

CALIFORNIA COASTAL COMMISSION

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April 8, 2013

To: Coastal Commissioners

From: Susan Hansch, Chief Deputy Director

Subject: **Governor's Proposed Budget for FY 2013-2014/Currently Being Considered by the Legislature; Budget Status Report for FY 2012-2013**

Informational Only/No Commission Action Required

Summary

This memorandum provides:

1. A summary of the proposed FY 2013-2014 Governor's budget issued on January 10, 2013, for FY 2013-2014 (Governor's Budget included as Attachment I);
2. A brief status report on the budget for the current fiscal year FY 2012-2013;
3. A one-page summary of the Commission's Budget from FY 1972-1973 to FY 2011-2012 actual expenditures/proposed expenditures FY 2012-2013 and FY 2013-2014 Governor's Budget; (Attachment II)
4. Summary of the State Annual Budget Process. Key information from the Department of Finance website; (Attachment III)

Governor's Proposed Budget Governor's Budget for FY 2013-2014

On January 10, 2013 the Governor issued the proposed budget for FY 2013-2014. The Commission's proposed budget is included as Attachment I. When reviewing the Governor's Budget (GB) for the Commission or any other agency it is very important to remember that the GB is:

- 1) a moment in time picture of the proposed budget for the upcoming fiscal year FY 2013-2014;
 - 2) a description of the approved budget for the current fiscal year FY 2012-2013 as of December 2012;
- and,

Coastal Commission Budget Status Memo

3) a description of actual expenditures for the past fiscal year FY 2011-2012.

The Governor's proposed budget for FY 2013-2014 is in effect very similar to the current fiscal year FY 2012-2013. The Commission has authorization to fill up to 142 permanent and temporary help staff positions in FY 2012-2013 and 142 authorized positions are included in the proposed FY 2013-2014 Governor's Budget.

Starting in FY 2012-2013, the state changed how it describes staff funding from *Personnel Years to Positions* and dropped the former way it calculated vacancies through a technique called "salary savings." Departments now have a maximum authorized level of positions.

However, the budget does not include adequate funding to support keeping all authorized positions full for the entire fiscal year. Positions are not fully funded for true position costs, merit salary increases, range changes, and Departments must cover or absorb all costs for pay-outs when employees resign or retire. So for FY 2012-2013 and FY 2013-2014, the Commission will not likely fill positions to the fully authorized level of 142 for the entire year.

The Coastal Commission receives funding from the following sources which are listed on the first page of the Governor's Budget.

| Fund Number | Description |
|-------------|--|
| 0001 | General Fund |
| 0371 | California Beach and Coastal Enhancement Fund (CBCEA), California Environmental License Plate Fund (Whale-Tail Fund) |
| 0890 | Federal Trust Fund – Federal grants from NOAA and other sources |
| 0995 | Reimbursements (Contracts with other state agencies and contractors for services provided by the Commission) |
| 3123 | Coastal Act Services Fund – Revenues from Commission's Filing Fees as appropriated by the Legislature |
| 0565 | State Coastal Conservancy Fund Violation Remediation Account (special appropriation for data-base system) |

Coastal Commission Budget Status Memo

The differences from the current FY 2012-2013 are that in the proposed FY 2013-2014 budget:

1. **Furloughs:** there will be no furloughs so that no funds will be deducted for pay cuts;
2. **Violation Remediation Account (VRA) Allocation:** the \$1,136,000 allocation from the Violation Remediation Account/State Coastal Conservancy to the Commission for database upgrade in FY 2011-2012 available in use in FY 2011-2012 and FY 2012-2013 will be fully expended by June 30, 2013 so that allocation is not in the FY 2013-2014 budget;
3. **Federal Funds:** *estimated reduction* in federal funds of approximately 5-10% due to federal budget issues and the sequester. Federal funds include funds the Coastal Commission receives as the primary NOAA grantee and transfers to the San Francisco Bay Conservation and Development Commission (BCDC). Federal funds listed in the Governor's budget are the *estimated* federal funds the Commission expects to receive and this budget line is an authorization to expend. Receiving the federal funds is also dependent on the Commission's ability to deliver required grant tasks. Because of short staffing and furloughs the Commission has not always been able to collect all the federal funds in a particular fiscal year the federal funds were authorized for expenditure. Most federal grants run 18 months into two fiscal years so the Commission has a small amount of flexibility in the timing the spending of some federal grant funds;
4. **Reimbursements:** there is a small increase in the projected estimate of reimbursements. The reimbursements line in the budget is only an estimate and an authorization to spend. Reimbursements cannot be claimed unless the required work is accomplished. Because of short staffing and furloughs the Commission has not always been able to collect all reimbursements that are authorized on the GB.

Legislative Budget Review

Once the Governor's proposed budget is issued in January of each year the Legislature begins its review. Legislative budget informational sessions and meetings with staff begin in January and Budget Sub-committee hearings usually begin in late February and run through April and May.

The Coastal Commission's budget is reviewed by Senate Budget Sub-committee No. 2 and by the Assembly Budget Sub-committee No. 3. The Coastal Commission's first Senate Budget Sub-committee No. 2 hearing will be Thursday, April 25, 2013. The First Assembly Budget Sub-committee No. 3 hearing is tentatively scheduled for Wednesday, May 1. The Senate staff has asked the Commission staff to provide a summary of the LCP program and a status of LCP updates.

The Senate and the Assembly Legislative Sub-Committees can augment, reduce, or revise elements of the Governor's budget. The Commission's Executive Director, Chief Deputy and Legislative Director and often the Commission's Chair attend and testify at the Legislative budget hearings. Once all the budget sub-committees act, both houses of the Legislature have to approve a budget bill and send onto the Governor for final review and approval. (See Attachment III for detailed chart of the Annual Budget Process and annual budget preparation calendar and other key information from the Department of Finance.)

Current Year Budget FY 2012-2013

The current year budget FY 2012-2013 figures are on the first page of the Governor's Budget. Total of all funds is \$18 million with 142 authorized positions. (See Attachment I.)

All staff are currently under a non-paid furlough program where pay is cut approximately 5% and one day a month is given. This is the eighth year in recent history that state employees have had non-paid furlough and pay cuts. The furlough results in an equivalent loss of approximately seven (7) staff members working time by the required time-off. As of July 1, 2013 the furlough is to end. Because of the many years of furlough, staff vacancies, and heavy workload many staff members have accumulated excess leave credits. This is a significant problem for many agencies and is described in detail in a recent Legislative Analyst's Office (LAO) report.

