

1701 Department of Financial Protection and Innovation

The Department of Financial Protection and Innovation (Department) serves Californians by effectively overseeing financial service providers; enforcing laws and regulations; promoting innovation and fair and honest business practices; enhancing consumer awareness; and protecting consumers by preventing potential marketplace risks, fraud, and abuse.

3-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
1510	Investment Program	203.3	233.7	235.7	\$38,700	\$42,367	\$42,937
1515	Lender-Fiduciary Program	159.1	191.3	191.3	31,746	37,793	35,959
1520	Licensing and Supervision of Banks and Trust Companies	165.5	191.1	191.1	35,699	44,103	36,364
1525	Money Transmitters	33.6	36.7	36.7	6,222	7,000	7,026
1545	Administration of Local Agency Security	0.8	1.8	1.8	411	627	627
1550	Credit Unions	62.6	76.5	76.5	12,512	14,689	14,750
1555	CalMoneySmart	0.3	1.0	1.0	2,018	2,340	2,340
1556	California Consumer Financial Protection	44.4	51.5	51.5	11,614	13,429	14,447
1557	Debt Collectors	50.4	61.4	61.4	8,266	12,605	13,039
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		720.0	845.0	847.0	\$147,188	\$174,953	\$167,489

FUNDING		2022-23*	2023-24*	2024-25*
0001	General Fund	\$2,098	\$7,902	\$-
0240	Local Agency Deposit Security Fund	411	627	627
0299	Credit Union Fund	12,478	14,339	14,400
0995	Reimbursements	499	1,250	1,250
3360	Financial Empowerment Fund	2,018	2,340	2,340
3363	Financial Protection Fund	129,684	148,495	148,872
TOTALS, EXPENDITURES, ALL FUNDS		\$147,188	\$174,953	\$167,489

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

California Financial Code, Division 1, Chapter 3.

PROGRAM AUTHORITY

1510-Investment Program:

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

1515-Lender-Fiduciary Program:

California Financial Code, Divisions 1.4, 1.7, 3, 6, 9, 9.5, 10, 14, and 20; Title 10, California Code of Regulations, Sections 1400-1620.29, 1700-1769, 1772-1799.1, 1805.001-1805.213.1, 1950.003-1950.317, and 2020-2030.

1520-Licensing and Supervision of Banks and Trust Companies:

California Financial Code, Divisions 1, 1.1, 1.6, 7, 12.5, and 15; Title 10, California Code of Regulations, Sections 10.1-10.190501, 40.1-40.1703, 50.1-50.15309, and 2032-2044.5.

1525-Money Transmitters:

California Financial Code, Division 1.2; Title 10, California Code of Regulations, Sections 80.1-80.8310.

1545-Administration of Local Agency Security:

California Government Code, Title 5, Division 2; Title 2, California Code of Regulations, Sections 16001.1.1-16010.1.3.

1550-Credit Unions:

California Financial Code, Division 5; Title 10, California Code of Regulations, Sections 30.1-30.1001.

1555-CalMoneySmart:

California Financial Code, Division 10.5.

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued

1556-California Consumer Financial Protection:
California Financial Code, Division 24.

1557-Debt Collectors:
California Financial Code, Division 25; Title 10, California Code of Regulations, Sections 1850 - 1850.61

DETAILED BUDGET ADJUSTMENTS

	2023-24*			2024-25*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• Continuation of California Consumer Financial Protection	\$-	\$-	-	\$-	\$14,011	-
• Continuation of Debt Collector Licensing and Regulation	-	-	-	-	11,745	-
• Broker Dealer Investment Adviser Workload	-	-	-	-	456	2.0
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$-	\$26,212	2.0
Other Workload Budget Adjustments						
• Other Post-Employment Benefit Adjustments	-	-314	-	-	-406	-
• Salary Adjustments	-	5,631	-	-	5,643	-
• Benefit Adjustments	-	3,031	-	-	3,679	-
• Miscellaneous Baseline Adjustments	-	-7,155	-	-	655	-
• Carryover/Reappropriation	7,902	9,025	-	-	-	-
Totals, Other Workload Budget Adjustments	\$7,902	\$10,218	-	\$-	\$9,571	-
Totals, Workload Budget Adjustments	\$7,902	\$10,218	-	\$-	\$35,783	2.0
Totals, Budget Adjustments	\$7,902	\$10,218	-	\$-	\$35,783	2.0

