

2150 Department of Financial Institutions

The mission of the California Department of Financial Institutions is to promote the integrity and stability of California's financial services system through the regulation and supervision of financial institutions that are either required to be licensed by the state or that choose a state license.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

		Positions			Expenditures		
		2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
10	Licensing and Supervision of Banks and Trust Companies	109.2	116.7	117.6	\$17,583	\$20,566	\$21,457
20	Money Transmitters	11.4	12.6	13.6	1,584	1,950	2,228
40	Administration of Local Agency Security	4.0	3.8	3.8	295	407	412
50	Supervision of California Business and Industrial Development Corporations	-	-	-	8	32	32
60	Credit Unions	35.3	36.3	51.6	4,279	4,823	7,298
70	Savings and Loan	-	-	-	42	101	102
80	Industrial Banks	5.2	7.4	6.4	854	1,128	1,008
90.01	Administration	47.5	46.4	48.2	5,209	5,805	6,296
90.02	Distributed Administration	-	-	-	-5,209	-5,805	-6,296
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		212.6	223.2	241.2	\$24,645	\$29,007	\$32,537
FUNDING					2006-07*	2007-08*	2008-09*
0240	Local Agency Deposit Security Fund				\$295	\$407	\$412
0298	Financial Institutions Fund				19,829	23,177	24,227
0299	Credit Union Fund				4,279	4,823	7,298
0995	Reimbursements				<u>242</u>	<u>600</u>	<u>600</u>
TOTALS, EXPENDITURES, ALL FUNDS					\$24,645	\$29,007	\$32,537

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

California Financial Code, Division 1, Chapter 2.

PROGRAM AUTHORITY

10-Licensing and Supervision of Banks and Trust Companies:

California Financial Code, Division 1 (Banking Law).

20-Money Transmitters:

California Financial Code, Division 1, Chapters 14, 14A.

40-Administration of Local Agency Security:

Government Code Sections 53630-53686.

50-Supervision of California Business and Industrial Development Corporations:

California Financial Code, Division 15.

60-Credit Unions:

California Financial Code, Division 5.

70-Savings and Loan:

California Financial Code, Division 2.

80-Industrial Banks:

California Financial Code, Division 1, Sections 1400 through 1412 and Division 7.

* Dollars in thousands, except in Salary Range.

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90-Administration:

California Financial Code, Division 1, Chapter 2.

MAJOR PROGRAM CHANGES

- The Governor's Budget proposes \$736,000 and five positions to examine subprime loans, and other non-traditional mortgage product offerings, at credit unions. The positions will help ensure credit unions are underwriting these loans in a responsible manner, and also will ensure credit unions have adequate policies and procedures to mitigate any losses that could result from these loans.
- The Governor's Budget proposes \$1.2 million and 10 positions to expand regular examinations of credit unions to include a review of their electronic banking operations.
- The Governor's Budget proposes \$256,000 and two positions to conduct examinations of member business loans at credit unions. The positions will help ensure credit unions are not engaging in business lending practices that could jeopardize investor resources.

DETAILED BUDGET ADJUSTMENTS

	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Baseline Adjustment Descriptions						
• Credit Union Electronic Financial Services (E-Banking)	\$-	\$-	-	\$-	\$1,242	9.5
• San Francisco Office Relocation and New Lease	-	-	-	-	1,071	-
• Other Workload Adjustments	-	675	-	-	771	-
• Credit Union Subprime Lending Examiners	-	-	-	-	736	5.7
• Credit Union Member Business Loan Augmentation	-	-	-	-	256	1.9
• Enforcement of SB 385, Chapter 301 of 2007-Revised National Mortgage Lending Guidance	-	-	-	-	128	0.9
Totals, Baseline Adjustments	\$-	\$675	-	\$-	\$4,204	18.0
TOTALS, BUDGET ADJUSTMENTS	\$-	\$675	-	\$-	\$4,204	18.0

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES

The objective of this program is to promote the integrity and stability of state-licensed banks and trust companies through the regulation and supervision of these institutions. Program activities include examinations at least once every two years to ensure that business is conducted in a safe and sound manner, and investigation of new bank and trust company applications.

20 - MONEY TRANSMITTERS

The objective of this program is to promote the integrity and stability of businesses selling payment instruments (money orders), traveler's checks, and those licensed to transmit money abroad, through the regulation and supervision of these institutions. Examinations are conducted at any time to ensure the licensees are complying with the provisions of the law and operating in a safe and sound manner. In order to protect the public, a thorough examination of each new applicant is conducted before the license is issued.

