

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 PERSONNEL YEARS

	Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
10 Licensing and Supervision of Banks and Trust Companies	128.5	119.7	119.7	\$20,090	\$21,562	\$22,890
20 Money Transmitters	24.4	21.6	21.6	2,810	2,987	3,153
40 Administration of Local Agency Security	3.5	3.6	3.6	294	374	400
50 Supervision of California Business and Industrial Development Corporations	-	-	-	20	33	33
60 Credit Unions	53.0	50.4	50.4	5,672	6,988	7,464
70 Savings and Loan	-	-	-	69	104	104
80 Industrial Banks	5.8	7.2	7.2	439	951	1,010
90.01 Administration	50.1	45.0	47.7	5,774	6,153	6,747
90.02 Distributed Administration	-	-	-	-5,774	-6,153	-6,747
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	265.3	247.5	250.2	\$29,394	\$32,999	\$35,054
FUNDING				2009-10*	2010-11*	2011-12*
0240 Local Agency Deposit Security Fund				\$294	\$374	\$400
0298 Financial Institutions Fund				21,900	24,415	25,968
0299 Credit Union Fund				5,672	6,988	7,464
0995 Reimbursements				1,528	1,222	1,222
TOTALS, EXPENDITURES, ALL FUNDS				\$29,394	\$32,999	\$35,054

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; Division 16.

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; 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 2011-12 Governor's Budget proposes \$352,000 and three positions to handle increased consumer complaints and inquiries concerning financial institutions. The Governor's Budget also converts to permanent status five Financial Institutions Examiner positions that were provided on a limited-term basis in 2009-10, and that would otherwise expire at the end of 2010-11.

DETAILED BUDGET ADJUSTMENTS

	2010-11*			2011-12*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
Workload Budget Adjustments						
Other Workload Budget Adjustments						
• Control Section 3.60 Adjustment	\$-	\$499	-	\$-	\$499	-
• Various Baseline Adjustments	-	-	-	-	367	-
• Health Care Adjustment (Item 9800)	-	101	-	-	173	-
• Control Section 3.91 Adjustment	-	-1,730	-	-	-466	-
• Control Section 3.90 Adjustment	-	-1,041	-13.8	-	-1,041	-13.8
Totals, Other Workload Budget Adjustments	\$-	-\$2,171	-13.8	\$-	-\$468	-13.8
Totals, Workload Budget Adjustments	\$-	-\$2,171	-13.8	\$-	-\$468	-13.8
Policy Adjustments						
• Problem Licensees: Banking Examination and Consumer Services Impact	\$-	\$-	2.4	\$-	\$352	2.8
Totals, Policy Adjustments	\$-	\$-	2.4	\$-	\$352	2.8
Totals, Budget Adjustments	\$-	-\$2,171	-11.4	\$-	-\$116	-11.0

PROGRAM DESCRIPTIONS

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.

60 - CREDIT UNIONS

* Dollars in thousands, except in Salary Range.

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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

		2009-10*	2010-11*	2011-12*
PROGRAM REQUIREMENTS				
10	LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES			
	State Operations:			
0298	Financial Institutions Fund	\$18,562	\$20,340	\$21,668
0995	Reimbursements	<u>1,528</u>	<u>1,222</u>	<u>1,222</u>
	Totals, State Operations	\$20,090	\$21,562	\$22,890
PROGRAM REQUIREMENTS				
20	MONEY TRANSMITTERS			
	State Operations:			
0298	Financial Institutions Fund	<u>\$2,810</u>	<u>\$2,987</u>	<u>\$3,153</u>
	Totals, State Operations	\$2,810	\$2,987	\$3,153
PROGRAM REQUIREMENTS				
40	ADMINISTRATION OF LOCAL AGENCY SECURITY			
	State Operations:			
0240	Local Agency Security Deposit Fund	<u>\$294</u>	<u>\$374</u>	<u>\$400</u>
	Totals, State Operations	\$294	\$374	\$400
PROGRAM REQUIREMENTS				
50	SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS			
	State Operations:			
0298	Financial Institutions Fund	<u>\$20</u>	<u>\$33</u>	<u>\$33</u>
	Totals, State Operations	\$20	\$33	\$33
PROGRAM REQUIREMENTS				
60	CREDIT UNIONS			
	State Operations:			
0299	Credit Union Fund	<u>\$5,672</u>	<u>\$6,988</u>	<u>\$7,464</u>
	Totals, State Operations	\$5,672	\$6,988	\$7,464
PROGRAM REQUIREMENTS				
70	SAVINGS AND LOAN			
	State Operations:			
0298	Financial Institutions Fund	<u>\$69</u>	<u>\$104</u>	<u>\$104</u>
	Totals, State Operations	\$69	\$104	\$104
PROGRAM REQUIREMENTS				
80	INDUSTRIAL BANKS			