PROGRAM DESCRIPTIONS**1510 - INVESTMENT PROGRAM**

The objective of this program is to protect investors in securities, commodities, and franchise investment transactions and to promote 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 objective of this program is to protect 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, residential mortgage lenders and servicers, and property assessed clean energy program administrators.

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, student loan servicing, state-licensed business and industrial development corporations, and state-licensed public banks, industrial banks, and premium finance companies. This objective is achieved through the regulation, supervision, and examination of these institutions, which helps to provide their safe and sound operation and compliance with laws and regulations.

1525 - MONEY TRANSMITTERS

The objective of this program is to promote the integrity and stability of businesses that receive money for transmission and sell or issue payment instruments and stored value. This objective is achieved through the regulation, supervision, and examination of these institutions, which helps provide their safe and sound operation and compliance with laws and regulations.

1545 - ADMINISTRATION OF LOCAL AGENCY SECURITY

The objective of this program is to monitor the amount and quality of collateral pledged in compliance with law to secure

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued

deposits of public funds held by banks, savings and loans, industrial banks, credit unions, and federally chartered financial institutions.

1550 - CREDIT UNIONS

The objective of this program is to promote the integrity and stability of state-licensed credit unions. This objective is achieved through the regulation, supervision, and examination of these institutions, which helps to provide their safe and sound operation and compliance with laws and regulations.

1555 - CALMONEY SMART

This program provides grants to specified nonprofits for financial education and empowerment services to unbanked and underbanked populations in this state.

1556 - CALIFORNIA CONSUMER FINANCIAL PROTECTION

The objectives of this program are to expand consumer financial protection against illegal, deceptive, or unscrupulous practices through the supervision of certain financial product and service providers not previously regulated by the Department prior to January 1, 2021; market monitoring and research; consumer outreach and education; and to encourage innovative financial products.

1557 - DEBT COLLECTORS

The objective of this program is to protect consumers and ensure transparency of the debt collector industry through strong government oversight and data collection. This objective is achieved through the regulation, supervision, and examination of debt collectors, which helps provide compliance with laws and regulations.

DETAILED EXPENDITURES BY PROGRAM

		<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
	PROGRAM REQUIREMENTS			
1510	INVESTMENT PROGRAM			
	State Operations:			
3363	Financial Protection Fund	38,700	42,367	42,937
	Totals, State Operations	\$38,700	\$42,367	\$42,937
	PROGRAM REQUIREMENTS			
1515	LENDER-FIDUCIARY PROGRAM			
	State Operations:			
3363	Financial Protection Fund	\$31,746	\$37,793	\$35,959
	Totals, State Operations	\$31,746	\$37,793	\$35,959
	PROGRAM REQUIREMENTS			
1520	LICENSING AND SUPERVISION OF BANKS AND TRUST COMPANIES			
	State Operations:			
0001	General Fund	\$2,098	\$652	\$-
0995	Reimbursements	465	900	900
3363	Financial Protection Fund	33,136	35,301	35,464
	Totals, State Operations	\$35,699	\$36,853	\$36,364
	Local Assistance:			
0001	General Fund	\$-	\$7,250	\$-
	Totals, Local Assistance	\$-	\$7,250	\$-
	PROGRAM REQUIREMENTS			
1525	MONEY TRANSMITTERS			
	State Operations:			
3363	Financial Protection Fund	\$6,222	\$7,000	\$7,026
	Totals, State Operations	\$6,222	\$7,000	\$7,026
	PROGRAM REQUIREMENTS			
1545	ADMINISTRATION OF LOCAL AGENCY SECURITY			

