

## 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 (Summary of Program Requirements)

	Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
10 Licensing and Supervision of Banks and Trust Companies	125.8	122.5	122.5	\$20,568	\$20,756	\$22,170
20 Money Transmitters	16.9	22.8	22.8	2,635	2,939	3,213
40 Administration of Local Agency Security	3.8	3.8	3.8	249	364	409
50 Supervision of California Business and Industrial Development Corporations	-	-	-	11	33	33
60 Credit Unions	44.3	50.3	50.3	5,775	6,406	7,204
70 Savings and Loan	-	-	-	76	104	104
80 Industrial Banks	5.2	5.7	5.7	760	439	1,028
90.01 Administration	50.7	48.4	48.4	6,081	5,774	6,470
90.02 Distributed Administration	-	-	-	-6,081	-5,774	-6,470
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>	<b>246.7</b>	<b>253.5</b>	<b>253.5</b>	<b>\$30,074</b>	<b>\$31,041</b>	<b>\$34,161</b>
<b>FUNDING</b>				<b>2008-09*</b>	<b>2009-10*</b>	<b>2010-11*</b>
0240 Local Agency Deposit Security Fund				\$249	\$364	\$409
0298 Financial Institutions Fund				23,065	23,049	25,326
0299 Credit Union Fund				5,775	6,406	7,204
0995 Reimbursements				985	1,222	1,222
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>				<b>\$30,074</b>	<b>\$31,041</b>	<b>\$34,161</b>

### 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.

## 2150 Department of Financial Institutions - Continued

90-Administration:

California Financial Code, Division 1, Chapter 2.

### MAJOR PROGRAM CHANGES

- The Governor's Budget provides \$1 million and 9 positions to establish as permanent the Money Transmitters pilot program that was initiated in 2008-09. The program ensures compliance with laws governing state-licensed money transmitters, and issuers of payment instruments and travellers checks.

### DETAILED BUDGET ADJUSTMENTS

	2009-10*			2010-11*		
	General Fund	Other Funds	Personnel Years	General Fund	Other Funds	Personnel Years
<b>Workload Budget Adjustments</b>						
<b>Workload Budget Change Proposals</b>						
• Money Transmitter Program - Establish as Permanent	\$-	\$-	-	\$-	\$-	8.6
<b>Totals, Workload Budget Change Proposals</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$-</b>	<b>\$-</b>	<b>8.6</b>
<b>Other Workload Budget Adjustments</b>						
• Various Baseline Adjustments	\$-	-\$2,212	-	\$-	\$907	-
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$-</b>	<b>-\$2,212</b>	<b>-</b>	<b>\$-</b>	<b>\$907</b>	<b>-</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$-</b>	<b>-\$2,212</b>	<b>-</b>	<b>\$-</b>	<b>\$907</b>	<b>8.6</b>
<b>Totals, Budget Adjustments</b>	<b>\$-</b>	<b>-\$2,212</b>	<b>-</b>	<b>\$-</b>	<b>\$907</b>	<b>8.6</b>

### 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.

#### 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.

\* Dollars in thousands, except in Salary Range.

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### 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)

		<u>2008-09*</u>	<u>2009-10*</u>	<u>2010-11*</u>
<b>PROGRAM REQUIREMENTS</b>				
<b>10</b>	<b>LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$19,583	\$19,534	\$20,948
0995	Reimbursements	985	1,222	1,222
<b>Totals, State Operations</b>		<b>\$20,568</b>	<b>\$20,756</b>	<b>\$22,170</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>20</b>	<b>MONEY TRANSMITTERS</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$2,635	\$2,939	\$3,213
<b>Totals, State Operations</b>		<b>\$2,635</b>	<b>\$2,939</b>	<b>\$3,213</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>40</b>	<b>ADMINISTRATION OF LOCAL AGENCY SECURITY</b>			
<b>State Operations:</b>				
0240	Local Agency Security Deposit Fund	\$249	\$364	\$409
<b>Totals, State Operations</b>		<b>\$249</b>	<b>\$364</b>	<b>\$409</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>50</b>	<b>SUPERVISION OF CALIFORNIA BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$11	\$33	\$33
<b>Totals, State Operations</b>		<b>\$11</b>	<b>\$33</b>	<b>\$33</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>60</b>	<b>CREDIT UNIONS</b>			
<b>State Operations:</b>				
0299	Credit Union Fund	\$5,775	\$6,406	\$7,204
<b>Totals, State Operations</b>		<b>\$5,775</b>	<b>\$6,406</b>	<b>\$7,204</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>70</b>	<b>SAVINGS AND LOAN</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$76	\$104	\$104
<b>Totals, State Operations</b>		<b>\$76</b>	<b>\$104</b>	<b>\$104</b>
<b>PROGRAM REQUIREMENTS</b>				
<b>80</b>	<b>INDUSTRIAL BANKS</b>			
<b>State Operations:</b>				
0298	Financial Institutions Fund	\$760	\$439	\$1,028
<b>Totals, State Operations</b>		<b>\$760</b>	<b>\$439</b>	<b>\$1,028</b>
<b>TOTALS, EXPENDITURES</b>				
State Operations		30,074	31,041	34,161

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

	2008-09*	2009-10*	2010-11*
<b>Totals, Expenditures</b>	<b>\$30,074</b>	<b>\$31,041</b>	<b>\$34,161</b>

## EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions/Personnel Years			Expenditures		
	2008-09	2009-10	2010-11	2008-09*	2009-10*	2010-11*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	246.7	267.0	267.0	\$16,444	\$16,437	\$19,236
Estimated Salary Savings	-	-13.5	-13.5	-	-812	-952
<b>Net Totals, Salaries and Wages</b>	<b>246.7</b>	<b>253.5</b>	<b>253.5</b>	<b>\$16,444</b>	<b>\$15,625</b>	<b>\$18,284</b>
Staff Benefits	-	-	-	5,244	5,289	5,908
<b>Totals, Personal Services</b>	<b>246.7</b>	<b>253.5</b>	<b>253.5</b>	<b>\$21,688</b>	<b>\$20,914</b>	<b>\$24,192</b>
OPERATING EXPENSES AND EQUIPMENT				\$8,386	\$10,127	\$9,969
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$30,074</b>	<b>\$31,041</b>	<b>\$34,161</b>

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
<b>0240 Local Agency Deposit Security Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$412	\$409	\$409
Adjustment per Section 3.60	-	1	-
Reduction per Section 3.90	-7	-45	-
Adjustment per Section 3.55	-	-1	-
<b>Totals Available</b>	<b>\$405</b>	<b>\$364</b>	<b>\$409</b>
Unexpended balance, estimated savings	-156	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$249</b>	<b>\$364</b>	<b>\$409</b>
<b>0298 Financial Institutions Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$25,257	\$25,223	\$25,326
Allocation for employee compensation	36	-	-
Adjustment per Section 3.60	-7	41	-
Reduction per Section 3.90	-308	-2,182	-
Adjustment per Section 3.55	-	-33	-
<b>Totals Available</b>	<b>\$24,978</b>	<b>\$23,049</b>	<b>\$25,326</b>
Unexpended balance, estimated savings	-1,913	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$23,065</b>	<b>\$23,049</b>	<b>\$25,326</b>
<b>0299 Credit Union Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$7,298	\$7,022	\$7,204
Allocation for employee compensation	5	-	-
Adjustment per Section 3.60	-2	11	-
Reduction per Section 3.90	-92	-617	-
Adjustment per Section 3.55	-	-10	-
<b>Totals Available</b>	<b>\$7,209</b>	<b>\$6,406</b>	<b>\$7,204</b>
Unexpended balance, estimated savings	-1,434	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$5,775</b>	<b>\$6,406</b>	<b>\$7,204</b>
<b>0995 Reimbursements</b>			

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

1 STATE OPERATIONS	2008-09*	2009-10*	2010-11*
APPROPRIATIONS			
Reimbursements	\$985	\$1,222	\$1,222
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations)</b>	<b>\$30,074</b>	<b>\$31,041</b>	<b>\$34,161</b>
<b>FUND CONDITION STATEMENTS</b>			
	2008-09*	2009-10*	2010-11*
<b>0240 Local Agency Deposit Security Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$324	\$452	\$449
Prior year adjustments	2	-	-
Adjusted Beginning Balance	\$326	\$452	\$449
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	329	315	315
150300 Income From Surplus Money Investments	11	11	11
164300 Penalty Assessments	35	35	35
Total Revenues, Transfers, and Other Adjustments	\$375	\$361	\$361
Total Resources	\$701	\$813	\$810
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
2150 Department of Financial Institutions (State Operations)	249	364	409
Total Expenditures and Expenditure Adjustments	\$249	\$364	\$409
FUND BALANCE	\$452	\$449	\$401
Reserve for economic uncertainties	452	449	401
<b>0298 Financial Institutions Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$8,148	\$9,168	\$10,103
Prior year adjustments	74	-	-
Adjusted Beginning Balance	\$8,222	\$9,168	\$10,103
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	22,319	22,301	21,627
125700 Other Regulatory Licenses and Permits	153	153	153
150300 Income From Surplus Money Investments	357	357	357
161400 Miscellaneous Revenue	1,166	1,166	1,166
163000 Settlements/Judgments(not Anti-trust)	25	25	25
Total Revenues, Transfers, and Other Adjustments	\$24,020	\$24,002	\$23,328
Total Resources	\$32,242	\$33,170	\$33,431
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	9	18	44
2150 Department of Financial Institutions (State Operations)	23,065	23,049	25,326
8880 Financial Information System for California (State Operations)	-	-	15
Total Expenditures and Expenditure Adjustments	\$23,074	\$23,067	\$25,385
FUND BALANCE	\$9,168	\$10,103	\$8,046
Reserve for economic uncertainties	9,168	10,103	8,046
<b>0299 Credit Union Fund <sup>s</sup></b>			
BEGINNING BALANCE	\$3,174	\$2,588	\$2,447
Prior year adjustments	-1	-	-
Adjusted Beginning Balance	\$3,173	\$2,588	\$2,447

\* Dollars in thousands, except in Salary Range.

## 2150 Department of Financial Institutions - Continued

	2008-09*	2009-10*	2010-11*
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
121200 Other Regulatory Taxes	5,011	6,089	6,089
125700 Other Regulatory Licenses and Permits	15	15	15
142500 Miscellaneous Services to the Public	2	2	2
150300 Income From Surplus Money Investments	<u>164</u>	<u>164</u>	<u>164</u>
Total Revenues, Transfers, and Other Adjustments	<u>\$5,192</u>	<u>\$6,270</u>	<u>\$6,270</u>
Total Resources	\$8,365	\$8,858	\$8,717
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	2	5	12
2150 Department of Financial Institutions (State Operations)	5,775	6,406	7,204
8880 Financial Information System for California (State Operations)	<u>-</u>	<u>-</u>	<u>4</u>
Total Expenditures and Expenditure Adjustments	<u>\$5,777</u>	<u>\$6,411</u>	<u>\$7,220</u>
FUND BALANCE	\$2,588	\$2,447	\$1,497
Reserve for economic uncertainties	2,588	2,447	1,497

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