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A. GENERAL INFORMATION

1. Date

2025-02-14

2. Department

Department of Financial Protection and Innovation (DFPI)

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

Administration / Fiscal Management Office and Business Operations Office

4. CEA Position Title

Assistant Deputy Commissioner Financial Management and Business Operations

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 Commissioner of Administration, the Assistant Deputy Commissioner of Fiscal Management and Business Operations (CEA A) is responsible for the operational management and implementation of policies related to fiscal management, budgeting, procurement, and business services within the Fiscal Management Office (FMO) and Business Operations Office (BOO). The CEA A ensures operations are conducted in alignment with the Department's operational objectives and in compliance with state regulations.

The CEA A plays a critical role in ensuring the efficient execution of policies, optimizing resource allocation, and overseeing key operational functions such as facilities management, contracting, and procurement. The CEA A supports DFPI's mission to maintain operational efficiency, regulatory compliance, and fiscal integrity, allowing the Department to fulfill its regulatory responsibilities and protect California's financial consumers.

6. Reports to: (Class Title/Level)

Deputy Commissioner of Administration

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*): This position provides support of the executive team, through the Deputy Commissioner of Administration.

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.

The CEA A will oversee the operational execution of administrative strategies within the FMO and the BOO. This includes managing the areas of Accounting, Budgeting, Contracting, Procurement, Acquisitions, Facilities, and General Services. The CEA A focuses oversight of the implementation of policies and management, ensuring alignment with the strategic directives set by CEA B and senior leadership. The CEA A will work closely with section leads of the FMO and BOO to ensure smooth workflows, policy compliance, and optimal resource utilization.

The CEA A will manage the oversight of financial operations, overseeing the facilitation of section activities such as budget reconciliations, financial reporting, grant administration, and travel reimbursements. Ensuring the state operations budget is managed effectively, focusing on proper budget allocations, spending, and compliance with state guidelines. Additionally, the CEA A will ensure grant funds are accurately tracked and reported, ensuring compliance with relevant statutes and administrative rules.

The CEA A will provide oversight on procurement and contracting activities within the BOO. Which includes vendor selection, contract compliance, and acquisition processes, and that all procurement procedures adhere to state procurement guidelines and Department of General Services (DGS) regulations. The CEA A will implement strategies to enhance vendor relationships, promote cost savings, and improve the efficiency of procurement activities. They will ensure procurement processes are efficient and effective and update leadership on the operational status of procurement activities.

The CEA A will provide oversight of the management of facilities and general services, including office maintenance, space planning, and safety protocols. The CEA A will ensure the efficient use of resources and maintain compliance with DGS standards and safety regulations. The CEA A will coordinate with internal teams to address facility-related needs and support the execution of long-term facility plans in collaboration with executive leadership.

The CEA A will be responsible for the implementation and refinement of operational policies within the FMO and BOO. They will ensure that financial and administrative policies are effectively applied, adjusting procedures where necessary to improve operational efficiency. The CEA A will also monitor for operational risks and implement risk-mitigation strategies, ensuring that activities within both offices are stable and sustainable. By providing feedback on policy execution, the CEA A will support the successful practical application of strategies set by CEA B.

The CEA A will provide leadership to the program leads within FMO and BOO, setting clear performance goals and monitoring team progress to ensure departmental success. The CEA A will be responsible for developing and implementing efficient work processes that align with operational goals, promoting a collaborative team environment and fostering professional growth among staff. This includes managing recruitment, staff development, and performance evaluations to ensure teams are equipped to meet the department's operational demands.

The CEA A will provide operational updates to the Deputy Commissioner of Administration, focusing on the overall status of financial, procurement, and facilities operations. The CEA A will prepare and present reports related to operational performance and will collaborate with other department leaders to ensure that operational efforts are aligned with the department's broader goals. They will ensure CEA B is kept informed of operational progress, challenges, and key results.

Act on behalf of the Deputy Commissioner of Administration 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: The DFPI oversees a wide range of financial entities, ensuring compliance, protecting consumers, and maintaining the integrity of California's financial system. It supervises state-licensed financial institutions like banks, credit unions, and money transmitters, while also regulating issuers of payment instruments, securities brokers, investment advisors, and select fiduciary lenders. The DFPI's comprehensive regulatory framework promotes transparency, stability, and fair practices in the financial sector, fostering trust and confidence among consumers and investors.

