

**CALIFORNIA COASTAL COMMISSION**

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# F4.5

August 31, 2018

To: Coastal Commission and Interested Persons

From: John Ainsworth, Executive Director  
Susan Hansch, Chief Deputy Director  
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Pamela Wu, Chief Fiscal and Business Services

Subject: **Enacted Budget for FY 18-19/Close-Out of FY 17-18 Budget**

*Informational Only/No Commission Action Required*

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SAVING IN COMMISSIONER REFERENCE BINDER**

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## Summary

This memorandum provides:

1. A summary of the enacted FY 2018-2019 Coastal Commission Budget as adopted by the Legislature and signed by Governor Brown and effective as of July 1, 2018 (Enacted Budget Galley - Attachment I);
2. A description of the key elements of the Coastal Commission's Budget;
3. An update on year-end close-out of FY 2017-2018 Budget;
4. A one-page summary of the Commission's Budget spending history for state operations from FY 1972-1973 to FY 2018-2019; (Attachment II); and,
5. Background information from Department of Finance on the California Budget process. (Attachment III).

## Enacted Budget for FY 2018-2019

The Enacted Budget for FY 2018-2019 is in effect as of July 1, 2018. The Commission’s Enacted Budget Galley is included as Attachment I. When reviewing the Enacted Budget for the Commission or any other agency it is very important to remember that the Enacted Budget is:

- 1) a moment in time picture of the Enacted Budget for the fiscal year FY 2018-2019 as of July 1, 2018 (adjustments will occur during the fiscal year through actions by Department of Finance);
- 2) a description of the status on authorized funding levels for the just completed fiscal year FY 2017-2018; and,
- 3) a description of actual expenditures for the past fiscal year FY 2016-2017.

The Enacted Budget for FY 2018-2019 is similar to fiscal year FY 2017-2018 with some changes in funding sources. In FY 2017-2018 the Commission had authorization to fill up to 172 permanent and temporary help staff positions. The Enacted FY 2018-2019 Budget also includes authorization to fill up to 172 positions with a “baseline positions” description of 148.7 positions. The term “baseline positions” is described further below.

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

Starting in the FY 2016-2017 the Governor's Budget, and the enacted budget described positions in a new way. Departments continue to have a certain number of authorized positions. For FY 2017-2018, the Commission had 172 authorized positions and for FY 2018-2019 the Commission will have 172 authorized positions. However, the Governor’s Budget includes what is called "budget position transparency" which is an estimate of the number of positions that are likely to be filled based on the three year moving average of actual expenditures on staff positions in prior years based on available funding. The Enacted FY 2018-2019 Budget shows the Commission's “baseline positions” at 147.7 after this "budget position transparency" adjustment. Department of Finance and State Controller documents confirm that the Commission is still able to fill up to 172 positions if funding is available.

The following is a quote from the Department of Finance glossary describing budget positions transparency and expenditures:

*“Budget Position Transparency and Expenditure by Category Redistribution*

*Pursuant to the Budget Act of 2015, Control Section 4.11 was amended to increase overall budget accuracy, transparency, and accountability. The salaries and wages associated with historically vacant positions have been reallocated to expenditure categories where resources are actually being expended in the current and budget year. Reductions in Regular Ongoing Positions as a result of this process are for display purposes only and **do not impact department’s ability to hire up to the legislatively authorized staffing level.** Budget Position Transparency represents a department’s historically vacant positions and associated salaries*

*and wages expenditures that are being reallocated. Expenditure by Category Redistribution represents the reallocation of the salaries and wages dollars to staff benefits and/or operating expenses and equipment.”*

The budget does not and has never included adequate funding to support keeping the maximum authorized positions filled for the entire fiscal year. Positions are not fully funded for full position costs, merit salary increases, and range changes, and departments must cover or absorb all costs for pay-outs when employees resign or retire. In addition, it is often necessary to hold positions open to cover added legal, travel and other costs. In FY 2017-2018, the Commission did not fill positions to the fully authorized level of 172 positions for the entire year and in FY 2018-2019, the Commission will not have adequate funding to fill the maximum authorized 172 positions for the entire year.

