

1701 Business Oversight

The Department of Business Oversight (Department) regulates state-licensed financial institutions, products and professionals to provide accessibility to a fair and secure financial services marketplace. The Department serves California by enforcing the state's financial services laws and providing resources to Californians to make informed financial decisions.

3-YR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
1510	Investment Program	113.2	141.0	158.0	\$18,789	\$25,980	\$28,860
1515	Lender-Fiduciary Program	122.8	126.5	126.5	22,362	23,519	23,339
1520	Licensing and Supervision of Banks and Trust Companies	142.8	135.0	135.0	22,592	23,908	24,336
1525	Money Transmitters	24.1	24.0	24.0	3,321	3,469	3,500
1530	Supervision of California Business and Industrial Development Corporations	0.3	-	-	30	31	31
1535	Savings and Loan	-	-	-	-	80	80
1540	Industrial Banks	3.3	8.0	8.0	942	944	942
1545	Administration of Local Agency Security	4.0	4.0	4.0	412	433	441
1550	Credit Unions	58.5	59.0	59.0	7,580	7,914	8,060
9900100	Administration	93.3	103.5	103.5	9,327	14,583	11,597
9900200	Administration - Distributed	-	-	-	-9,325	-14,583	-11,597
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		562.3	601.0	618.0	\$76,030	\$86,278	\$89,589
FUNDING					2013-14*	2014-15*	2015-16*
0067	State Corporations Fund				\$41,151	\$49,499	\$52,199
0240	Local Agency Deposit Security Fund				412	433	441
0298	Financial Institutions Fund				26,283	27,332	27,789
0299	Credit Union Fund				7,580	7,914	8,060
0995	Reimbursements				604	1,100	1,100
TOTALS, EXPENDITURES, ALL FUNDS					\$76,030	\$86,278	\$89,589

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

California Financial Code, Division 1, Chapter 3.

PROGRAM AUTHORITY

1510-Investment Program:

Corporations Code, Title 4, Divisions 1, 3, 4, 4.5, and 5; Title 10, California Code of Regulations, Sections 250.1-250.70, 260.000-260.617, 280.100-280.700, 290.570-290.571, and 310.000-310.505.

1515-Lender-Fiduciary Program:

Financial Code, Divisions 1.4, 1.7, 3, 6, 9, 10, 14, and 20; Title 10, California Code of Regulations, Sections 1400-1596, 1700-1769, 1772-1799.1, 1805.001-1805.213.1, 1950.003-1950.317, and 2020-2031.10.

1520-Licensing and Supervision of Banks and Trust Companies:

California Financial Code, Division 1, Division 1.1 and Division 1.6.

1525-Money Transmitters:

California Financial Code, Division 1.2.

1530-Supervision of California Business and Industrial Development Corporations:

California Financial Code, Division 15.

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1535-Savings and Loan:

California Financial Code, Division 2.

1540-Industrial Banks:

California Financial Code, Division 1.1, Chapter 15, Division 7.

1545-Administration of Local Agency Security:

Government Code, Sections 53630-53686.

1550-Credit Unions:

California Financial Code, Division 5.

9900-Administration:

California Financial Code, Division 1, Chapter 2.

DETAILED BUDGET ADJUSTMENTS

	2014-15*			2015-16*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Conversion of limited-term positions to permanent	\$-	\$-	-	\$-	\$401	3.0
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$401	3.0
Other Workload Budget Adjustments						
• Miscellaneous Baseline Adjustments	\$-	\$-	-	\$-	\$2,242	14.0
• Retirement Rate Adjustments	-	1,310	-	-	1,310	-
• Salary Adjustments	-	845	-	-	862	-
• Pro Rata	-	-	-	-	586	-
• Benefit Adjustments	-	332	-	-	395	-
Totals, Other Workload Budget Adjustments	\$-	\$2,487	-	\$-	\$5,395	14.0
Totals, Workload Budget Adjustments	\$-	\$2,487	-	\$-	\$5,796	17.0
Totals, Budget Adjustments	\$-	\$2,487	-	\$-	\$5,796	17.0

PROGRAM DESCRIPTIONS

1510 - INVESTMENT PROGRAM

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

1515 - LENDER-FIDUCIARY PROGRAM

The Lender-Fiduciary Program protects consumers who borrow and enter into financial transactions with lenders and fiduciaries licensed by the Department. The program licenses and regulates businesses engaged in financial transactions such as mortgage loan originators, finance lenders, escrow agents, deferred deposit originators, bill payers, proraters, and securities depositories.