Over the last several years all State agencies were required to absorb a 5% "workforce cap reduction" where the Department's base budget was permanently reduced. The Commission received authorization from Department of Finance to take this on-going reduction throughout the Commission's budget rather than by reducing authorized positions. Commission management has always chosen to minimize staff reductions and take cuts in operating expenses. Operating expenses are currently at a very low level and require very careful and very constrained expenditures. If there are additional significant budget cuts it is not likely that cuts could be absorbed by operating expense reductions.

Commission management monitors expenses on a monthly basis and with continued frugality the Commission will finish the FY 2012-2013 within its authorized budget.

Summary Chart Attachment II Budget Funding History

This summary chart summarizes the key elements of Commission budgets from the beginning of the Coastal Commission in FY 1972-1973 with actual expenditures through FY 2011-2012. Authorized expenditures are listed for current FY 2012-2013 and the proposed Governor's Budget for FY 2013-2014.

This one page chart is the most straight forward and direct summary of the Commission's budget history and we strongly recommend that you refer to this tool for a clear picture of the Commission's State Operations Budget.

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The California Coastal Commission, comprised of 12 voting members appointed equally by the Governor, the Senate Rules Committee, and the Speaker of the Assembly, was created by voter initiative in 1972 and was made permanent by the California Coastal Act of 1976 (Coastal Act). The Coastal Act calls for the protection and enhancement of public access and recreation, marine resources, environmentally sensitive habitat areas, marine water quality, agriculture, and scenic resources, and makes provisions for coastal-dependent industrial and energy development. New development in the coastal zone requires a coastal permit either from local government or the Commission. Local governments are required to prepare a local coastal program (LCP) for the coastal zone portion of their jurisdiction. After an LCP has been reviewed and approved by the Commission as being consistent with the Coastal Act, the Commission's regulatory authority over most types of new development is delegated to the local government, subject to limited appeals to the Commission. The Commission also is designated the principal state coastal management agency for the purpose of administering the federal Coastal Zone Management Act in California and has exclusive regulatory authority over federal activities such as permits, leases, federal development projects, and other federal actions that could affect coastal zone resources and that would not otherwise be subject to state control.

3-YR EXPENDITURES AND POSITIONS

| | Positions | | | Expenditures | | |
|--|--------------|--------------|--------------|-----------------|-----------------|-----------------|
| | 2011-12 | 2012-13 | 2013-14 | 2011-12* | 2012-13* | 2013-14* |
| 10 Coastal Management Program | 102.0 | 114.0 | 114.0 | \$16,024 | \$16,881 | \$16,630 |
| 20 Coastal Energy Program | 5.5 | 7.0 | 7.0 | 1,074 | 1,099 | 1,146 |
| 30.01 Administration | 20.4 | 21.0 | 21.0 | 2,291 | 2,781 | 2,752 |
| 30.02 Distributed Administration | - | - | - | -2,161 | -2,651 | -2,652 |
| TOTALS, POSITIONS AND EXPENDITURES (All Programs) | 127.9 | 142.0 | 142.0 | \$17,228 | \$18,110 | \$17,876 |
| FUNDING | | | | 2011-12* | 2012-13* | 2013-14* |
| 0001 General Fund | | | | \$10,526 | \$10,356 | \$10,796 |
| 0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | | | | 1,119 | 1,376 | 1,423 |
| 0565 State Coastal Conservancy Fund | | | | 489 | 647 | - |
| 0890 Federal Trust Fund | | | | 2,788 | 2,733 | 2,576 |
| 0995 Reimbursements | | | | 2,086 | 2,333 | 2,401 |
| 3123 Coastal Act Services Fund | | | | 220 | 665 | 680 |
| TOTALS, EXPENDITURES, ALL FUNDS | | | | \$17,228 | \$18,110 | \$17,876 |

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Public Resources Code, Division 20, Section 30000 et seq. and Title 16, United States Code, Chapter 33, Section 1451 et seq.

DETAILED BUDGET ADJUSTMENTS

| | 2012-13* | | | 2013-14* | | |
|--|---------------|--------------|-----------|--------------|---------------|-----------|
| | General Fund | Other Funds | Positions | General Fund | Other Funds | Positions |
| Workload Budget Adjustments | | | | | | |
| Workload Budget Change Proposals | | | | | | |
| • Coastal and Marine Education | \$- | \$- | - | \$- | \$357 | - |
| Totals, Workload Budget Change Proposals | \$- | \$- | - | \$- | \$357 | - |
| Other Workload Budget Adjustments | | | | | | |
| • Employee Compensation Adjustments | -\$363 | -\$121 | - | \$77 | \$25 | - |
| • Retirement Rate Adjustment | 165 | 55 | - | 165 | 55 | - |
| • One Time Cost Reductions | - | - | - | - | -975 | - |
| • Carryover/Reappropriation | - | 11 | - | - | - | - |
| • Miscellaneous Adjustments | - | 211 | - | - | 19 | - |
| Totals, Other Workload Budget Adjustments | -\$198 | \$156 | - | \$242 | -\$876 | - |
| Totals, Workload Budget Adjustments | -\$198 | \$156 | - | \$242 | -\$519 | - |
| Totals, Budget Adjustments | -\$198 | \$156 | - | \$242 | -\$519 | - |

* Dollars in thousands, except in Salary Range.

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PROGRAM DESCRIPTIONS**10 - COASTAL MANAGEMENT PROGRAM**

The objectives of the Coastal Management Program are to implement coastal resources conservation through planning and regulation. Activities include:

- Reviewing and approval of local coastal programs (LCPs), port master plans, university long-range development plans, and any amendments to such plans, for consistency with the Coastal Act.
- Reviewing coastal development permit applications for new development in areas without a certified LCP, areas of permanently retained jurisdiction (e.g., tidelands, submerged lands, and public trust lands) and limited categories of local coastal development permit actions that can be appealed to the Commission.
- Monitoring and enforcement of coastal development permits.
- Reviewing federal activities for consistency with the Coastal Act.
- Protecting and expanding opportunities for public coastal access and recreation.
- Implementing a coastal water quality protection program.
- Providing technical information and assistance to support effective coastal management.
- Implementing a coastal and ocean resource public education program.