### **Financial Information System for California (FI\$CAL)**

The Department of Finance is in the process of a comprehensive change to automate all the budget, accounting, contracting and procurement processes into a new system called Financial Information System for California (FI\$CAL). The FI\$CAL transition process is a significant added workload for the Department of Finance, the Commission staff and the staff of all other state agencies.

Since FY 2017-2018, the Governor’s Budget format for FY 2017-2018 is revised based on FI\$CAL and shows authorized funding levels in a slightly different way than past budgets. For example, when comparing past year budgets, some differences and discrepancies and rounding differences show-up due to the FI\$CAL system. These issues are resolved by the Department of Finance throughout the budget fiscal year.

The Coastal Commission is part of the group of departments in the California Natural Resources Agency that was required to fully transition to FI\$CAL as of July 1, 2017. During FY 2016-2017 and throughout FY 2017-2018 the Commission staff was and is involved in training and numerous actions to switch to the new FI\$CAL system. For FY 2017-2018 the Commission has been on the FI\$CAL system with some overlap to the older CalStars system. FY 2017-2018 was very challenging for the Accounting and Budgeting staff due to complexities and problems with the FI\$CAL system.

For the current budget year FY 2018-2019, the Commission staff will be required to fully transition to the FI\$CAL system. The system is complicated and most accounting and budgeting processes require many added steps adding to staff workload and the need to work closely with the FI\$CAL staff at Finance. All Resources Agency departments are required to pay a portion of a multi-year consultant contract to assist with this multi-year transition. The Commission’s multi-year consultant contract costs are \$215,024.

### **Local Coastal Program (LCP) Local Assistance Grants to Local Governments**

The Enacted Budget for fiscal years FY 2013-2014 and FY 2014-2015 included \$1 million each year from the General Fund for LCP Local Assistance Grants to local governments. The Commission authorized expenditures of those funds for local grants at its November 2014 meeting.

The Enacted Budget for FY 2015-2016 modified the past General Fund allocation for LCP grants to an authorization of the use of Prop 40 Bond Funds: California Clean Water, Clean Air, Safe Neighborhood Parks and Coastal Protection Fund (3760-101-6029) held by the Coastal Conservancy. The

appropriation in the State Coastal Conservancy’s FY 2015-2016 Budget for Prop 40 Bond funds included a provision that states:

“Of the funds appropriated in this item, \$3 million shall be available for Local Coastal Program grants to be administered by the California Coastal Commission.”

The Coastal Conservancy Board approved a pass through of the Prop 40 bond funds of \$3 million to the Commission for LCP Local Assistance grants through an Interagency Agreement. The Commission authorized LCP grants from these Prop 40 bond funds at the August 2016 Commission meeting. The last remaining grant round of these funds for LCP grants to local governments was reviewed and authorized by the Commission in August 2017.

The Legislature and the Governor provided additional LCP grant funding through the Green House Gas Reduction Fund (GGRF) in the FY 2017-2018 Budget and the FY 2018-2019 Budget. The Commission will be considering a round of new LCP grants for climate resiliency planning in the fall of 2018.

### **Coastal Act Services Fund (Fund 3123)**

The Coastal Act Services Fund is a special fund established to hold the permit filing fees received by the Commission pursuant to the Coastal Act and the Commission regulations. These funds can only be used by the Commission after being appropriated by the Legislature and approved by the Governor through the budget process and included in the Commission’s Enacted Budget.

Each fiscal year a base of \$500,000 (adjusted by inflation) is transferred to the State Coastal Conservancy. In FY 2016-2017, the Commission transferred \$566,500 to the State Coastal Conservancy. All permit and filing fees originally went to the Coastal Conservancy until 2008 when the Commission upon direction from the Legislature and the Department of Finance went through the regulation development process and raised permit and filing fees. The 2008 regulation specified that \$500,000 (plus inflation costs) would be transferred yearly to the Coastal Conservancy. The remainder of funds in the Coastal Act Services Fund can be appropriated by the Legislature for use by the Commission.