The DFPI operates on a self-sustaining funding model, primarily supported by fees and assessments from its licensees. These funds enable the department to execute its licensing programs and ensure compliance with regulatory standards. This funding structure, governed by the Financial Code, tailors revenue mechanisms to meet the needs of the regulated entities. It provides the department with the resources needed to operate while promoting accountability and sustainability, as licensees contribute to oversight and supervision costs. By leveraging this model, the DFPI maintains its autonomy and adapts to the evolving regulatory landscape, fulfilling its mission to protect consumers, uphold market integrity, and facilitate innovation.

Between 2013-14 and 2024-25, the DFPI's workforce expanded from 582 to 861 positions, a 47.94% increase, adding 279 positions. This growth reflects the department's increasing responsibilities and the complexities of the financial landscape. However, this expansion also revealed limitations in operational areas such as long-term financial planning, grant management, and budget monitoring. Addressing these deficiencies is crucial for ensuring the department's continued efficiency in meeting its regulatory mandate.

Strengthening the FMO is essential for developing policies related to long-term forecasting, grant management, and budget oversight, ensuring fiscal responsibility and accountability. Similarly, the BOO plays a critical role in managing contracting, procurement, acquisitions, facilities, and general services, all of which are vital to the department's operational sustainability. By reinforcing these functions, the DFPI can better manage its expanding responsibilities while maintaining fiscal prudence, transparency, and efficiency.

Under the CEA's A's leadership, the DFPI is enhancing its financial governance and business operations. A key focus is ensuring that fees and assessments from licensees cover the department's operational costs. The CEA A provides oversight of budgetary and accounting functions within the FMO, as well as contracting, procurement, and facility management in the BOO. Through proactive leadership, the CEA A is strengthening the DFPI's financial governance framework, enhancing accountability, and maximizing resource utilization. These efforts position the DFPI to effectively respond to regulatory challenges, promote innovation, and maintain a stable, transparent financial environment for all Californians.

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 2020-21 California State Budget marked a pivotal moment for the DFPI, establishing California as a national leader in consumer protection. The enactment of the Consumer Financial Protection Law (CCFPL) expanded the Department's responsibilities by creating a new division dedicated to additional regulatory and licensing duties, as well as market monitoring and research functions. This law also provided resources for outreach and education initiatives, targeting vulnerable groups such as seniors, students, military personnel, and newcomers to California.

This broadened mandate led to a significant increase in the Department's budget, which grew by over \$13 million, and the addition of 50 new positions. The following year, the 2021-22 California State Budget further extended the Department's authority with the introduction of a program to oversee debt collectors, resulting in an additional \$12 million in funding and 60 more positions. These expansions reinforce California's commitment to consumer protection, enabling the DFPI to strengthen its regulatory and enforcement capabilities, while setting a standard for comprehensive consumer protection measures nationwide.

The changes introduced in the 2020-21 and 2021-22 State Budgets also transformed the Department's funding landscape, adding layers of complexity. One notable development was the creation of the Financial Empowerment Fund, designated for the distribution of grants. Additionally, legislative approval allowed the Department to use penalty and settlement revenues to support its market monitoring initiatives, as well as outreach and education campaigns. This multifaceted funding framework reflects a strategic approach to resource allocation, ensuring that financial support is directed to critical areas such as consumer empowerment, market oversight, and education. By utilizing penalty and settlement revenues, the Department enhances its ability to carry out proactive enforcement and outreach efforts, deterring financial misconduct and promoting consumer awareness.

Further reinforcing its regulatory framework, the 2024-25 fiscal year introduced Chapter 792, Statutes of 2023 (AB 39), and Chapter 781, Statutes of 2023 (SB 401), which were chaptered on October 13, 2023. AB 39 established the Digital Financial Assets Law (DFAL) to regulate digital financial assets, including cryptocurrencies, virtual currencies, and crypto tokens. SB 401 provided for the regulation of digital financial asset transaction kiosks. To implement this new legislation, the DFPI received 41 additional positions and \$11.4 million, with resources phased in over two years. This expansion enables the Department to ensure compliance and effective oversight of the emerging digital financial assets market, further supporting its mission to protect consumers and promote market integrity.

Managing this expanded funding structure requires careful oversight and diligent stewardship, ensuring compliance with statutory mandates and fiscal responsibilities. As the Department's role in consumer protection has grown, so has the need for robust financial management practices. The FMO plays a crucial role in developing and overseeing financial policies, long-term forecasting, grant management, and budgetary oversight to ensure that resources are maximized and public trust is maintained. Meanwhile, the BOO is essential in supporting the Department's operational functions by managing contracting, procurement, acquisitions, facilities management, and general services. Together, the FMO and BOO are critical to the Department's ability to navigate its expanded responsibilities efficiently and effectively.

