

Per California Code of Regulations, title 2, section 548.5, the following information will be posted to CalHR's Career Executive Assignment Action Proposals website for 30 calendar days when departments propose new CEA concepts or major revisions to existing CEA concepts. Presence of the department-submitted CEA Action Proposal information on CalHR's website does not indicate CalHR support for the proposal.

A. GENERAL INFORMATION

1. Date

October 10, 2019

2. Department

Housing & Community Development

3. Organizational Placement (Division/Branch/Office Name)

Administration & Management Division

4. CEA Position Title

Assistant Deputy Director, Finance

5. Summary of proposed position description and how it relates to the program's mission or purpose. (2-3 sentences)

Under the general direction of the Deputy Director, Administration & Management, the Assistant Deputy Director, Finance directs and executes strategy and policy development in support of the overall business and strategic direction of the Department, specifically within the Fiscal Management and Accounting Branches in the budgetary, bond management, loan forecasting, and accounting functions.

6. Reports to: (Class Title/Level)

Deputy Director, Administration & Management Division / CEA C

7. Relationship with Department Director (Select one)

- Member of department's Executive Management Team, and has frequent contact with director on a wide range of department-wide issues.
- Not a member of department's Executive Management Team but has frequent contact with the Executive Management Team on policy issues.

(Explain): As a member of senior leadership, the CEA serves as a policy advisor to the Director, Chief Deputy, and the Executive Leadership Team on all financial issues.

8. Organizational Level (Select one)

- 1st
- 2nd
- 3rd
- 4th
- 5th (mega departments only - 17,001+ allocated positions)

B. SUMMARY OF REQUEST

9. What are the duties and responsibilities of the CEA position? Be specific and provide examples.

Direct and execute administrative strategy in support of the overall business and strategic direction of the Department, specifically within the Fiscal Management and Accounting Branches. Provide leadership, management and policy direction for the work, activities and performance of staff managing the following: financial planning and analysis, financial reporting, bond management, loan and grant servicing, local assistance funding, state operations budget, reconciliations, reimbursements, travel, and FI\$Cal implementation. The CEA ensures that all program areas are implemented according to the governing statutes and administrative rules, and are aligned in support of HCD's mission to promote safe, affordable homes and strong vibrant communities throughout California.

Provide extensive policy and program consultation and advice to the Deputy Director, Administration & Management Division, Executive Staff and HCD Senior Leadership on complex financial matters including long-term forecasting; bond management, including ensuring compliance with statutory administrative spending limits; loan and grant program monitoring in the billions of dollars; and budgetary appropriations. Direct the implementation and improvement of new and existing policies, while ensuring program integrity specific to HCD goals, strategic vision, legislative mandates, business direction, and administrative service and performance objectives. Continually assess department financials for risks to ensure the sustainability of critical business processes and develop and implement risk-mitigation strategies. Consult with the Deputy Director on sensitive and time-critical policy issues.

Collaborate at a high-level with control agencies and external financial organizations. Ensure policies related to HCD financial matters are consistent with the organization's goals, objectives, federal and state laws, and the rules of the California Department of Finance (DOF), Legislative Analyst's Office (LAO), Department of FI\$Cal (FI \$Cal), the State Controller's Office (SCO), State Treasurer's Office (STO), and other state business partners. Monitor and make policy recommendations on the impact of legislation and regulations on HCD programs. Represent HCD at control agencies or other professional organizations on financial issues.

Serve as a member of HCD's senior leadership team and participate in program and policy direction and the development of HCD's Strategic and Business Plans. Participate in departmental strategic and risk management planning sessions and develop related initiatives to meet the items outlined in the board's strategic plan. Oversee the development of performance goals and metrics for the division and monitor progress towards goal achievement. Develop and maintain effective partnerships with HCD leadership to ensure their operational needs are considered when process and/or procedure changes are being explored. Serve as a Leadership representative on cross-functional project teams, governance councils and organization-wide forums.

Act on behalf of the Deputy Director, Administration & Management Division in his/her absence.

B. SUMMARY OF REQUEST (continued)

10. How critical is the program's mission or purpose to the department's mission as a whole? Include a description of the degree to which the program is critical to the department's mission.

- Program is directly related to department's primary mission and is critical to achieving the department's goals.
- Program is indirectly related to department's primary mission.
- Program plays a supporting role in achieving department's mission (i.e., budget, personnel, other admin functions).

Description: HCD oversees the majority of housing bond programs for the State and is responsible for ensuring that target populations received bond-funded housing. In 2002 and 2006, Californians voted to provide a total of nearly \$5 billion in bonds for use in financing affordable housing; in 2018, Californians again voted to provide nearly \$3 billion in additional housing bonds. These funds are provided to local jurisdictions, non-profits, redevelopment agencies, etc., in the form of either loan- or grant-based programs. Currently, HCD has 22 active loan and grant programs, each of which have unique requirements.

In recent years HCD's program areas have grown approximately 46%, while administration staff have grown only 14%. The Fiscal Management and Accounting Branches have been ill-equipped to develop and implement policies regarding long-term forecasting; bond management, including ensuring compliance with statutory administrative spending limits; loan and grant program monitoring in the billions of dollars; and budgetary appropriations.

Without the leadership of the proposed CEA, HCD will be unsuccessful in issuing loan and grant awards totaling billions of dollars to qualified entities, ensuring long-term funding is available for administrative costs, and providing fiscal monitoring for the life of the loans (up to 55 years), failing to address critical housing needs throughout California.

B. SUMMARY OF REQUEST (continued)

11. Describe what has changed that makes this request necessary. Explain how the change justifies the current request. Be specific and provide examples.