Up to FY 2016-2017, the Commission’s budget included baseline allocation from the Coastal Act Services Fund of about \$600,000 yearly that supports facilities operations. The Legislature appropriated \$2 million per year from the Coastal Act Services Fund for FY 2014-2015 and FY 2015-2016 to support a portion of the \$3 million LCP pilot project which is now part of the Commission’s General Fund baseline budget.

The Budget for FY 2017-2018 included an added appropriation from the Coastal Act Services Fund of \$637,000 for increased facility and record archiving costs and \$122,000 for one of the Associate Government Program Analyst (total \$759,000 added FY 2017-2018 appropriation). The Department of Finance and the Administration typically prefers funding through special funds as an alternative to new appropriations from the General Fund if special funds are available.

The Coastal Act Services Fund is able to support \$759,000 in added appropriation for the next few years. However, income to the fund is going down as many LCPs are completed and more coastal development permitting is done by the local governments and the Commission receives less regulatory filing fees. The Commission staff is spending increasingly more time on working with local

governments on LCPs and on appeals. Neither of these activities provides revenue to the Coastal Act Services Fund.

During the Legislative budget hearings on the Budget for FY 2017-2018, the independent Legislative Analyst Office (LAO), informed the Legislature and the Department of Finance that they believed that funding from the Coastal Act Services Fund at the level in the FY 2017-2018 budget was only viable for a few years. Commission staff agrees with this assessment and preferred that the funding for these baseline needs could come from the General Fund. The Enacted FY 2017-2018 includes only two years of funding from the Coastal Act Services Fund. The Commission staff will work with Department of Finance and the LAO to explore ways to increase revenue to the Coastal Act Services Fund and/or identify alternative funding sources starting in FY 2019-2020.

The Coastal Commission staff will be thoroughly analyzing and projecting income to the Coastal Act Services Fund and working with the Department of Finance on alternative funding sources as the Coastal Act Services Fund becomes a smaller source of funds for the Commission in the future.

### **Federal Funds**

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) and the State Coastal Conservancy. Federal funds listed in the Enacted 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 staffing constraints and past 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 funds run 18 months into two fiscal years. Therefore, the Commission has a small amount of flexibility in the timing the spending of some federal grant funds.

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For FY 2018-2019, the Coastal Commission will receive \$2,873,000 from NOAA for the annual federal Coastal Zone Management Grant. Of that amount, BCDC will receive \$364,550 and the Conservancy will receive \$353,770. The Commission also has some federal funds remaining from prior year awards that will be spent during FY 2018-2019. Additional information on the federal funds and the federally-funded projects that Commission staff will be working on in FY 2018-2019 will be provided at the Commission's September or October 2018 meeting.

## **Reimbursements**

The reimbursements section of the budget includes income to the Commission from other state agencies via Interagency Agreements. The Commission has ongoing agreements with CALTRANS, the BCDC, and the Department of Fish and Wildlife, Oil Spill Prevention and Response for staff services that the Coastal Commission provides these agencies.

The reimbursements section of the budget also includes the authorization to spend some funds received from non-state entities. In FY 2008-2009 the Commission prepared a Budget Change Proposal (BCP) that was approved that established reimbursement authority and reimbursement authorization for the Coastal Commission to accept funds from entities other than state agencies including local or regional governments individuals, permit applicants, private business, corporations, and non-profits to provide staff services and operating expenses as specified in specific contracts and Memorandum of Agreements (MOAs).

Since approval by Department of Finance, the Governor, and the Legislature in the Enacted FY 2008-2009 Budget, the Commission has received approximately \$375,000 to \$500,000 per year in funds from non-state entities. The Commission Executive Director, Chief Deputy Director and Deputy Directors developed Memorandum of Agreements with non-state entities that offered funding to ensure that there was adequate staff to review their complex projects typically over the course a two-year period. The companies provided funding that allowed the Commission to keep staff positions filled that would have been eliminated without the funding. The companies have no control over the staff assignments or staff review of their projects. The Commission staff is in the process of making some adjustments to these contracts to address recommendations from the Office of State Audits and Evaluation (OSAE) non-audit review.