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued

		<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
State Operations:				
0240	Local Agency Deposit Security Fund	\$411	\$627	\$627
	Totals, State Operations	\$411	\$627	\$627
PROGRAM REQUIREMENTS				
1550	CREDIT UNIONS			
State Operations:				
0299	Credit Union Fund	\$12,478	\$14,339	\$14,400
0995	Reimbursements	34	350	350
	Totals, State Operations	\$12,512	\$14,689	\$14,750
PROGRAM REQUIREMENTS				
1555	CALMONEYSMART			
State Operations:				
3360	Financial Empowerment Fund	\$26	\$340	\$340
	Totals, State Operations	\$26	\$340	\$340
Local Assistance:				
3360	Financial Empowerment Fund	\$1,992	\$2,000	\$2,000
	Totals, Local Assistance	\$1,992	\$2,000	\$2,000
PROGRAM REQUIREMENTS				
1556	CALIFORNIA CONSUMER FINANCIAL PROTECTION			
State Operations:				
3363	Financial Protection Fund	\$11,614	\$13,429	\$14,447
	Totals, State Operations	\$11,614	\$13,429	\$14,447
PROGRAM REQUIREMENTS				
1557	DEBT COLLECTORS			
State Operations:				
3363	Financial Protection Fund	\$8,266	\$12,605	\$13,039
	Totals, State Operations	\$8,266	\$12,605	\$13,039
TOTALS, EXPENDITURES				
	State Operations	145,196	165,703	165,489
	Local Assistance	1,992	9,250	2,000
	Totals, Expenditures	\$147,188	\$174,953	\$167,489

EXPENDITURES BY CATEGORY

1 State Operations				Expenditures		
	Positions			Expenditures		
	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>
PERSONAL SERVICES						
Baseline Positions	818.0	845.0	845.0	\$79,431	\$81,563	\$70,820
Other Adjustments	-98.0	-	2.0	-2,835	5,895	17,068
Net Totals, Salaries and Wages	720.0	845.0	847.0	\$76,596	\$87,458	\$87,888
Staff Benefits	-	-	-	41,137	48,556	49,362
Totals, Personal Services	720.0	845.0	847.0	\$117,733	\$136,014	\$137,250
OPERATING EXPENSES AND EQUIPMENT				\$27,463	\$29,689	\$28,239
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$145,196	\$165,703	\$165,489

2 Local Assistance				Expenditures		
	Expenditures					
	<u>2022-23*</u>	<u>2023-24*</u>	<u>2024-25*</u>			
Grants and Subventions - Governmental	\$1,992	\$9,250	\$2,000			

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued**2 Local Assistance**

	Expenditures		
	2022-23*	2023-24*	2024-25*
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$1,992	\$9,250	\$2,000

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2022-23*	2023-24*	2024-25*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,098	-	-
Prior Year Balances Available:			
Item 1701-001-0001, Budget Act of 2022	-	652	-
Totals Available	\$2,098	\$652	-
TOTALS, EXPENDITURES	\$2,098	\$652	-
0240 Local Agency Deposit Security Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$411	\$621	\$627
Allocation for Employee Compensation	-	4	-
Allocation for Staff Benefits	-	2	-
Totals Available	\$411	\$627	\$627
TOTALS, EXPENDITURES	\$411	\$627	\$627
0299 Credit Union Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$12,478	\$13,522	\$14,400
Allocation for Employee Compensation	-	554	-
Allocation for Other Post-Employment Benefits	-	-29	-
Allocation for Staff Benefits	-	292	-
Totals Available	\$12,478	\$14,339	\$14,400
TOTALS, EXPENDITURES	\$12,478	\$14,339	\$14,400
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$499	\$1,250	\$1,250
TOTALS, EXPENDITURES	\$499	\$1,250	\$1,250
3360 Financial Empowerment Fund			
APPROPRIATIONS			
Financial Code sections 24000-24002	\$26	\$340	\$340
Totals Available	\$26	\$340	\$340
TOTALS, EXPENDITURES	\$26	\$340	\$340
3363 Financial Protection Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$129,684	\$140,970	\$148,872
Allocation for Employee Compensation	-	5,073	-
Allocation for Other Post-Employment Benefits	-	-285	-
Allocation for Staff Benefits	-	2,737	-
Totals Available	\$129,684	\$148,495	\$148,872
TOTALS, EXPENDITURES	\$129,684	\$148,495	\$148,872
Total Expenditures, All Funds, (State Operations)	\$145,196	\$165,703	\$165,489