20 - COASTAL ENERGY PROGRAM

The Coastal Energy Program addresses coastal energy issues including, but not limited to, offshore oil and gas development, electricity generating power plant expansion and development, and siting and development of liquefied natural gas facilities.

30 - ADMINISTRATION

The objective of the Administration Program is to provide administrative support including accounting, budgeting, business services, support services, information technology, and human resources services to other departmental programs.

DETAILED EXPENDITURES BY PROGRAM

| | | 2011-12* | 2012-13* | 2013-14* |
|-----------------------------|--|-----------------|-----------------|-----------------|
| PROGRAM REQUIREMENTS | | | | |
| 10 | COASTAL MANAGEMENT PROGRAM | | | |
| | State Operations: | | | |
| 0001 | General Fund | \$10,018 | \$9,833 | \$10,226 |
| 0371 | California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | 578 | 578 | 607 |
| 0565 | State Coastal Conservancy Fund | 489 | 647 | - |
| 0890 | Federal Trust Fund | 2,788 | 2,733 | 2,576 |
| 0995 | Reimbursements | 1,390 | 1,627 | 1,725 |
| 3123 | Coastal Act Services Fund | <u>220</u> | <u>665</u> | <u>680</u> |
| | Totals, State Operations | \$15,483 | \$16,083 | \$15,814 |
| | Local Assistance: | | | |
| 0371 | California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | \$541 | \$798 | \$816 |
| | Totals, Local Assistance | \$541 | \$798 | \$816 |
| ELEMENT REQUIREMENTS | | | | |
| 10.10 | Regulation of Coastal Development | \$6,282 | \$7,131 | \$6,433 |
| | State Operations: | | | |
| 0001 | General Fund | 3,995 | 4,100 | 4,125 |
| 0565 | State Coastal Conservancy Fund | 489 | 647 | - |
| 0890 | Federal Trust Fund | 886 | 1,000 | 834 |
| 0995 | Reimbursements | 692 | 719 | 794 |
| 3123 | Coastal Act Services Fund | 220 | 665 | 680 |
| 10.20 | Local Coastal Program | \$3,055 | \$3,058 | \$3,263 |
| | State Operations: | | | |
| 0001 | General Fund | 1,714 | 1,687 | 1,800 |

* Dollars in thousands, except in Salary Range.

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| | 2011-12* | 2012-13* | 2013-14* |
|---|----------|----------|----------|
| 0890 Federal Trust Fund | 1,210 | 1,121 | 1,108 |
| 0995 Reimbursements | 131 | 250 | 355 |
| 10.30 Planning and Support Studies | \$4,832 | \$4,643 | \$4,726 |
| State Operations: | | | |
| 0001 General Fund | 4,028 | 3,806 | 4,000 |
| 0890 Federal Trust Fund | 359 | 300 | 300 |
| 0995 Reimbursements | 445 | 537 | 426 |
| 10.40 Federal Coastal Management Program | \$333 | \$312 | \$334 |
| State Operations: | | | |
| 0890 Federal Trust Fund | 333 | 312 | 334 |
| 10.50 Coastal Access Program | \$262 | \$261 | \$351 |
| State Operations: | | | |
| 0001 General Fund | 140 | 140 | 201 |
| 0995 Reimbursements | 122 | 121 | 150 |
| 10.60 Coastal Resources Information Center | \$1,260 | \$1,476 | \$1,523 |
| State Operations: | | | |
| 0001 General Fund | 141 | 100 | 100 |
| 0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | 578 | 578 | 607 |
| Local Assistance: | | | |
| 0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | 541 | 798 | 816 |
| PROGRAM REQUIREMENTS | | | |
| 20 COASTAL ENERGY PROGRAM | | | |
| State Operations: | | | |
| 0001 General Fund | \$508 | \$523 | \$570 |
| 0995 Reimbursements | 566 | 576 | 576 |
| Totals, State Operations | \$1,074 | \$1,099 | \$1,146 |
| PROGRAM REQUIREMENTS | | | |
| 30 ADMINISTRATION AND SUPPORT ACTIVITIES | | | |
| State Operations: | | | |
| 0995 Reimbursements | \$130 | \$130 | \$100 |
| Totals, State Operations | \$130 | \$130 | \$100 |
| ELEMENT REQUIREMENTS | | | |
| 30.01 Administration | 2,291 | 2,781 | 2,752 |
| 30.02 Distributed Administration | -2,161 | -2,651 | -2,652 |
| TOTALS, EXPENDITURES | | | |
| State Operations | 16,687 | 17,312 | 17,060 |
| Local Assistance | 541 | 798 | 816 |
| Totals, Expenditures | \$17,228 | \$18,110 | \$17,876 |

EXPENDITURES BY CATEGORY

| 1 State Operations | Positions | | | Expenditures | | |
|---------------------------------------|-----------|---------|---------|--------------|----------|----------|
| | 2011-12 | 2012-13 | 2013-14 | 2011-12* | 2012-13* | 2013-14* |
| PERSONAL SERVICES | | | | | | |
| Authorized Positions (Equals Sch. 7A) | 127.9 | 142.0 | 142.0 | \$8,758 | \$9,423 | \$9,937 |
| Net Totals, Salaries and Wages | 127.9 | 142.0 | 142.0 | \$8,758 | \$9,423 | \$9,937 |
| Staff Benefits | - | - | - | 3,385 | 3,688 | 3,894 |

* Dollars in thousands, except in Salary Range.