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 Commission's staffing and past staff furloughs the Commission has not always been able to collect all reimbursements that are authorized in the Enacted Budget. Every year, the Coastal Commission staff submits supplementary schedule – Reimbursements DF 301 to the Department of Finance (DOF). This DOF Schedule is an estimate of current year and proposed budget year expenditures.

The Commission's regulations Section 13055 establish permit and filing fees and 13055(g) allows the Commission to require the applicant to reimburse the Commission for any additional reasonable expenses incurred in processing the permit applications. The Commission has used this section in cases where special large hearing venues were required, special noticing or special technical review.

### **Key New Elements in Enacted FY 2018-2019 Coastal Commission Budget.** (See Attachment 1)

The following are the key components that are new for FY 2018-2019. For a complete view of the current year budget for FY 2018-2019, it is important to review the description in this report that covers changes to the Commission's Budget in FY 2017-2018 that carry forward as part of the baseline **or** as funding over several fiscal years.

**1. Greenhouse Gas Reductions Funds (GGRF) Appropriation in FY 2018-2019**

In FY 2017-2018 the Legislature and the Governor included \$1.5 million Greenhouse Gas Reduction Funds for the Coastal Commission to use for local assistance grants and state operating related to climate and resiliency planning. These funds must be expended or encumbered by June 30, 2019.

In the current year FY 2018-2019, the Legislature and the Governor approved an additional \$1.5 million in Green Gas Reductions Funds that must be expended or encumbered by June 30, 2020. These funds are split with \$750,000 to be used for staff and state operations and \$750,000 for the LCP local assistance grants for climate resiliency planning.

**2. Environmental License Plate Funds (ELPF) for Marketing for Whale Tail License Plate**

The FY 2018-2019 enacted Budget includes \$55,000 in a one year appropriation from ELPF to increase marketing funds available to promote sales of the Whale Tail License Plate Funds.

**3. Increased Appropriation from the General Fund (GF) to Cover Rent Increases Required for the Commission’s North Central and Headquarters Office in San Francisco**

The Coastal Act requires the Commission’s headquarters office to be located in a coastal county and the Commission’s headquarters office has been located in San Francisco since the beginning of the Coastal Commission Proposition 20 in November 1972 (offices opened in early 1973).

The Commission’s offices have been at the present location for 28 years and we fully intended to renew the currently expiring lease by paying market rate rent. The building owners decided that they no longer wanted State of California tenants and the Department of Insurance and the Coastal Commission are being forced to move to other locations.

The FY 2018-2019 Budget includes \$1,049,000 in added funds to cover projected rent increases and provisional language that allows the Department of Finance to authorize (in consultation with Legislature), additional funds for moving and one-time costs and added rental costs if documented as essential.

The Coastal Commission staff is working very closely with the Department of General Services (the state’s facility leasing agent) and the Department of Finance to secure an alternative office location in San Francisco with equal public transit options. The current location of the headquarters office is strategically located with across to all forms of public transit in the SF Bay Area (Caltrain, BART, buses, Muni, ferries, bicycle routes). We have 100% of staff commuting regularly to work by some form of public transit or walking or riding a bike. In order to retain and recruit staff, access to a variety of public transit is essential and the use of public transit is important for greenhouse gas reduction.

*This chart is a Commission staff compiled summary of the key figures in the Enacted Budget for FY 2018-2019 as of July 1, 2018.*