1520 - 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 periodic examinations to ensure that business is conducted in a safe and sound manner, and investigations of new bank and trust company applications and other required applicants. Statute requires examinations of state-licensed banks to be conducted at least once every 12 months; however, every other examination may be conducted by the appropriate federal regulator. Examinations of state-licensed trust companies must be conducted no less frequently than once every 24 months.

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1525 - MONEY TRANSMITTERS

The objective of this program is to promote the integrity and stability of businesses receiving money in the United States for transmission, sale or issuance of payment instruments, and the sale or issuance of stored value. The objective is accomplished through the examination, regulation, and supervision of these institutions. Examinations can be conducted at any time to ensure the licensees are complying with the provisions of the Money Transmission Act and operating in a safe and sound manner. In order to protect the public, a thorough review of each new applicant is conducted before a license is issued.

1530 - SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS

This program licenses and regulates business and industrial development corporations. The program ensures that business is conducted in a financially sound manner.

1535 - SAVINGS AND LOAN

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

1540 - INDUSTRIAL BANKS

The Industrial Banks Program ensures that industrial bank associations are regulated as commercial banks and comply with applicable laws and regulations.

1545 - ADMINISTRATION OF LOCAL AGENCY SECURITY

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

1550 - 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. Per statute, examinations are conducted no less than once every two years.

9900 - 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

		2013-14*	2014-15*	2015-16*
	PROGRAM REQUIREMENTS			
1510	INVESTMENT PROGRAM			
	State Operations:			
0067	State Corporations Fund	\$18,789	\$25,980	\$28,860
	Totals, State Operations	\$18,789	\$25,980	\$28,860
	PROGRAM REQUIREMENTS			
1515	LENDER-FIDUCIARY PROGRAM			
	State Operations:			
0067	State Corporations Fund	\$22,362	\$23,519	\$23,339
	Totals, State Operations	\$22,362	\$23,519	\$23,339
	PROGRAM REQUIREMENTS			
1520	LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES			
	State Operations:			
0298	Financial Institutions Fund	\$21,988	\$22,808	\$23,236
0995	Reimbursements	604	1,100	1,100
	Totals, State Operations	\$22,592	\$23,908	\$24,336
	PROGRAM REQUIREMENTS			
1525	MONEY TRANSMITTERS			

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		2013-14*	2014-15*	2015-16*
	State Operations:			
0298	Financial Institutions Fund	\$3,321	\$3,469	\$3,500
	Totals, State Operations	\$3,321	\$3,469	\$3,500
	PROGRAM REQUIREMENTS			
1530	SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS			
	State Operations:			
0298	Financial Institutions Fund	\$30	\$31	\$31
	Totals, State Operations	\$30	\$31	\$31
	PROGRAM REQUIREMENTS			
1535	SAVINGS AND LOAN			
	State Operations:			
0298	Financial Institutions Fund	\$-	\$80	\$80
	Totals, State Operations	\$-	\$80	\$80
	PROGRAM REQUIREMENTS			
1540	INDUSTRIAL BANKS			
	State Operations:			
0298	Financial Institutions Fund	\$942	\$944	\$942
	Totals, State Operations	\$942	\$944	\$942
	PROGRAM REQUIREMENTS			
1545	ADMINISTRATION OF LOCAL AGENCY SECURITY			
	State Operations:			
0240	Local Agency Deposit Security Fund	\$412	\$433	\$441
	Totals, State Operations	\$412	\$433	\$441
	PROGRAM REQUIREMENTS			
1550	CREDIT UNIONS			
	State Operations:			
0299	Credit Union Fund	\$7,580	\$7,914	\$8,060
	Totals, State Operations	\$7,580	\$7,914	\$8,060
	PROGRAM REQUIREMENTS			
9900	ADMINISTRATION - TOTAL			
	State Operations:			
0298	Financial Institutions Fund	\$2	\$-	\$-
	Totals, State Operations	\$2	\$-	\$-
	SUBPROGRAM REQUIREMENTS			
9900100	Administration			
	State Operations:			
0067	State Corporations Fund	\$6,013	\$14,583	\$11,597
0298	Financial Institutions Fund	3,314	-	-
	Totals, State Operations	\$9,327	\$14,583	\$11,597
	SUBPROGRAM REQUIREMENTS			
9900200	Administration - Distributed			
	State Operations:			
0067	State Corporations Fund	-\$6,013	-\$14,583	-\$11,597
0298	Financial Institutions Fund	-3,312	-	-
	Totals, State Operations	-\$9,325	-\$14,583	-\$11,597
	TOTALS, EXPENDITURES			
	State Operations	76,030	86,278	89,589