3720 California Coastal Commission - Continued

| 1 State Operations | Positions | | | Expenditures | | |
|---|-----------|---------|---------|--------------|----------|----------|
| | 2011-12 | 2012-13 | 2013-14 | 2011-12* | 2012-13* | 2013-14* |
| Totals, Personal Services | 127.9 | 142.0 | 142.0 | \$12,143 | \$13,111 | \$13,831 |
| OPERATING EXPENSES AND EQUIPMENT | | | | \$4,544 | \$4,201 | \$3,229 |
| TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations) | | | | \$16,687 | \$17,312 | \$17,060 |

| 2 Local Assistance | Expenditures | | |
|--|--------------|----------|----------|
| | 2011-12* | 2012-13* | 2013-14* |
| Public Education Program Assistance Grants | \$541 | \$798 | \$816 |
| TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance) | \$541 | \$798 | \$816 |

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

| 1 STATE OPERATIONS | 2011-12* | 2012-13* | 2013-14* |
|--|----------|----------|----------|
| 0001 General Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | \$10,798 | \$10,554 | \$10,796 |
| Allocation for employee compensation | 24 | 45 | - |
| Adjustment per Section 3.60 | 49 | 165 | - |
| Adjustment per Section 3.90 | -127 | -408 | - |
| Adjustment per Section 3.91 (b) Cell Phone Reductions | -6 | - | - |
| Adjustment per Section 3.91 (b) Operational Efficiency Plan | -200 | - | - |
| Totals Available | \$10,538 | \$10,356 | \$10,796 |
| Unexpended balance, estimated savings | -12 | - | - |
| TOTALS, EXPENDITURES | \$10,526 | \$10,356 | \$10,796 |
| 0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | \$581 | \$590 | \$607 |
| Allocation for employee compensation | 1 | 2 | - |
| Adjustment per Section 3.60 | 3 | 9 | - |
| Adjustment per Section 3.90 | -7 | -23 | - |
| TOTALS, EXPENDITURES | \$578 | \$578 | \$607 |
| 0565 State Coastal Conservancy Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | \$1,136 | \$- | \$- |
| Prior year balances available: | | | |
| Item 3720-001-0565, Budget Act of 2011 | - | 647 | - |
| Totals Available | \$1,136 | \$647 | \$- |
| Balance available in subsequent years | -647 | - | - |
| TOTALS, EXPENDITURES | \$489 | \$647 | \$- |
| 0890 Federal Trust Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | \$2,559 | \$2,563 | \$2,576 |
| Allocation for employee compensation | 1 | 2 | - |
| Adjustment per Section 3.60 | 3 | 9 | - |
| Adjustment per Section 3.90 | -30 | -22 | - |
| Budget Adjustment | 255 | 181 | - |
| TOTALS, EXPENDITURES | \$2,788 | \$2,733 | \$2,576 |

* Dollars in thousands, except in Salary Range.

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| 1 STATE OPERATIONS | 2011-12* | 2012-13* | 2013-14* |
|--|--------------|--------------|--------------|
| 0995 Reimbursements | | | |
| APPROPRIATIONS | | | |
| Reimbursements | \$2,086 | \$2,333 | \$2,401 |
| 3123 Coastal Act Services Fund | | | |
| APPROPRIATIONS | | | |
| 001 Budget Act appropriation | \$647 | \$665 | \$680 |
| Adjustment per Section 3.91 (b) Operational Efficiency Plan | <u>-34</u> | <u>-</u> | <u>-</u> |
| Totals Available | \$613 | \$665 | \$680 |
| Unexpended balance, estimated savings | <u>-393</u> | <u>-</u> | <u>-</u> |
| TOTALS, EXPENDITURES | <u>\$220</u> | <u>\$665</u> | <u>\$680</u> |
| TOTALS, EXPENDITURES, ALL FUNDS (State Operations) | \$16,687 | \$17,312 | \$17,060 |
| 2 LOCAL ASSISTANCE | 2011-12* | 2012-13* | 2013-14* |
| 0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund | | | |
| APPROPRIATIONS | | | |
| 101 Budget Act appropriation | <u>\$541</u> | <u>\$798</u> | <u>\$816</u> |
| TOTALS, EXPENDITURES | <u>\$541</u> | <u>\$798</u> | <u>\$816</u> |
| TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance) | <u>\$541</u> | <u>\$798</u> | <u>\$816</u> |
| TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance) | \$17,228 | \$18,110 | \$17,876 |

FUND CONDITION STATEMENTS

| | 2011-12* | 2012-13* | 2013-14* |
|---|----------------|----------------|----------------|
| 0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund ⁵ | | | |
| BEGINNING BALANCE | \$1,492 | \$2,001 | \$1,323 |
| Prior year adjustments | <u>78</u> | <u>-</u> | <u>-</u> |
| Adjusted Beginning Balance | \$1,570 | \$2,001 | \$1,323 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS | | | |
| Revenues: | | | |
| 143000 Personalized License Plates | <u>1,749</u> | <u>1,782</u> | <u>1,764</u> |
| Total Revenues, Transfers, and Other Adjustments | <u>\$1,749</u> | <u>\$1,782</u> | <u>\$1,764</u> |
| Total Resources | \$3,319 | \$3,783 | \$3,087 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS | | | |
| Expenditures: | | | |
| 0840 State Controller (State Operations) | 3 | 1 | - |
| 3720 California Coastal Commission | | | |
| State Operations | 578 | 578 | 607 |
| Local Assistance | 541 | 798 | 816 |
| 3760 State Coastal Conservancy | | | |
| Local Assistance | 195 | - | - |
| Capital Outlay | 1 | 1,080 | 458 |
| 8880 Financial Information System for California (State Operations) | <u>-</u> | <u>3</u> | <u>3</u> |
| Total Expenditures and Expenditure Adjustments | <u>\$1,318</u> | <u>\$2,460</u> | <u>\$1,884</u> |
| FUND BALANCE | \$2,001 | \$1,323 | \$1,203 |
| Reserve for economic uncertainties | 2,001 | 1,323 | 1,203 |
| 3123 Coastal Act Services Fund ⁵ | | | |
| BEGINNING BALANCE | \$2,301 | \$2,741 | \$2,772 |
| Prior year adjustments | 3 | - | - |

* Dollars in thousands, except in Salary Range.

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| | <u>2011-12*</u> | <u>2012-13*</u> | <u>2013-14*</u> |
|---|-----------------|-----------------|-----------------|
| Adjusted Beginning Balance | \$2,304 | \$2,741 | \$2,772 |
| REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS | | | |
| Revenues: | | | |
| 125700 Other Regulatory Licenses and Permits | 1,161 | 1,200 | 1,200 |
| Transfers and Other Adjustments: | | | |
| TO0593 To Coastal Access Account, State Coastal Conservancy Fund Coastal Access Account, State Cstl Cons per Public Resources Code Sec 30620.1 | -500 | -500 | -500 |
| Total Revenues, Transfers, and Other Adjustments | <u>\$661</u> | <u>\$700</u> | <u>\$700</u> |
| Total Resources | \$2,965 | \$3,441 | \$3,472 |
| EXPENDITURES AND EXPENDITURE ADJUSTMENTS | | | |
| Expenditures: | | | |
| 0840 State Controller (State Operations) | 4 | - | - |
| 3720 California Coastal Commission (State Operations) | 220 | 665 | 680 |
| 8880 Financial Information System for California (State Operations) | - | 4 | 3 |
| Total Expenditures and Expenditure Adjustments | <u>\$224</u> | <u>\$669</u> | <u>\$683</u> |
| FUND BALANCE | \$2,741 | \$2,772 | \$2,789 |
| Reserve for economic uncertainties | 2,741 | 2,772 | 2,789 |

* Dollars in thousands, except in Salary Range.

