974,200</u>       | <u>1,974,200</u>       | <u>1,974,200</u>    | <u>347,400</u>                          | 21.4          |
| <b>TOTAL</b>                  | <b>\$40,646,200</b>          | <b>\$44,883,100</b> | <b>\$39,086,800</b>    | <b>\$39,086,800</b>    | <b>\$39,086,800</b> | <b>- \$1,559,400</b>                    | <b>- 3.8%</b> |

| <b>FTE Position Summary</b> |               |                     |                        |                        |                   |                                    |
|-----------------------------|---------------|---------------------|------------------------|------------------------|-------------------|------------------------------------|
| Fund                        | 2020-21 Base  | 2022-23<br>Governor | 2022-23<br>Jt. Finance | 2022-23<br>Legislature | 2022-23<br>Act 58 | Act 58 Change<br>Over 2020-21 Base |
| PR                          | 138.54        | 142.04              | 138.54                 | 138.54                 | 138.54            | 0.00                               |
| SEG                         | <u>3.00</u>   | <u>3.00</u>         | <u>3.00</u>            | <u>3.00</u>            | <u>3.00</u>       | <u>0.00</u>                        |
| <b>TOTAL</b>                | <b>141.54</b> | <b>145.04</b>       | <b>141.54</b>          | <b>141.54</b>          | <b>141.54</b>     | <b>0.00</b>                        |

**Standard Budget Adjustments:**

DFI will have funding reduced to the department’s base, by \$110,500 PR annually, as the rate used to calculate turnover reduction was increased from 3% to 4%.

**General Program Operations Budget Reduction:**

DFI will have funding reduced to the department’s general program operations appropriation, by \$1,305,000 PR annually, resulting in an increase of the estimated amounts transferred to the general fund by a corresponding amount.

**Financial Integrity Information Technology Modernization:**

DFI will be provided \$332,800 in 2021-22 and \$1,018,000 in 2022-23 to the department’s general program operations appropriation to consolidate multiple older financial applications into one centralized cashing application, capable of integrating with the state’s accounting system (State Transforming Agency Resources (STAR)). The increased expenditure authority will be used to: (a) research vendor options and develop applications in 2021-22 (\$322,800); and (b) implement procured software to improve the accuracy and processing of receipts collected by the department in 2022-23 (\$935,000 in one-time costs, and \$83,000 for one-time software as a service costs).

**Notary Information Technology Modernization:**

DFI will be provided \$806,000 in 2021-22 and \$6,000 in 2022-23 to the department's general program operations appropriation to modernize notary information technology systems. Under 2019 Act 125, notarial acts were expanded to allow notarization using communication technology. The Act also created a remote notary council to adopt and implement standards related to remote notarization. The increased expenditure authority will be used to upgrade information technology software to: (a) process and track notary applications and payments more effectively; (b) streamline the notary public database updates; and (c) consolidate software applications to increase efficiency.