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1701 Business Oversight - Continued

	2013-14*	2014-15*	2015-16*
Totals, Expenditures	\$76,030	\$86,278	\$89,589

EXPENDITURES BY CATEGORY

1 State Operations	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	562.3	601.0	601.0	\$40,154	\$44,040	\$44,040
Total Adjustments	-	-	17.0	-	1,036	3,250
Net Totals, Salaries and Wages	562.3	601.0	618.0	\$40,154	\$45,076	\$47,290
Staff Benefits	-	-	-	16,667	19,279	20,071
Totals, Personal Services	562.3	601.0	618.0	\$56,821	\$64,355	\$67,361
OPERATING EXPENSES AND EQUIPMENT				\$19,209	\$21,923	\$22,228
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$76,030	\$86,278	\$89,589

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2013-14*†	2014-15*	2015-16*
0067 State Corporations Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$44,993	\$48,257	\$52,199
Allocation for employee compensation	-	442	-
Allocation for staff benefits	-	177	-
Miscellaneous adjustments to realign Current Service Level	-	-1	-
Section 3.60 pension contribution adjustment	-	624	-
011 Budget Act appropriation	(15,000)	(-)	(-)
Totals Available	\$44,993	\$49,499	\$52,199
Unexpended balance, estimated savings	-3,842	-	-
TOTALS, EXPENDITURES	\$41,151	\$49,499	\$52,199
0240 Local Agency Deposit Security Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$413	\$415	\$441
Allocation for employee compensation	-	6	-
Allocation for staff benefits	-	2	-
Section 3.60 pension contribution adjustment	-	10	-
Totals Available	\$413	\$433	\$441
Unexpended balance, estimated savings	-1	-	-
TOTALS, EXPENDITURES	\$412	\$433	\$441
0298 Financial Institutions Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$26,281	\$26,418	\$27,789
Allocation for employee compensation	-	295	-
Allocation for staff benefits	-	114	-
Miscellaneous adjustments to realign Current Service Level	-	-1	-
Section 3.60 pension contribution adjustment	-	506	-
Totals Available	\$26,281	\$27,332	\$27,789
Unexpended balance, estimated savings	2	-	-

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1701 Business Oversight - Continued

1 STATE OPERATIONS	2013-14*†	2014-15*	2015-16*
TOTALS, EXPENDITURES	\$26,283	\$27,332	\$27,789
0299 Credit Union Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$7,580	\$7,604	\$8,060
Allocation for employee compensation	-	101	-
Allocation for staff benefits	-	39	-
Section 3.60 pension contribution adjustment	-	170	-
TOTALS, EXPENDITURES	\$7,580	\$7,914	\$8,060
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$604	\$1,100	\$1,100
TOTALS, EXPENDITURES	\$604	\$1,100	\$1,100
Total Expenditures, All Funds, (State Operations)	\$76,030	\$86,278	\$89,589

FUND CONDITION STATEMENTS

	2013-14*	2014-15*	2015-16*
0067 State Corporations Fund ^s			
BEGINNING BALANCE	\$57,929	\$49,956	\$46,376
Prior Year Adjustments	-88	-	-
Adjusted Beginning Balance	\$57,841	\$49,956	\$46,376
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4121200 Delinquent Fees	1	1	1
4127400 Renewal Fees	7,904	7,904	7,904
4129400 Other Regulatory Licenses and Permits	37,711	38,000	38,000
4140000 Document Sales	1	1	1
4143500 Miscellaneous Services to the Public	13	13	13
4163000 Investment Income - Surplus Money Investments	75	75	75
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	31	31	31
4173000 Penalty Assessments - Other	1,972	3	3
4173500 Settlements and Judgments - Other	921	205	205
Transfers and Other Adjustments			
Revenue Transfer from the State Corporations Fund (0067) to the General Fund (0001) per Item 1701-011-0067, Budget Act of 2013.	-15,000	-	-
Total Revenues, Transfers, and Other Adjustments	\$33,629	\$46,233	\$46,233
Total Resources	\$91,470	\$96,189	\$92,609
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	158	273	287
1701 Business Oversight (State Operations)	41,150	49,502	52,200
8880 Financial Information System for California (State Operations)	207	37	88
Total Expenditures and Expenditure Adjustments	\$41,515	\$49,812	\$52,575
FUND BALANCE	\$49,956	\$46,376	\$40,034
Reserve for economic uncertainties	49,956	46,376	40,034
0240 Local Agency Deposit Security Fund ^s			
BEGINNING BALANCE	\$347	\$231	\$158
Prior Year Adjustments	-2	-	-