BUDGET FUNDING HISTORY State Operations

| Budget Year | General Fund or | Other State Funds | | | | | | | | | | Total Coastal Commission Funds | Personnel Years | | | |
|-------------------------|--------------------|--------------------------------|--|--|--|---------------------------------|---|--|---------------------------|----------------|--------------------|--------------------------------------|-----------------|---------------------------|-------|-------|
| | | Bagley Conservation Fund | Environmental License Plate Fund | Outer Continental Shelf Lands Act 8(g) Fund | Coastal Beach & Coastal Enhancement Account | Coastal Act Services Fund | State Coastal Conservancy Violation Remediation Account | Federal Funds Coastal Commission | Federal Funds BCDC/SCC | Reimbursements | Temp Help PY | | Perm PY | Total PY ^{b/} | | |
| 1972-1973 | \$0 | \$376,416 | | | | | | | | | | | | | 12.9 | 12.9 |
| 1973-1974 | \$302,735 | \$2,130,863 | | | | | | | | | | | | | 90.9 | 90.9 |
| 1974-1975 | \$549,324 | \$1,902,134 | | | | | | | | | | \$1,074,762 | \$0 | \$0 | 124.9 | 124.9 |
| 1975-1976 | \$1,018,930 | \$1,389,461 | | | | | | | | | | \$1,117,288 | \$0 | \$0 | 118.5 | 118.5 |
| 1976-1977 | \$3,152,735 | \$728,471 | | | | | | | | | | \$927,950 | \$0 | \$0 | 134.5 | 134.5 |
| 1977-1978 | \$6,428,707 | \$0 | | | | | | | | | | \$1,736,590 | \$758,185 | \$758,185 | 34.1 | 193.3 |
| 1978-1979 | \$5,862,713 | \$0 | | | | | | | | | | \$1,906,387 | \$7,010,161 | \$7,010,161 | 180.5 | 198.8 |
| 1979-1980 | \$6,119,898 | \$0 | \$12,000 | | | | | | | | | \$3,227,292 | \$60,000 | \$60,000 | 180.4 | 200.6 |
| 1980-1981 | \$6,960,000 | \$0 | \$181,000 | | | | | | | | | \$6,751,000 | \$345,000 | \$345,000 | 192.1 | 212.0 |
| 1981-1982 | \$6,470,000 | \$0 | \$198,000 | | | | | | | | | \$3,451,000 | \$422,000 | \$422,000 | 176.9 | 111.0 |
| 1982-1983 | \$6,374,000 | \$0 | \$150,000 | | | | | | | | | \$853,000 | \$90,000 | \$90,000 | 166.1 | 3.4 |
| 1983-1984 | \$5,349,000 | \$0 | \$280,000 | | | | | | | | | \$853,000 | \$573,000 | \$573,000 | 121.7 | 8.2 |
| 1984-1985 | \$5,925,000 | \$0 | \$303,000 | | | | | | | | | \$1,986,000 | \$40,000 | \$40,000 | 124.6 | 2.4 |
| 1985-1986 | \$5,884,000 | \$0 | \$329,000 | | | | | | | | | \$794,000 | \$40,000 | \$40,000 | 112.2 | 2.0 |
| 1986-1987 | \$5,906,000 | \$0 | \$344,000 | | | | | | | | | \$1,314,000 | \$999,000 | \$999,000 | 116.8 | 5.6 |
| 1987-1988 | \$5,895,000 | \$0 | \$392,000 | | | | | | | | | \$1,085,000 | \$752,000 | \$752,000 | 109.7 | 4.5 |
| 1988-1989 | \$6,195,000 | \$0 | \$401,000 | | | | | | | | | \$1,420,000 | \$1,119,000 | \$1,119,000 | 107.2 | 12.0 |
| 1989-1990 | \$5,958,000 | \$0 | \$429,000 | | | | | | | | | \$1,385,000 | \$686,000 | \$686,000 | 105.4 | 6.3 |
| 1990-1991 | \$5,870,000 | \$0 | \$1,093,000 | | | | | | | | | \$1,201,000 | \$570,000 | \$570,000 | 105.1 | 13.9 |
| 1991-1992 | \$5,713,000 | \$0 | \$1,107,000 | | | \$797,000 | | | | | | \$2,036,000 | \$240,000 | \$240,000 | 110.1 | 19.2 |
| 1992-1993 | \$4,525,000 | \$0 | \$1,135,000 | | | \$807,000 | | | | | | \$2,033,000 | \$251,000 | \$251,000 | 114.6 | 5.9 |
| 1993-1994 | \$4,483,000 | \$0 | \$1,194,000 | | | \$830,000 | | | | | | \$2,584,000 | \$201,000 | \$201,000 | 113.0 | 13.9 |
| 1994-1995 | \$4,736,000 | \$0 | \$1,215,000 | | | \$830,000 | | | | | | \$2,607,000 | \$361,000 | \$361,000 | 114.3 | 12.0 |
| 1995-1996 | \$5,741,000 | \$0 | \$1,223,000 | | | \$0 | | | | | | \$3,101,000 | \$455,000 | \$455,000 | 113.5 | 13.1 |
| 1996-1997 | \$5,610,000 | \$0 | \$1,298,000 | | | \$0 | | | | | | \$2,673,000 | \$319,000 | \$319,000 | 109.7 | 9.5 |
| 1997-1998 | \$7,190,000 | \$0 | \$0 | | | \$0 | | | | | | \$2,344,000 | \$679,000 | \$679,000 | 112.1 | 9.9 |
| 1998-1999 | \$8,175,000 | \$0 | \$0 | \$68,000 | | \$0 | | | | | | \$2,446,000 | \$220,000 | \$220,000 | 113.6 | 9.2 |
| 1999-2000 | \$9,454,000 | \$0 | \$0 | \$247,000 | | \$0 | | | | | | \$2,354,000 | \$418,000 | \$418,000 | 127.5 | 10.4 |
| 2000-2001 | \$12,107,000 | \$0 | \$0 | \$371,000 | | \$0 | | | | | | \$2,494,000 | \$333,000 | \$333,000 | 141.8 | 16.2 |
| 2001-2002 | \$11,723,000 | \$0 | \$0 | \$394,000 | | \$0 | | | | | | \$2,817,000 | \$420,000 | \$420,000 | 149.1 | 18.5 |
| 2002-2003 | \$10,715,000 | \$0 | \$0 | \$438,000 | | \$0 | | | | | | \$2,685,000 | \$425,000 | \$425,000 | 150.6 | 4.4 |
| 2003-2004 | \$9,459,000 | \$0 | \$0 | \$394,000 | | \$0 | | | | | | \$2,655,000 | \$429,000 | \$429,000 | 136.2 | 0.7 |
| 2004-2005 | \$9,788,000 | \$0 | \$0 | \$513,000 | | \$0 | | | | | | \$2,644,000 | \$427,000 | \$427,000 | 128.0 | 4.1 |
| 2005-2006 | \$9,917,000 | \$0 | \$0 | \$580,000 | | \$0 | | | | | | \$2,861,000 | \$355,000 | \$355,000 | 132.0 | 4.2 |
| 2006-2007 | \$11,457,000 | \$0 | \$0 | \$624,000 | | \$0 | | | | | | \$2,481,000 | \$366,000 | \$366,000 | 135.3 | 5.2 |
| 2007-2008 | \$11,709,000 | \$0 | \$0 | \$596,000 | | \$0 | | | | | | \$2,085,000 | \$322,000 | \$322,000 | 136.7 | 4.6 |
| 2008-2009 | \$10,905,000 | \$0 | \$0 | \$561,000 | | \$0 | | | | | | \$1,956,000 | \$332,000 | \$332,000 | 125.1 | 0.2 |
| 2009-2010 | \$9,985,000 | \$0 | \$0 | \$521,000 | | \$0 | | | | | | \$1,816,000 | \$343,000 | \$343,000 | 124.7 | 2.6 |
| 2010-2011 | \$10,115,000 | \$0 | \$0 | \$532,000 | | \$0 | | | | | | \$2,197,000 | \$466,000 | \$466,000 | 127.7 | 2.2 |
| 2011-2012 | \$10,526,000 | \$0 | \$0 | \$578,000 | | \$0 | | | | | | \$2,455,000 | \$333,000 | \$333,000 | 125.2 | 2.7 |
| 2012-2013 ^{a/} | \$10,356,000 | \$0 | \$0 | \$578,000 | | \$0 | | | | | | \$2,421,000 | \$312,000 | \$312,000 | 135.2 | 6.8 |
| 2013-2014 ^{a/} | \$10,796,000 | \$0 | \$0 | \$607,000 | | \$0 | | | | | | \$2,242,000 | \$334,000 | \$334,000 | 135.2 | 6.8 |