40 - ADMINISTRATION OF LOCAL AGENCY SECURITY

As the Administrator of the Local Agency Security Program, the Commissioner monitors the amount and quality of collateral pledged to secure deposits of public funds made by approximately 1,500 local agencies. The Commissioner also administers local agency security for banks, savings and loans, credit unions, and industrial banks as well as federally-chartered financial institutions.

50 - SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

This program licenses and regulates non-fiduciary businesses and industrial development corporations. The program ensures that business is conducted in a financially sound manner through both periodic examinations and analyses of required reports.

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60 - CREDIT UNIONS

The primary objective of this program is to promote the integrity and stability of credit unions through the regulation and supervision of these institutions, including examinations to ensure they are operating in a safe and sound manner and complying with the appropriate provisions of the Financial Code relating to their operation.

70 - SAVINGS AND LOAN

The Savings and Loan Program ensures that savings associations comply with applicable laws and regulations.

80 - INDUSTRIAL BANKS

The Industrial Banks Program administers and enforces the provisions of the Financial Code relating to industrial loan companies. This includes processing applications for new companies and conducting examinations to determine compliance with applicable laws and regulations.

90 - ADMINISTRATION

The Administration Program provides services essential for the administration of the Department and its programs, including executive, legal, legislative, policy, fiscal, business services, and information technology.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		2006-07*	2007-08*	2008-09*
	PROGRAM REQUIREMENTS			
10	LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES			
	State Operations:			
0298	Financial Institutions Fund	\$17,341	\$19,966	\$20,857
0995	Reimbursements	242	600	600
	Totals, State Operations	\$17,583	\$20,566	\$21,457
	PROGRAM REQUIREMENTS			
20	MONEY TRANSMITTERS			
	State Operations:			
0298	Financial Institutions Fund	\$1,584	\$1,950	\$2,228
	Totals, State Operations	\$1,584	\$1,950	\$2,228
	PROGRAM REQUIREMENTS			
40	ADMINISTRATION OF LOCAL AGENCY SECURITY			
	State Operations:			
0240	Local Agency Security Deposit Fund	\$295	\$407	\$412
	Totals, State Operations	\$295	\$407	\$412
	PROGRAM REQUIREMENTS			
50	SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS			
	State Operations:			
0298	Financial Institutions Fund	\$8	\$32	\$32
	Totals, State Operations	\$8	\$32	\$32
	PROGRAM REQUIREMENTS			
60	CREDIT UNIONS			
	State Operations:			
0299	Credit Union Fund	\$4,279	\$4,823	\$7,298
	Totals, State Operations	\$4,279	\$4,823	\$7,298
	PROGRAM REQUIREMENTS			
70	SAVINGS AND LOAN			
	State Operations:			
0298	Financial Institutions Fund	\$42	\$101	\$102
	Totals, State Operations	\$42	\$101	\$102
	PROGRAM REQUIREMENTS			

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	2006-07*	2007-08*	2008-09*
80 INDUSTRIAL BANKS			
State Operations:			
0298 Financial Institutions Fund	\$854	\$1,128	\$1,008
Totals, State Operations	\$854	\$1,128	\$1,008
TOTALS, EXPENDITURES			
State Operations	24,645	29,007	32,537
Totals, Expenditures	\$24,645	\$29,007	\$32,537

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	212.6	235.0	235.0	\$14,579	\$16,444	\$16,797
Total Adjustments	-	-	19.0	-	525	1,884
Estimated Salary Savings	-	-11.8	-12.8	-	-848	-933
Net Totals, Salaries and Wages	212.6	223.2	241.2	\$14,579	\$16,121	\$17,748
Staff Benefits	-	-	-	4,615	5,080	5,615
Totals, Personal Services	212.6	223.2	241.2	\$19,194	\$21,201	\$23,363
OPERATING EXPENSES AND EQUIPMENT				\$5,451	\$7,806	\$9,174
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS				\$24,645	\$29,007	\$32,537
(State Operations)						

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
0240 Local Agency Deposit Security Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$372	\$395	\$412
Allocation for employee compensation	22	13	-
Adjustment per Section 3.60	2	-1	-
Totals Available	\$396	\$407	\$412
Unexpended balance, estimated savings	-101	-	-
TOTALS, EXPENDITURES	\$295	\$407	\$412
0298 Financial Institutions Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$19,473	\$22,633	\$24,227
Allocation for employee compensation	1,077	561	-
Adjustment per Section 3.60	112	-40	-
Adjustment per Section 15.25	-	23	-
Totals Available	\$20,662	\$23,177	\$24,227
Unexpended balance, estimated savings	-833	-	-
TOTALS, EXPENDITURES	\$19,829	\$23,177	\$24,227
0299 Credit Union Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$4,086	\$4,705	\$7,298
Allocation for employee compensation	238	125	-
Adjustment per Section 3.60	25	-9	-
Adjustment per Section 15.25	-	2	-