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1701 Business Oversight - Continued

	<u>2013-14*</u>	<u>2014-15*</u>	<u>2015-16*</u>
Adjusted Beginning Balance	\$345	\$231	\$158
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4121200 Delinquent Fees	1	1	1
4129600 Other Regulatory Taxes	295	354	354
4163000 Investment Income - Surplus Money Investments	1	1	1
4173000 Penalty Assessments - Other	<u>5</u>	<u>5</u>	<u>5</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$302</u>	<u>\$361</u>	<u>\$361</u>
Total Resources	\$647	\$592	\$519
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	2	1	1
1701 Business Oversight (State Operations)	412	432	441
8880 Financial Information System for California (State Operations)	<u>2</u>	<u>-</u>	<u>1</u>
Total Expenditures and Expenditure Adjustments	<u>\$416</u>	<u>\$433</u>	<u>\$443</u>
FUND BALANCE	\$231	\$158	\$76
Reserve for economic uncertainties	231	158	76

0298 Financial Institutions Fund ^s

BEGINNING BALANCE	\$10,559	\$10,475	\$11,081
Prior Year Adjustments	<u>504</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$11,063	\$10,475	\$11,081
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	223	222	222
4129600 Other Regulatory Taxes	22,505	24,126	24,126
4163000 Investment Income - Surplus Money Investments	45	46	46
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	3	3	3
4172500 Miscellaneous Revenue	<u>3,112</u>	<u>3,700</u>	<u>3,700</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$25,888</u>	<u>\$28,097</u>	<u>\$28,097</u>
Total Resources	\$36,951	\$38,572	\$39,178
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	78	136	142
1701 Business Oversight (State Operations)	26,277	27,333	27,788
8880 Financial Information System for California (State Operations)	<u>120</u>	<u>21</u>	<u>48</u>
Total Expenditures and Expenditure Adjustments	<u>\$26,476</u>	<u>\$27,491</u>	<u>\$27,978</u>
FUND BALANCE	\$10,475	\$11,081	\$11,200
Reserve for economic uncertainties	10,475	11,081	11,200

0299 Credit Union Fund ^s

BEGINNING BALANCE	\$1,683	\$3,244	\$3,847
Prior Year Adjustments	<u>-73</u>	<u>-</u>	<u>-</u>
Adjusted Beginning Balance	\$1,610	\$3,244	\$3,847
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	28	28	28
4129600 Other Regulatory Taxes	7,486	7,176	7,176

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	2013-14*	2014-15*	2015-16*
4150500 Interest Income - Interfund Loans	400	-	-
4163000 Investment Income - Surplus Money Investments	9	9	9
Transfers and Other Adjustments			
Loan Repayment from the General Fund (0001) to the Credit Union Fund (0299), per Item 2150-011-0299, Budget Act of 2002	1,350	-	-
Loan Repayment from the General Fund (0001) to the Credit Union Fund (0299), per Item 2150-011-0299, Budget Act of 2002	-	1,350	-
Total Revenues, Transfers, and Other Adjustments	<u>\$9,273</u>	<u>\$8,563</u>	<u>\$7,213</u>
Total Resources	\$10,883	\$11,807	\$11,060
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	25	41	43
1701 Business Oversight (State Operations)	7,580	7,913	8,061
8880 Financial Information System for California (State Operations)	<u>34</u>	<u>6</u>	<u>13</u>
Total Expenditures and Expenditure Adjustments	<u>\$7,639</u>	<u>\$7,961</u>	<u>\$8,117</u>
FUND BALANCE	\$3,244	\$3,847	\$2,943
Reserve for economic uncertainties	3,244	3,847	2,943

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2013-14	2014-15	2015-16	2013-14*	2014-15*	2015-16*
Totals, Authorized Positions	562.3	601.0	601.0	\$40,154	\$44,040	\$44,040
Salary and Other Adjustments	-	-	14.0	-	1,036	3,095
Workload and Administrative Adjustments						
Conversion of limited-term positions to permanent						
Assoc Govtl Program Analyst	-	-	2.0	-	-	119
Office Techn (Typing)	-	-	1.0	-	-	36
TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS	<u>-</u>	<u>-</u>	<u>3.0</u>	<u>\$-</u>	<u>\$-</u>	<u>\$155</u>
Totals, Adjustments	<u>-</u>	<u>-</u>	<u>17.0</u>	<u>\$-</u>	<u>\$1,036</u>	<u>\$3,250</u>
TOTALS, SALARIES AND WAGES	562.3	601.0	618.0	\$40,154	\$45,076	\$47,290

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