a/ State Operations funding only. Does not include Local Assistance funding. Fiscal Years 1980-81 through 2011-2012 reflect past year actual support operations expenditures shown in Governor's Budget.

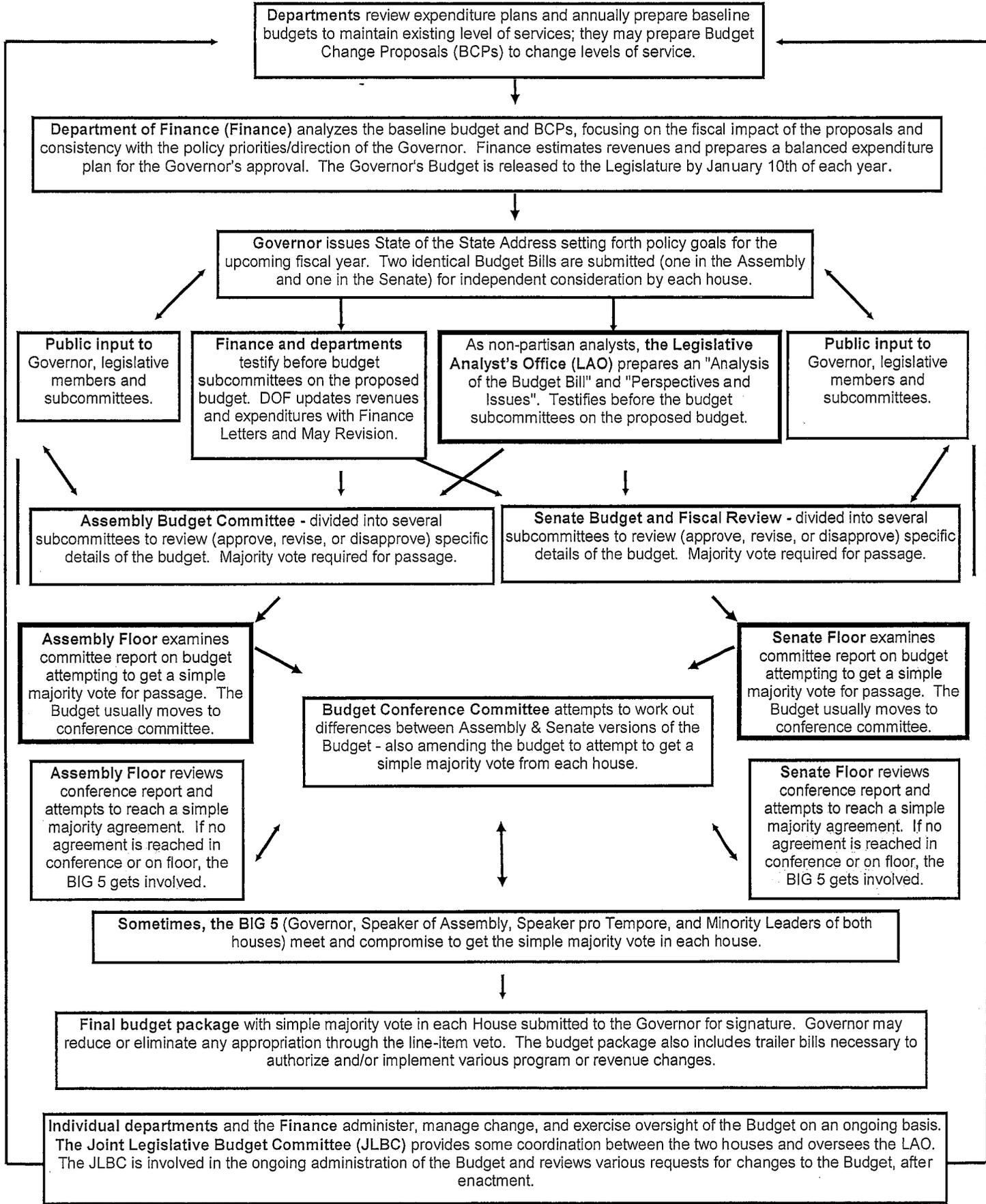
b/ FY 1972-73 through FY 2011-12 are actual "Personnel Years" expended not authorized positions.