The State of California has developed a housing goal to provide a decent home and suitable living environment for every California household. California voters passed the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006 (Propositions 46 and 1C, respectively) to provide nearly \$5 billion in bonds for use in financing affordable housing. Despite the issuance of the majority of these funds, California still faces an affordable housing shortage, and the current Governor has made housing a primary focus of his administration. To that end, Californians passed two additional legislative housing packages in November 2018, which allocated almost \$3 billion in additional bond funds to HCD.

HCD has 22 different and unique loan and grant programs with active funding, as well as eight (8) programs with no active funding (though these eight (8) programs continue to be actively managed for compliance and may receive funding again in the future). As of December 31, 2017, after 10-16 years, HCD still had approximately \$150,000,000 available to issue from Propositions 46 and 1C. The housing crisis in California has magnified and it is imperative that HCD issue awards of funds available under the new housing package more quickly than in previous cycles.

Since 2007, the California State Auditor (Auditor) has performed five required audits as mandated by the Health and Safety Code sections 53533 and 53545 concerning the Housing and Emergency Shelter Trust Fund Acts of 2002 and 2006. The most recent report, Report 2018-037, details continued problems related to HCD's monitoring of certain housing bond programs and HCD's adherence to administrative spending limits. The Auditor has recommended in its report that the Legislature require HCD to annually report to both it and the Business, Consumer Services, and Housing Agency, in detail on the monitoring of certain housing bond programs, including performance metrics to demonstrate that recipients have issued loans to eligible homeowners. The Auditor further recommended that HCD develop a long-term plan for how it will avoid exceeding the administrative cost limits of these programs, and how HCD will address instances when it has exceeded administrative cost limits. The proposed CEA will formulate, implement, and monitor the effectiveness of policies to address these audit findings, as well as detail the actions HCD will take for each program to gain efficiencies in administrative spending moving forward.

In addition, HCD has begun to implement FI\$Cal, the State's new integrated budget system. FI\$Cal replaces hundreds of decentralized and antiquated budget tools formerly used by California's state government departments, and offers a single system with greater functionality that eliminates data redundancy, and streamlines financial data processing. HCD has one of the most complex budgets in state government due to the mix of federal and state monies managed across 30 different housing program funds. The proposed CEA will develop and implement policies to ensure HCD's complex funding structure is in compliance with FI\$Cal requirements, generally accepted accounting principles, and statutory guidelines.

C. ROLE IN POLICY INFLUENCE

12. Provide 3-5 specific examples of policy areas over which the CEA position will be the principle policy maker. Each example should cite a policy that would have an identifiable impact. Include a description of the statewide impact of the assigned program.

HCD needs to develop a clear methodology for its calculations regarding administrative cost-tracking for bond programs, including documented support for underlying data used to create cost estimates; otherwise, the Department is at risk for exceeding the statutory administrative spending restrictions for some housing bond programs before the obligation for long-term monitoring is met. The Assistant Deputy Director, Finance, will develop the policy surrounding this methodology and implement strict guidelines related to cost-estimates.

The CEA will oversee the design and maintenance of statewide budgetary, accounting and project tracking databases to support the appropriations tracking, fund condition and project reporting requirements for the bond funds. This includes ensuring consolidated reporting is easily accessible and available for control agencies, auditors, and legislative oversight.

The CEA will establish department-wide policies surrounding the proper use of bond funds to ensure conformity and appropriate use of bond funds that comply with all control agencies including, but not limited to, DOF, SCO, STO, etc.

HCD has begun to implement FI\$Cal, the State's new integrated budget system. FI\$Cal replaces hundreds of decentralized and antiquated budget tools formerly used by California's state government departments, and offers a single system with greater functionality that eliminates data redundancy, and streamlines financial data processing. HCD has one of the most complex budgets in state government due to the mix of federal and state monies managed across 30 different local assistance housing program funds. The proposed CEA will develop and implement policies to ensure HCD's complex funding structure is in compliance with FI\$Cal requirements, generally accepted accounting principles, and statutory guidelines.

C. ROLE IN POLICY INFLUENCE (continued)

13. What is the CEA position's scope and nature of decision-making authority?

This position will have full, independent decision-making authority. The decisions made by the Assistant Deputy Director, Finance, will support the overall mission and vision of HCD. The Assistant Deputy Director advises the Executive Leadership Team on bond management, loan and grant servicing, budgets, travel and accounting functional areas, and plays a significant role in the decision making and development of priorities, policies, and practices pertaining to financial planning and analysis, financial reporting, bond program implementation and management, accounting practices, and FI\$Cal implementation and ongoing utilization.

As a member of the Department's Senior Leadership Team, the Assistant Deputy Director is involved in decisions made with other departmental leaders that shape the direction and focus of the Department, including strategic and business planning, organizational initiatives such as business process improvement and change management, etc. This includes setting performance metrics, developing and modifying administrative policies and procedures, aligning resources and staff to meet the Department's objectives, and reorganizing ineffective organizational structure.

The Assistant Deputy Director, Finance, receives general guidance and direction from the Deputy Director, Administration and Management Division, as well as functional guidance from the Chief Deputy Director and Director. The Assistant Deputy Director, Operations, has authority to provide direction to subordinate managers and staff, as well as guidance related to department operations to departmental managers.

14. Will the CEA position be developing and implementing new policy, or interpreting and implementing existing policy? How?

The position will formulate, develop, and implement new policy, as well as modify and implement existing policy. New policies will be developed to modernize the administrative services within HCD, which need to be innovative in order to meet the needs of a department responsible for oversight of housing bond funds. Existing policies will be reviewed and updated as required, commensurate with programmatic changes within HCD and in accordance with external changes impacting the Department.

Among other things, all statewide loan and grant program guidelines will be reviewed and approved by this position to make sure they are in line with statutory requirements and related policies of the Department.