2 LOCAL ASSISTANCE

	2022-23*	2023-24*	2024-25*
0001 General Fund			
Prior Year Balances Available:			
Item 1701-102-0001, Budget Act of 2022	-	7,250	-

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued

2 LOCAL ASSISTANCE	2022-23*	2023-24*	2024-25*
Totals Available	-	\$7,250	-
TOTALS, EXPENDITURES	-	\$7,250	-
3360 Financial Empowerment Fund			
APPROPRIATIONS			
Financial Code sections 24000 - 24002	\$965	-	-
Past Year Carryover Adjustments - Fund 3360	-	52	-
Prior Year Balances Available:			
Financial Code sections 24000 - 24002	1,027	8,973	2,000
Totals Available	\$1,992	\$9,025	\$2,000
Unexpended balance, estimated savings	-	-7,025	-
TOTALS, EXPENDITURES	\$1,992	\$2,000	\$2,000
Total Expenditures, All Funds, (Local Assistance)	\$1,992	\$9,250	\$2,000
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$147,188	\$174,953	\$167,489

FUND CONDITION STATEMENTS

	2022-23*	2023-24*	2024-25*
<u>0240 Local Agency Deposit Security Fund^s</u>			
BEGINNING BALANCE	\$566	\$558	\$557
Prior Year Adjustments	13	-	-
Adjusted Beginning Balance	\$579	\$558	\$557
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	414	669	680
4163000 Investment Income - Surplus Money Investments	16	2	2
Total Revenues, Transfers, and Other Adjustments	\$430	\$671	\$682
Total Resources	\$1,009	\$1,229	\$1,239
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	1	1	1
1701 Department of Financial Protection and Innovation (State Operations)	411	627	627
9892 Supplemental Pension Payments (State Operations)	14	14	17
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	25	30	41
Total Expenditures and Expenditure Adjustments	\$451	\$672	\$686
FUND BALANCE	\$558	\$557	\$553
Reserve for economic uncertainties	558	557	553
<u>0299 Credit Union Fund^s</u>			
BEGINNING BALANCE	\$2,624	\$5,167	\$4,819
Prior Year Adjustments	479	-	-
Adjusted Beginning Balance	\$3,103	\$5,167	\$4,819
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	15,210	14,917	15,507
4163000 Investment Income - Surplus Money Investments	275	34	34
Total Revenues, Transfers, and Other Adjustments	\$15,485	\$14,951	\$15,541
Total Resources	\$18,588	\$20,118	\$20,360
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	32	39	39
1701 Department of Financial Protection and Innovation (State Operations)	12,478	14,339	14,400
9892 Supplemental Pension Payments (State Operations)	234	234	304