c/ Budgeted authorized positions and projected expenditures from the Governor's Budget ~~not~~ actuals.

d/ Carryover of \$647,000 based upon \$1,136,000 one time FY 11/12 VRA fund (to be used over 2 Years) for Coastal Management Program - Permit Tracking System.

The Coastal Commission is the only authorized agency to accept Federal Coastal Zone Management Funds from 1979/80 thru the present. BCDC, State Coastal Conservancy, State Parks and any other state agency federal funds received by and passed through to other state agencies have been removed from the Federal funds column. Prior to FY 1979/80, BCDC received Federal Trust Funds directly...the Commission did not serve as the pass-thru agency until FY 1979/80. Source: Governor's Budgets -- actual past year expenditures. Access Contract Database: FY 1991-92 for BCDC/SCC pass thru data because Gov. Budget for FY 93-94 did not have detailed information on FTF for Program 10.40 Federal Coastal Management Program. G-Budget/Budget Charis/Budget Funding History (less BCDC) FY 1972-73 thru FY 2013-14a.xls 4/6/2013

THE ANNUAL BUDGET PROCESS



Budget Process Overview

The Governor's Budget is the result of a process that begins more than one year before the Budget becomes law. When presented to the Legislature on January 10 of each year, the Governor's Budget incorporates revenue and expenditure estimates based upon the most current information available through mid December. In the event that the Governor wants to change the Budget presented to the Legislature, including adjustments resulting from changes in population, caseload, or enrollment estimates, the Department of Finance (Finance) proposes adjustments to the Legislature during budget hearings through Finance Letters. During late spring, usually in May, Finance submits revised revenue and expenditure estimates for both the current and budget years to the Legislature. This update process is referred to as the May Revision. Finance also prepares monthly economic and cash revenue updates during the fiscal year. Listed below are the key documents used in the budget process.

| Title | Purpose | Prepared/Issued by | When |
|-------------------------------------|--|---|---|
| Budget Letters and Management Memos | Convey the Administration's guidelines for budget preparation to agencies and departments. | Governor/Finance | January through December |
| Budget Change Proposals | Documents that propose to modify or change the existing level of service, propose new programs, or delete existing programs. | Agencies and departments submit to Finance analysts | July through September |
| Governor's Budget | Governor's proposed budget for the upcoming fiscal year. | Governor/Finance | January 10 |
| Governor's Budget Summary | A summary of the Governor's Budget. | Governor/Finance | January 10 |
| Budget Bill | Requests spending authorization to carry out the Governor's expenditure plan (legislative budget decision document). | Finance/Legislature | January 10 |
| Analysis of the Budget | Analysis of the Budget, including recommendations for changes to the Governor's Budget. | Legislative Analyst | February |
| May Revision | Update of General Fund revenues, expenditures, and reserve estimates based on the latest economic forecast and changes in population, caseload, or enrollment estimates. | Finance | Mid-May |
| Budget Act | The primary annual expenditure authorization as approved by the Governor and Legislature, including a listing of the Governor's vetoes. | Legislature/Governor | Late June or enactment of the Budget |
| Final Budget Summary | Update of the individual Budget Act items with changes by the Governor's vetoes, including certain budget summary schedules. | Finance | Late July - August or 1-2 months after Budget enactment |
| Final Change Book | Update of changes to the detailed fiscal information in the Governor's Budget. | Finance | Late July - August or 1-2 months after Budget enactment |

CALIFORNIA'S BUDGET PROCESS

Preface

The budget process for California defies a simple concise definition. It is a process rather than a product. It is not the development of the Governor's Budget, the Legislature's enactment of a budget nor the executive branch's administration of the budget. Rather, it is the combination of all of these phases with all the ramifications and influences of political interactions, relationships with federal and local governments, public input, natural events, legal issues, the economy, initiatives and legislation, etc.

Although the size and complexity of California and the dynamics of the process make it difficult to establish and maintain an orderly process, these very reasons necessitate an orderly formalized process. The following sections summarize the major steps and procedures of California's budget process.

Budget Development

The State Constitution requires that the Governor submit a budget to the Legislature by January 10. It provides for a balanced budget in that, if the proposed expenditures for the budget year exceed estimated revenues, the Governor is required to recommend the sources for the additional funding.

The Director of Finance, as the chief financial advisor to the Governor, directs the effort for preparation of the Governor's Budget. Under the policy direction of the Governor, the Director of Finance issues instructions and guidelines for budget preparation to agencies and departments. This effort typically gets underway even before the Legislature has passed the budget for the current fiscal year.

Although California has utilized concepts such as Zero-Based Budgeting, Management by Objectives, and Total Quality Management, the basic approach utilized is incremental budgeting. This approach essentially uses the current departmental level of funding as a base amount to be adjusted by change proposals. The Budget Change Proposal (BCP) has been the traditional decision document which proposes a change to the existing budget level. The BCPs are submitted by departments to the Department of Finance for review and analysis.

The general goal in the budget decision process is to resolve budget issues at the lowest level possible. For those departments that are under an Agency Secretary, departments must clear their proposals through Agency-level hearings. The Department of Finance generally attends these hearings. For non-Agency departments, proposals are presented directly to the Department of Finance. Issues which are not resolved between departments and Finance staff are discussed at hearings conducted by the Director of Finance. The most sensitive issues are ultimately presented to the Governor for a decision.

After all decisions are completed, the Department of Finance coordinates the printing of the following publications which comprise the Governor's Budget package. They are available from the [Department of Finance Website](#).

