

2180 Department of Corporations

The Department of Corporations, California's investment and financing authority, under the direction of the California Corporations Commissioner, licenses and regulates a variety of businesses including securities brokers and dealers, investment advisers and financial planners, and certain fiduciaries and lenders. The Department also regulates the offer and sale of securities, franchises and off-exchange commodities.

Given this responsibility, the Department has a three-part mission:

- Ensure an efficient and accessible financial services marketplace in California.
- Educate the public about the risks and rewards in investing and finances.
- Enforce California's financial services laws to protect the public from fraud.

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

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
10 Investment Program	109.9	125.9	126.0	\$16,296	\$19,102	\$19,492
20 Lender-Fiduciary Program	84.4	92.3	94.0	12,027	14,208	14,371
50.01 Administration	50.9	57.0	57.0	4,737	6,076	6,087
50.02 Distributed Administration	-	-	-	-4,737	-6,076	-6,087
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	245.2	275.2	277.0	\$28,323	\$33,310	\$33,863
FUNDING				2005-06*	2006-07*	2007-08*
0067 State Corporations Fund				\$28,300	\$33,160	\$33,713
0995 Reimbursements				23	150	150
TOTALS, EXPENDITURES, ALL FUNDS				\$28,323	\$33,310	\$33,863

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Corporations Code, Section 25600.

PROGRAM AUTHORITY

10-Investment Program:

Corporations Code Sections 25000-25707, 28000-28958, 29000-29201, 29500-29567, 31000-31516; Title 10, California Code of Regulations, Sections 250.1-250.70, 260.000-260.617, 280.100-280.700, and 310.002-310.505.

20-Lender-Fiduciary Program:

Financial Code Sections 4050-4060, 4970-4979.8, 12000-12403, 17000-17702, 22000-22780, 23000-23106, 30000-30704, and 50000-50706; Title 10, California Code of Regulations, Sections 1400-1570, 1700-1769, 1775-1799, 1805.001-1805.213.1, 1950.122-1950.317, and 2020-2030.

DETAILED BUDGET ADJUSTMENTS

	2006-07*			2007-08*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Baseline Adjustment Descriptions						
• Employee Compensation Adjustment	\$-	\$1,441	-	\$-	\$1,469	-
• Various Baseline Adjustments	-	171	-	-	195	-
Totals, Baseline Adjustments	\$-	\$1,612	-	\$-	\$1,664	-
Policy Adjustment Descriptions						
• Lender-Fiduciary Program: Convert Limited-Term Positions to Permanent Positions	\$-	\$-	-	\$-	\$342	2.8
• Broker/Dealer and Investment Advisers Workload Increase	-	-	-	-	159	1.9
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$501	4.7
TOTALS, BUDGET ADJUSTMENTS	\$-	\$1,612	-	\$-	\$2,165	4.7

* Dollars in thousands, except in Salary Range.

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PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 INVESTMENT PROGRAM

The Investment Program protects investors in securities and franchise investment transactions and promotes efficient capital formation in California. The program qualifies the offer and sale of certain securities, registers the sale of franchises, and licenses and examines broker-dealers and investment advisers.

20 LENDER-FIDUCIARY PROGRAM

The Lender-Fiduciary Program protects the public when borrowing and entering into financial transactions with lenders and fiduciaries licensed by the Department. The program licenses and examines mortgage bankers, finance lenders, escrow companies, deferred deposit originators, bill payers and proraters.

50 ADMINISTRATION

This program provides executive leadership and direction to the Department, including planning, policy development, budgeting, accounting, personnel, centralized support services, business and information technology services.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

	<u>2005-06*</u>	<u>2006-07*</u>	<u>2007-08*</u>
PROGRAM REQUIREMENTS			
10 INVESTMENT PROGRAM			
State Operations:			
0067 State Corporations Fund	\$16,273	\$18,952	\$19,342
0995 Reimbursements	23	150	150
Totals, State Operations	\$16,296	\$19,102	\$19,492
ELEMENT REQUIREMENTS			
10.10 Corporate Securities Law	\$8,531	\$9,361	\$9,460
State Operations:			
0067 State Corporations Fund	8,508	9,211	9,310
0995 Reimbursements	23	150	150
10.15 Broker/Dealers	\$1,554	\$2,172	\$2,137
State Operations:			
0067 State Corporations Fund	1,554	2,172	2,137
10.25 Investment Advisers	\$3,222	\$4,638	\$4,992
State Operations:			
0067 State Corporations Fund	3,222	4,638	4,992
10.35 Agent Monitoring Law	\$252	\$-	\$-
State Operations:			
0067 State Corporations Fund	252	-	-
10.55 California Commodity Law	\$228	\$235	\$238
State Operations:			
0067 State Corporations Fund	228	235	238
10.65 Franchise Investment Law	\$2,508	\$2,696	\$2,665
State Operations:			
0067 State Corporations Fund	2,508	2,696	2,665
10.75 Capital Access Law	\$1	\$-	\$-
State Operations:			
0067 State Corporations Fund	1	-	-
PROGRAM REQUIREMENTS			
20 LENDER-FIDUCIARY PROGRAM			
State Operations:			
0067 State Corporations Fund	\$12,027	\$14,208	\$14,371