* Dollars in thousands, except in Salary Range.

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	2009-10*	2010-11*	2011-12*
State Operations:			
0298 Financial Institutions Fund	\$439	\$951	\$1,010
Totals, State Operations	\$439	\$951	\$1,010
TOTALS, EXPENDITURES			
State Operations	29,394	32,999	35,054
Totals, Expenditures	\$29,394	\$32,999	\$35,054

EXPENDITURES BY CATEGORY

1 State Operations	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	265.3	265.0	265.0	\$16,690	\$18,792	\$19,333
Total Adjustments	-	10.0	13.0	-	-416	544
Estimated Salary Savings	-	-27.5	-27.8	-	-1,979	-2,012
Net Totals, Salaries and Wages	265.3	247.5	250.2	\$16,690	\$16,397	\$17,865
Staff Benefits	-	-	-	5,953	6,288	6,524
Totals, Personal Services	265.3	247.5	250.2	\$22,643	\$22,685	\$24,389
OPERATING EXPENSES AND EQUIPMENT				\$6,751	\$10,314	\$10,665
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$29,394	\$32,999	\$35,054

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2009-10*	2010-11*	2011-12*
0240 Local Agency Deposit Security Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$409	\$409	\$400
Allocation for employee compensation	-	2	-
Adjustment per Section 3.60	1	8	-
Reduction per Section 3.90	-45	-17	-
Reduction per Control Section 3.91	-	-28	-
Adjustment per Section 3.55	-1	-	-
Totals Available	\$364	\$374	\$400
Unexpended balance, estimated savings	-70	-	-
TOTALS, EXPENDITURES	\$294	\$374	\$400
0298 Financial Institutions Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$25,223	\$26,038	\$25,968
Allocation for employee compensation	-	76	-
Adjustment per Section 3.60	41	375	-
Reduction per Section 3.90	-2,182	-774	-
Reduction per Control Section 3.91	-	-1,300	-
Adjustment per Section 3.55	-33	-	-
Totals Available	\$23,049	\$24,415	\$25,968
Unexpended balance, estimated savings	-1,149	-	-
TOTALS, EXPENDITURES	\$21,900	\$24,415	\$25,968
0299 Credit Union Fund			
APPROPRIATIONS			

* Dollars in thousands, except in Salary Range.

2150 Department of Financial Institutions - Continued

1 STATE OPERATIONS	2009-10*	2010-11*	2011-12*
001 Budget Act appropriation	\$7,022	\$7,501	\$7,464
Allocation for employee compensation	-	23	-
Adjustment per Section 3.60	11	116	-
Reduction per Section 3.90	-617	-249	-
Reduction per Control Section 3.91	-	-403	-
Adjustment per Section 3.55	-10	-	-
Totals Available	\$6,406	\$6,988	\$7,464
Unexpended balance, estimated savings	-734	-	-
TOTALS, EXPENDITURES	\$5,672	\$6,988	\$7,464
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$1,528	\$1,222	\$1,222
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$29,394	\$32,999	\$35,054