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued

	2022-23*	2023-24*	2024-25*
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	677	687	881
Total Expenditures and Expenditure Adjustments	<u>\$13,421</u>	<u>\$15,299</u>	<u>\$15,624</u>
FUND BALANCE	<u>\$5,167</u>	<u>\$4,819</u>	<u>\$4,736</u>
Reserve for economic uncertainties	5,167	4,819	4,736
<u>3360 Financial Empowerment Fund^s</u>			
BEGINNING BALANCE	\$12,214	\$10,390	\$8,010
Prior Year Adjustments	-1	-	-
Adjusted Beginning Balance	<u>\$12,213</u>	<u>\$10,390</u>	<u>\$8,010</u>
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4163000 Investment Income - Surplus Money Investments	241	-	-
Total Revenues, Transfers, and Other Adjustments	<u>\$241</u>	<u>-</u>	<u>-</u>
Total Resources	<u>\$12,454</u>	<u>\$10,390</u>	<u>\$8,010</u>
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
1701 Department of Financial Protection and Innovation (State Operations)	26	340	340
1701 Department of Financial Protection and Innovation (Local Assistance)	1,992	2,000	2,000
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	46	40	18
Total Expenditures and Expenditure Adjustments	<u>\$2,064</u>	<u>\$2,380</u>	<u>\$2,358</u>
FUND BALANCE	<u>\$10,390</u>	<u>\$8,010</u>	<u>\$5,652</u>
Reserve for economic uncertainties	10,390	8,010	5,652
<u>3363 Financial Protection Fund^s</u>			
BEGINNING BALANCE	\$138,396	\$117,521	\$79,319
Prior Year Adjustments	5,225	-	-
Adjusted Beginning Balance	<u>\$143,621</u>	<u>\$117,521</u>	<u>\$79,319</u>
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4121200 Delinquent Fees	1	1	1
4127400 Renewal Fees	26,048	26,000	26,000
4129400 Other Regulatory Licenses and Permits	78,751	88,883	119,303
4140000 Document Sales	2	2	2
4143500 Miscellaneous Services to the Public	2	2	2
4152550 Lease Revenue	18	18	18
4163000 Investment Income - Surplus Money Investments	3,655	650	650
4171100 Cost Recoveries - Other	781	781	781
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	7	7	7
4172500 Miscellaneous Revenue	82	101	101
4173000 Penalty Assessments - Other	3,645	3,645	3,645
4173500 Settlements and Judgments - Other	593	593	593
Total Revenues, Transfers, and Other Adjustments	<u>\$113,585</u>	<u>\$120,683</u>	<u>\$151,103</u>
Total Resources	<u>\$257,206</u>	<u>\$238,204</u>	<u>\$230,422</u>
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
0515 Secretary for Business, Consumer Services, and Housing Agency (State Operations)	362	492	446
1701 Department of Financial Protection and Innovation (State Operations)	129,684	148,495	148,872
9892 Supplemental Pension Payments (State Operations)	2,264	2,264	1,595
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	7,375	7,634	9,489
Total Expenditures and Expenditure Adjustments	<u>\$139,685</u>	<u>\$158,885</u>	<u>\$160,402</u>
FUND BALANCE	<u>\$117,521</u>	<u>\$79,319</u>	<u>\$70,020</u>
Reserve for economic uncertainties	117,521	79,319	70,020

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.

1701 Department of Financial Protection and Innovation - Continued**CHANGES IN AUTHORIZED POSITIONS**

	Positions			Expenditures		
	2022-23	2023-24	2024-25	2022-23*	2023-24*	2024-25*
Baseline Positions	818.0	845.0	845.0	\$79,431	\$81,563	\$70,820
Salary and Other Adjustments	-98.0	-	-	-2,835	5,895	5,533
Workload and Administrative Adjustments						
Broker Dealer Investment Adviser Workload						
Financial Institutions Examiner	-	-	1.0	-	-	85
Sr Financial Institutions Examiner	-	-	1.0	-	-	110
Continuation of California Consumer Financial Protection	-	-	-	-	-	5,756
Continuation of Debt Collector Licensing and Regulation	-	-	-	-	-	5,584
TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS	-	-	2.0	\$-	\$-	\$11,535
Totals, Adjustments	-98.0	-	2.0	\$-2,835	\$5,895	\$17,068
TOTALS, SALARIES AND WAGES	720.0	845.0	847.0	\$76,596	\$87,458	\$87,888

* Dollars in thousands, except in Salary Range. Numbers may not add or match to other statements due to rounding of budget details.