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1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
Totals Available	\$4,349	\$4,823	\$7,298
Unexpended balance, estimated savings	-70	-	-
TOTALS, EXPENDITURES	\$4,279	\$4,823	\$7,298
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$242	\$600	\$600
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$24,645	\$29,007	\$32,537

FUND CONDITION STATEMENTS

	2006-07*	2007-08*	2008-09*
0240 Local Agency Deposit Security Fund ^s			
BEGINNING BALANCE	\$232	\$285	\$251
Prior year adjustments	-21	-	-
Adjusted Beginning Balance	\$211	\$285	\$251
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	322	327	330
150300 Income From Surplus Money Investments	21	20	20
164300 Penalty Assessments	26	26	26
Total Revenues, Transfers, and Other Adjustments	\$369	\$373	\$376
Total Resources	\$580	\$658	\$627
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
2150 Department of Financial Institutions (State Operations)	295	407	412
Total Expenditures and Expenditure Adjustments	\$295	\$407	\$412
FUND BALANCE	\$285	\$251	\$215
Reserve for economic uncertainties	285	251	215
0298 Financial Institutions Fund ^s			
BEGINNING BALANCE	\$6,857	\$7,706	\$7,228
Prior year adjustments	88	-	-
Adjusted Beginning Balance	\$6,945	\$7,706	\$7,228
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	17,454	19,972	20,914
125700 Other Regulatory Licenses and Permits	676	689	699
150300 Income From Surplus Money Investments	714	713	713
161400 Miscellaneous Revenue	1,326	1,344	1,364
163000 Settlements/Judgments(not Anti-trust)	298	-	-
164300 Penalty Assessments	140	-	-
Total Revenues, Transfers, and Other Adjustments	\$20,608	\$22,718	\$23,690
Total Resources	\$27,553	\$30,424	\$30,918
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	18	19	19
2150 Department of Financial Institutions (State Operations)	19,829	23,177	24,227
Total Expenditures and Expenditure Adjustments	\$19,847	\$23,196	\$24,246
FUND BALANCE	\$7,706	\$7,228	\$6,672
Reserve for economic uncertainties	7,706	7,228	6,672

* Dollars in thousands, except in Salary Range.

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	2006-07*	2007-08*	2008-09*
0299 Credit Union Fund ^s			
BEGINNING BALANCE	\$4,314	\$4,018	\$3,298
Prior year adjustments	<u>72</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$4,386	\$4,018	\$3,298
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	3,550	3,742	4,978
125700 Other Regulatory Licenses and Permits	1	1	1
142500 Miscellaneous Services to the Public	3	3	3
150300 Income From Surplus Money Investments	<u>361</u>	<u>361</u>	<u>361</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$3,915</u>	<u>\$4,107</u>	<u>\$5,343</u>
Total Resources	\$8,301	\$8,125	\$8,641
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	4	4	4
2150 Department of Financial Institutions (State Operations)	<u>4,279</u>	<u>4,823</u>	<u>7,298</u>
Total Expenditures and Expenditure Adjustments	<u>\$4,283</u>	<u>\$4,827</u>	<u>\$7,302</u>
FUND BALANCE	\$4,018	\$3,298	\$1,339
Reserve for economic uncertainties	4,018	3,298	1,339

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
Totals, Authorized Positions	212.6	235.0	235.0	\$14,579	\$16,444	\$16,797
Salary Adjustments	-	-	-	-	525	537
Proposed New Positions:				Salary Range		
Program 10:						
Sr Financial Institutions Examiner	-	-	1.0	5,561-7,097	-	74
Program 60:						
Financial Institutions Manager	-	-	1.0	6,813-7,887	-	90
Sr Financial Institutions Examiner	-	-	14.0	5,561-7,097	-	1,031
Staff Services Analyst	-	-	1.0	2,817-4,446	-	38
Program 90:						
Associate Info Systems Analyst	-	-	1.0	4,619-5,897	-	64
Sr Personnel Specialist	-	-	1.0	3,658-4,446	-	50
Totals, Proposed New Positions	<u>-</u>	<u>-</u>	<u>19.0</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,347</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>19.0</u>	<u>\$-</u>	<u>\$525</u>	<u>\$1,884</u>
TOTALS, SALARIES AND WAGES	212.6	235.0	254.0	\$14,579	\$16,969	\$18,681

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