With the growth in the Department's authority and funding, the demands on support services have also increased. The expanded workforce has led to a higher volume of travel advances, reimbursement requests, and employee support activities. The rise in funding streams and revenue sources requires meticulous monitoring and reporting, managed by the FMO. Meanwhile, the BOO's responsibilities in contracting, procurement, and facilities management have become even more vital to accommodate the increased operational needs. These functions are indispensable for the Department's effective operation and underpin its mission to oversee financial service providers and safeguard California consumers.

The increased level of oversight, policy influence, and potential impact of errors, necessitates a commensurate enhancement in support services. This means bolstering resources, refining processes, and adopting robust systems to facilitate critical functions seamlessly.

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.

The CEA A plays a critical role in shaping operational policies within the DFPI FMO and BOO, with a focus on ensuring smooth execution and compliance. Below are specific examples of policy areas where the CEA A serves as the principal policy maker:

Operational Cost Management and Budget Execution - The CEA A leads the development of guidelines for calculating and managing program costs, addressing the complexities associated with expanded programs and funding. By establishing clear policies and procedures for cost tracking and budget execution, the CEA A ensures that the FMO maintains accurate and reliable budget forecasts. This operational focus allows DFPI to allocate resources efficiently, supporting consumer protection initiatives without exceeding statutory spending limits. These policies streamline budget management, ensuring compliance and fiscal prudence, which are essential for the Department's statewide mission.

System Management for Financial and Procurement Operations (Fi\$Cal and Procurement and Contracting System) - The CEA A is responsible for overseeing the effective use and management of key systems, including Fi\$Cal for financial management and the Procurement and Contracting System for procurement processes. Although these systems are not integrated, the CEA A develops and implements policies to ensure each system operates effectively within its own domain. This includes tasks like appropriation tracking, fund condition assessments, and procurement management, ensuring that accurate data is available for control agencies, auditors, and other stakeholders. By enhancing the functionality of these systems, the CEA A contributes to statewide accountability, ensuring that financial and procurement operations run smoothly and efficiently.

Guidelines for Grant Fund Utilization and Compliance - The CEA A establishes specific guidelines and best practices for the utilization of grant funds, ensuring alignment with the requirements set by control agencies like the Department of Finance, State Controller's Office, and State Treasurer's Office. These policies support the FMO in managing grants effectively, ensuring proper allocation and monitoring to prevent misuse. By standardizing procedures, the CEA A helps maintain compliance and promotes transparency, which is crucial for supporting consumer protection initiatives across California.

Tracking, Managing, and Collecting Penalty Revenues, Fees, and Assessments - The CEA A plays a key role in developing policies and procedures for tracking, managing, and collecting various funding streams, including penalty revenues, fees, and assessments. This includes setting standard operating procedures for the consistent and transparent collection of application fees, cost recovery mechanisms, and annual assessments, in line with the California Financial Code. By ensuring meticulous oversight and adherence to these guidelines, the CEA A helps maintain fair fee structures, accurate reporting, and compliance across DFPI's programs. This operational focus supports the Department's mission to regulate the financial sector efficiently while maintaining transparency and accountability.

Procurement Policies and Compliance with SCM and DGS Standards - The CEA A is responsible for overseeing procurement policies and procedures within the BOO, ensuring they adhere to the standards set forth by the State Contracting Manual (SCM) and the Department of General Services (DGS). By ensuring compliance with state regulations, the CEA A helps DFPI mitigate risks, optimize resource utilization, and maintain accountability in its procurement activities. These procurement policies play a vital role in supporting the operational needs of the Department, contributing to the smooth and effective execution of its programs statewide.

Facilities Management and Operational Efficiency - The CEA A develops and implements policies related to facilities management within BOO, overseeing areas such as office space planning, maintenance, safety, and general operations. By creating clear guidelines for the effective use of physical resources, the CEA A ensures that facilities are managed in a way that supports the Department's operational needs and growth. This includes policies for space allocation, equipment maintenance, and health and safety standards. Effective facilities management is essential for maintaining a productive work environment, optimizing resource utilization, and ensuring that the Department can operate smoothly across all locations. These policies help DFPI maintain operational efficiency and support staff in fulfilling the Department's mission.