Governor's Budget Summary—A summary volume which includes the Governor's goals and objectives for the forthcoming year, and the policy perspectives and highlights of changes in the Governor's Budget.

Governor's Budget—A detailed presentation for each department for the past, current, and budget years.

Salaries and Wages Supplement—A detailed presentation of authorized staffing and related salaries.

The Governor annually unveils the budget at a formal press conference. The Governor's State of the State address typically includes a general presentation of the Administration's budget policies and priorities.

Budget Enactment

By constitutional requirement, the Governor's Budget must be accompanied by a Budget Bill itemizing recommended expenditures which shall be introduced in each house of the Legislature. The Constitution also requires that the Legislature pass the bill by June 15.

The Senate Budget and Fiscal Review Committee and the Assembly Budget Committee are the two committees that hear the Budget Bills. They assign the items in the bill to several subcommittees (by major subject areas such as Education or Health and Human Services) which conduct budget hearings. These hearings generally begin in late February soon after the Legislative Analyst issues the "Analysis of the Budget Bill". The Legislative Analyst is appointed by the Joint Legislative Budget Committee and is charged with providing a nonpartisan analysis and recommendations for changes to the Governor's budget plan.

In addition to the Legislative Analyst, the Department of Finance and departmental staff typically provide testimony at the subcommittee hearings. In recent years, there has been increasing input by partisan fiscal committee consultants of both the majority and minority parties. Additionally, lobbyists and the public may provide testimony at the hearings.

The Department of Finance proposes adjustments to the Governor's Budget through "Finance Letters" in the spring. By statute, the Department of Finance is required to give the Legislature all proposed adjustments, other than Capital Outlay and May Revision, to the Governor's Budget by April 1. Capital Outlay adjustments are due by May 1. The traditional May Revision adjustments are due by May 14, and consist of an update of General Fund revenues and changes in expenditures for school funding requirements pursuant to Proposition 98, caseload, enrollment, or population. The Legislature typically waits for the May Revision update before final budget decisions are made on major programs such as Education, Corrections, and Health and Human Services.

When a subcommittee completes its actions, it reports its recommendations to the full committee. Upon adoption of the budget by the full committee, a recommendation is made to the Floor (full house). Upon simple majority vote of the house, the Budget Bill is passed to the other house. A Budget Conference Committee is then appointed to work out differences between the Senate and Assembly versions of the bill. Upon completion of action by the Conference Committee and a simple majority vote, this conference version is then sent to the two houses for approval.

Sometimes the Conference Committee does not reach final resolution on the budget. This stalemate typically results from non-resolution of a few major issues. These issues are then resolved by the "Leadership" or "Big 5" (Governor, Speaker of the Assembly, President Pro Tempore, and the minority leaders of both houses).

When the Budget Bill receives a simple majority vote of each house, it is passed on to the Governor. The Constitution allows the Governor to reduce or eliminate an item of appropriation.

The Constitution prohibits the Legislature from sending to the Governor, and the Governor from signing into law, a budget bill that would appropriate from the General Fund a total amount that, when combined with all appropriations from the General Fund for that fiscal year, and any amount transferred to the Budget Stabilization Account, exceeds General Fund revenues for that fiscal year. In addition, Government Code Section 13337.5 requires that projected expenditures shall not exceed projected revenues for the ensuing fiscal year.

The Department of Finance publishes three documents upon enactment of the Budget Act. The first two

are also available from the Department of Finance Website.

California State Budget Summary/Veto Message Package—This is a highlight narrative summary of the budget package, and includes charts and graphs.

Final Budget Summary—This document is an annotated version of the Budget Act which includes summary tables, technical corrections to the Budget Act, and the effect of vetoes on the items and sections of the Budget Act.

Final Change Book—This document provides the detail of changes between the January 10 budget and the enacted budget.

There are generally budget changes proposed by the Governor or the Legislature which necessitate changes to existing law in order to implement the budget changes. If this is the case, separate bills are introduced to implement the change. These budget implementation bills are called "trailer bills" and are heard concurrently with the Budget Bill. By law, all proposed statutory changes necessary to implement the Governor's Budget are due to the Legislature by February 1.

Administration

The Budget Act is the primary source for appropriations. Continuous statutory appropriations and special legislation also provide expenditure authority.

Departments have the primary responsibility to operate within budgeted levels and to comply with any restrictions or limitations enacted by the Legislature. Further, the general expectation is that State agencies comply with the legislative intent. Although the general expectation is to conform to the enacted budget, the Legislature has recognized a need to establish some flexibility to adjust budgets. For example, the statutes provide a continuous appropriation for allocations by the Director of Finance to meet expenditures resulting from natural disasters for any emergency proclaimed by the Governor. The Legislature has also provided provisions in the Budget Act to allow for budget adjustments. Most of this authority requires Director of Finance approval; many require a formal notice to the Legislature and a waiting period to provide the opportunity for legislative review and response before final approval. Budget Act provisions to allow adjustments include authorizations for:

- Changes to federal funding levels
- Funding for unanticipated costs
- Changes to reimbursements
- Intra-item transfers

The Department of Finance approves budget changes using Budget Revisions, Executive Orders and letters. These changes are transmitted to the State Controller's Office, which maintains the statewide appropriation control accounts.

The Governor has certain powers to adjust expenditures. Although these powers do not permit for adjustment of appropriations, the expenditure plan may be changed. For example, past Governors have issued Executive Orders to implement hiring and equipment purchase freezes and delayed capital expenditures. Under emergency conditions, the Governor is also authorized to direct State resources to meet emergency needs.

BUDGET PROCESS

Because of the dynamic nature of California's budget process, there is no single document which provides a comprehensive description of the process. The dynamics require changing instructions, descriptions, forms and procedures, law changes, etc. The following provide information about the budget process:

- Governor's Budget package
- Legislative Analyst's "Analysis of the Budget Bill"
- State Administrative Manual
- Budget Act and Final Budget Summary
- Final Change Book
- Budget Letters and budget related Management Memos
- Internet:

[Finance Website](#)

[Budget Letters Website](#)

The annual budget process is portrayed in a relatively simple flow chart. It may be viewed and **printed using the Adobe Acrobat Reader**; scroll down to "Budget Process" and click on "[flowchart](#)"

(September 2012)