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	2005-06*	2006-07*	2007-08*
Totals, State Operations	\$12,027	\$14,208	\$14,371
ELEMENT REQUIREMENTS			
20.10 Check Sellers, Bill Payers and Proraters	\$222	\$190	\$192
State Operations:			
0067 State Corporations Fund	222	190	192
20.11 Consumer Credit Counselors	\$28	\$-	\$-
State Operations:			
0067 State Corporations Fund	28	-	-
20.20 Deferred Deposit Transaction Law	\$1,612	\$1,728	\$1,718
State Operations:			
0067 State Corporations Fund	1,612	1,728	1,718
20.30 Escrow Law	\$2,820	\$3,584	\$3,675
State Operations:			
0067 State Corporations Fund	2,820	3,584	3,675
20.90 California Finance Lenders Law	\$5,229	\$6,357	\$6,455
State Operations:			
0067 State Corporations Fund	5,229	6,357	6,455
20.95 Mortgage Bankers Law	\$2,116	\$2,349	\$2,331
State Operations:			
0067 State Corporations Fund	2,116	2,349	2,331
TOTALS, EXPENDITURES			
State Operations	28,323	33,310	33,863
Totals, Expenditures	\$28,323	\$33,310	\$33,863

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	245.2	280.0	277.0	\$14,473	\$16,467	\$16,661
Total Adjustments	-	-	5.0	-	1,122	1,306
Estimated Salary Savings	-	-4.8	-5.0	-	-303	-305
Net Totals, Salaries and Wages	245.2	275.2	277.0	\$14,473	\$17,286	\$17,662
Staff Benefits	-	-	-	4,965	6,069	6,146
Totals, Personal Services	245.2	275.2	277.0	\$19,438	\$23,355	\$23,808
OPERATING EXPENSES AND EQUIPMENT						
				\$8,885	\$9,955	\$10,055
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$28,323	\$33,310	\$33,863

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
0067 State Corporations Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$30,672	\$31,548	\$33,713
Allocation for employee compensation	138	1,441	-
Adjustment per Section 3.60	-118	169	-
Adjustment per Section 4.75 Statewide Surcharge	-	2	-
Totals Available	\$30,692	\$33,160	\$33,713

* Dollars in thousands, except in Salary Range.

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1 STATE OPERATIONS	2005-06*	2006-07*	2007-08*
Unexpended balance, estimated savings	<u>-2,392</u>	<u>-</u>	<u>-</u>
TOTALS, EXPENDITURES	\$28,300	\$33,160	\$33,713
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	<u>\$23</u>	<u>\$150</u>	<u>\$150</u>
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$28,323	\$33,310	\$33,863

FUND CONDITION STATEMENTS

	2005-06*	2006-07*	2007-08*
0067 State Corporations Fund ^s			
BEGINNING BALANCE	\$8,587	\$13,061	\$15,087
Prior year adjustments	<u>1,322</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$9,909	\$13,061	\$15,087
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
125700 Other Regulatory Licenses and Permits	27,904	27,895	27,965
125800 Renewal Fees	1,158	1,111	1,113
141200 Sales of Documents	33	1	1
142500 Miscellaneous Services to the Public	13	3	3
150300 Income From Surplus Money Investments	488	145	145
161000 Escheat of Unclaimed Checks & Warrants	270	1	1
161900 Other Revenue - Cost Recoveries	531	-	-
164300 Penalty Assessments	1,069	56	60
Transfers and Other Adjustments:			
FO0001 From General Fund loan repayment per Item 2180-011-0067, Budget Act of 2002	<u>-</u>	<u>6,000</u>	<u>-</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$31,466</u>	<u>\$35,212</u>	<u>\$29,288</u>
Total Resources	\$41,375	\$48,273	\$44,375
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	14	26	37
2180 Department of Corporations (State Operations)	<u>28,300</u>	<u>33,160</u>	<u>33,713</u>
Total Expenditures and Expenditure Adjustments	<u>\$28,314</u>	<u>\$33,186</u>	<u>\$33,750</u>
FUND BALANCE	\$13,061	\$15,087	\$10,625
Reserve for economic uncertainties	13,061	15,087	10,625

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2005-06	2006-07	2007-08	2005-06*	2006-07*	2007-08*
Totals, Authorized Positions	245.2	280.0	277.0	\$14,473	\$16,467	\$16,661
Salary Adjustments	-	-	-	-	1,122	1,064
Proposed New Positions:				Salary Range		
Securities Regulation Increased Workload:						
Staff Services Analyst	-	-	2.0	3,418-4,155	-	76
Convert LT Positions to Permanent:						
Corporation Examiners	-	-	3.0	4,516-5,229	-	163
Overtime	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Totals, Proposed New Positions	<u>-</u>	<u>-</u>	<u>5.0</u>	<u>\$-</u>	<u>\$-</u>	<u>\$242</u>
Total Adjustments	<u>-</u>	<u>-</u>	<u>5.0</u>	<u>\$-</u>	<u>\$1,122</u>	<u>\$1,306</u>
TOTALS, SALARIES AND WAGES	245.2	280.0	282.0	\$14,473	\$17,589	\$17,967

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