FUND CONDITION STATEMENTS

	2009-10*	2010-11*	2011-12*
0240 Local Agency Deposit Security Fund ^s			
BEGINNING BALANCE	\$452	\$492	\$458
Prior year adjustments	-6	-	-
Adjusted Beginning Balance	\$446	\$492	\$458
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	315	315	315
150300 Income From Surplus Money Investments	4	5	5
164300 Penalty Assessments	21	20	20
Total Revenues, Transfers, and Other Adjustments	\$340	\$340	\$340
Total Resources	\$786	\$832	\$798
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	-	-	1
2150 Department of Financial Institutions (State Operations)	294	374	400
8880 Financial Information System for California (State Operations)	-	-	2
Total Expenditures and Expenditure Adjustments	\$294	\$374	\$403
FUND BALANCE	\$492	\$458	\$395
Reserve for economic uncertainties	492	458	395
0298 Financial Institutions Fund ^s			
BEGINNING BALANCE	\$9,168	\$11,554	\$9,319
Prior year adjustments	-63	-	-
Adjusted Beginning Balance	\$9,105	\$11,554	\$9,319
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	22,879	20,800	20,800
125700 Other Regulatory Licenses and Permits	141	153	153
150300 Income From Surplus Money Investments	98	95	95
161400 Miscellaneous Revenue	1,249	1,166	1,166
163000 Settlements/Judgments(not Anti-trust)	-	25	25
Total Revenues, Transfers, and Other Adjustments	\$24,367	\$22,239	\$22,239
Total Resources	\$33,472	\$33,793	\$31,558
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			

* Dollars in thousands, except in Salary Range.

2150 Department of Financial Institutions - Continued

	2009-10*	2010-11*	2011-12*
Expenditures:			
0840 State Controller (State Operations)	18	44	35
2150 Department of Financial Institutions (State Operations)	21,900	24,415	25,968
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>15</u>	<u>108</u>
Total Expenditures and Expenditure Adjustments	<u>\$21,918</u>	<u>\$24,474</u>	<u>\$26,111</u>
FUND BALANCE	\$11,554	\$9,319	\$5,447
Reserve for economic uncertainties	11,554	9,319	5,447
0299 Credit Union Fund ^s			
BEGINNING BALANCE	\$2,588	\$2,846	\$1,998
Prior year adjustments	<u>-208</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$2,380	\$2,846	\$1,998
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	6,089	6,089	6,089
125700 Other Regulatory Licenses and Permits	1	15	15
142500 Miscellaneous Services to the Public	-	2	2
150300 Income From Surplus Money Investments	<u>53</u>	<u>50</u>	<u>50</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$6,143</u>	<u>\$6,156</u>	<u>\$6,156</u>
Total Resources	\$8,523	\$9,002	\$8,154
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	5	12	10
2150 Department of Financial Institutions (State Operations)	5,672	6,988	7,464
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>4</u>	<u>31</u>
Total Expenditures and Expenditure Adjustments	<u>\$5,677</u>	<u>\$7,004</u>	<u>\$7,505</u>
FUND BALANCE	\$2,846	\$1,998	\$649
Reserve for economic uncertainties	2,846	1,998	649

CHANGES IN AUTHORIZED POSITIONS

	Positions/Personnel Years			Expenditures		
	2009-10	2010-11	2011-12	2009-10*	2010-11*	2011-12*
Totals, Authorized Positions	265.3	265.0	265.0	\$16,690	\$18,792	\$19,333
Furlough Adjustments	-	-	-	-	-591	-
PLP Adjustments	-	-	-	-	-526	-302
Salary Range						
Proposed New Positions:						
Banking Augmentation to Address Economic Deterioration:						
Senior Financial Institutions Examiner	-	10.0	10.0	5,561-7,097	701	701
Consumer Services Impact:						
Associate Governmental Program Analyst	-	-	2.0	4,400-5,348	-	111
Office Tech (Typing)	<u>-</u>	<u>-</u>	<u>1.0</u>	<u>2,686-3,264</u>	<u>-</u>	<u>34</u>
Totals Proposed New Positions	<u>-</u>	<u>10.0</u>	<u>13.0</u>	<u>\$-</u>	<u>\$701</u>	<u>\$846</u>
Total Adjustments	<u>-</u>	<u>10.0</u>	<u>13.0</u>	<u>\$-</u>	<u>-\$416</u>	<u>\$544</u>
TOTALS, SALARIES AND WAGES	265.3	275.0	278.0	\$16,690	\$18,376	\$19,877

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