The CEA A focuses on the operational efficiency and compliance of financial, procurement, and facilities management processes within the FMO and the BOO. This includes ensuring the effective and transparent execution of policies related to budgeting, financial reporting, procurement, and contracting. The CEA A oversees the use of key systems like Fi\$Cal for financial management and the Procurement and Contracting System, ensuring that these systems are properly utilized to meet the Department's operational requirements.

Through strong operational management, the CEA A ensures that all financial and procurement policies comply with state regulations and that the Department can efficiently manage resources. This operational focus supports the DFPI's mission by ensuring that the financial services it regulates are handled transparently, efficiently, and in compliance with California's legal and regulatory standards.

C. ROLE IN POLICY INFLUENCE (continued)

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

Direct Reports/Staffing:

The CEA A position will oversee two SSM III positions, one responsible for the FMO and the other for the BOO. Each of these areas will have dedicated leadership under the SSM IIIs, with the CEA A providing operational oversight to ensure the implementation of policies, processes, and initiatives that enhance efficiency, compliance, and resource utilization. The CEA A will focus on operational management, guiding the SSM IIIs in executing the Department's objectives and ensuring smooth operations in both offices. This structure allows the CEA A to lead the execution of financial and business processes.

Budget Size:

The CEA A will manage the operational budget covering both the FMO and BOO functions. This includes ensuring that financial resources are allocated and managed effectively across key areas such as budgeting, accounting, procurement, contracting, and facilities management. The CEA A is responsible for ensuring that funds are used efficiently to support the Department's operational needs, maintaining compliance with state regulations, and upholding fiscal accountability. Through careful budget execution, the CEA A ensures that resources are aligned with departmental operational goals.

Decision Making Authority:

The CEA A holds independent decision-making authority over the operations of both the FMO and BOO. This role involves making operational decisions that ensure the effective development and execution of policies, enhance operational efficiency, and promote compliance. The CEA A will have direct oversight over key financial and business operations, including grant management, budgeting, accounting, procurement, contracting, and facilities management, ensuring that these functions are carried out efficiently and in accordance with state laws and departmental guidelines.

As a senior operational leader, the CEA A provides essential guidance on how best to establish and implement financial policies and processes, optimize the use of systems like Fi\$Cal and the Procurement and Contracting System, and manage risk. The CEA A plays a pivotal role in shaping operational priorities and establishing best practices that support compliance and efficient resource use within the Department's financial and business operations.

While high-level strategic direction is provided by the Deputy Commissioner of Administration and other senior executives, the CEA A retains significant autonomy in making operational decisions to ensure that the FMO and BOO meet their performance targets. This includes leading the execution of business process improvements, change management, and performance metrics development, ensuring that both offices operate effectively and efficiently in alignment with the Department's overall mission.

The CEA A's operational leadership and decision-making authority are critical in ensuring that DFPI's financial and business operations are executed efficiently, risks are mitigated, and resources are utilized optimally. The CEA A's ability to provide oversight of operations, establish and implement policies, and support financial and business processes directly supports the Department's ability to achieve its mission of protecting consumers, promoting transparency, and maintaining the integrity of California's financial sector.

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

The CEA A at DFPI will primarily focus on implementing and refining existing policies within the FMO and BOO, ensuring that these policies are executed effectively to meet the Department's operational needs. While CEA B provides strategic oversight, the CEA A will lead efforts to modernize administrative services, improve operational efficiency, and ensure compliance with state regulations. The CEA A will be responsible for the operational implementation of policies, aligning with the broader goals set by CEA B.

In supporting new program development, the CEA A will focus on the operational aspects of shaping fiscal frameworks that support DFPI's regulatory initiatives, such as determining licensing costs and implementing assessment rates across financial sectors like banking and credit unions. The CEA A will collaborate with state agencies and stakeholders to ensure the smooth execution of financial frameworks, ensuring that processes align with legal requirements like the California Financial Code and State SCM. The CEA A will also play a key role in interpreting and implementing existing policies related to procurement, contracting, and facilities management within the BOO. They will ensure compliance with relevant state guidelines and refine procedures where necessary to enhance efficiency and transparency. This will include managing procurement processes, contract renewals, and overseeing facility operations, ensuring that all activities comply with state regulations and support DFPI's operational goals.

The CEA A will ensure that DFPI's financial and operational processes within the FMO and BOO are compliant, efficient, and aligned with the Department's mission to protect consumers and uphold market integrity. This role will focus on the operational execution of policies, while CEA B handles strategic policy development.