**Enacted Budget FY 2018-2019  
(July 1, 2018 – June 30, 2019)  
California Coastal Commission (3720)**

<b>GENERAL FUND</b>	
3720-001-0001 State Operations	\$18,150,000
<b>Subtotal</b>	<b>\$18,150,000</b>
<b>SPECIAL FUNDS</b>	
3720-001-0371 Whale Tail Funds/CBCEA/State Operations	\$767,000
3720-101-0371 Whale Tail Funds/CBCEA/Whale Tail Grants/Local Assistance	\$503,000
3720-001-3123 Coastal Act Services Fund/State Operations	\$1,433,000
3720-001-8086 Protect Our Coast & Oceans Funds/State Operations	\$65,000
3720-101-8086 Protect Our Coast & Oceans Fund/Local Assistance	\$412,000
3720-001-0565 State Coastal Conservancy Violation Remediation Account (VRA)	\$273,000
3720-001-0140 California Environmental License Plate Fund	\$55,000
3720-3228 Greenhouse Gas Reduction Fund <b>(Note: These funds are available for expenditure or encumbrance until June 30, 2020)</b>	<u>\$1,500,000</u>
<b>Special Funds Subtotal</b>	<u>\$5,008,000</u>
<b>SUBTOTAL STATE FUNDS (General Fund and Special Funds)</b>	<b>\$23,158,000</b>
<b>FEDERAL TRUST FUND (authorized level)</b>	
3720-001-0890 (includes pass through to BCDC and Coastal Conservancy)	\$2,817,000
<b>REIMBURSEMENTS (authorized level)</b>	
3720-501-0995	\$2,868,000
<b>SUBTOTAL FEDERAL TRUST FUND AND REIMBURSEMENTS</b>	<u>\$5,685,000</u>
<b>TOTAL ALL FUNDS AUTHORIZED FOR EXPENDITURE</b>	<b>\$28,843,000</b>
<b>TOTAL Baseline Positions per “Budget Position Transparency”</b>	<b>148.7</b>
<b>TOTAL AUTHORIZED POSTIONS</b>	<b>172</b>

## **Key Elements in Just Completed FY 2017-2018 Coastal Commission Budget**

The following are the key components that were added in past year FY 2017-2018:

### **1. Essential Accounting and Financial Staff (two staff positions) added:**

The Budget added two Associate Government Program Analyst (AGPA) positions and \$122,000 from the General Fund and \$122,000 from the Coastal Act Services Fund (Fund 3123). These positions were filled in FY 2017-2018 and are providing essential staff capacity to begin to address Accounting and Business Services units workload. These positions are assisting Commission staff in meeting the steps outlined in the February 24, 2017 Corrective Action Plan to address recommendations from the Office of State Audits and Evaluations.

### **2. Baseline Funding:**

The FY 2017-2018 Budget adds \$637,000 from the Coastal Act Services Fund to pay for documented rent increases from the Department of General Services leases for Coastal Commission office space rental and for record archiving costs. This is a two-year approval funded from the Coastal Act Services Fund. Commission staff will work with the Department of Finance to secure funding for the rent costs from other sources after the two years approved in the FY 2017-2018 budget.

### **3. Protect Our Coast and Oceans Program (Fund 8086):**

The Budget included \$272,000 from the Check the Coast/Tax Check-off Program revenue from voluntary taxpayer contributions that is deposited in the Protect Our Coast and Oceans Fund (Fund 8086). Of the \$272,000, \$66,000 is for marketing expenses, required pro rata (a mandatory percentage fee for special funds to statewide costs), \$206,000 will be added to Whale Tail license plate local assistance funds and will be used for grants to nonprofits for marine and coastal education activities.

Taxcheck off contributions for all tax check funds dropped in 2017 because of a change to tax filing software used by taxpayers. Once the issue with the software was recognized it was corrected by the software company. However, there was a substantial drop in revenue to the tax check-off programs, including the Protect Our Coast and Ocean Fund.

### **4. Pilot Enforcement Program Expansion: Addition of one Coastal Program Analyst II and one Coastal Program Analyst III for three years/Funding from Violation Remediation Account (VRA) from the State Coastal Conservancy Fund:**

The Budget for FY 2017-2018 includes two positions for three years in the Enforcement division with focus on resolving public access violations. These positions are currently filled.

### **5. Greenhouse Gas Reduction Fund (GGRF) Appropriation for FY 2017-2018**

After the FY 2017-2018 main Budget was approved in July 2017, Governor Brown approved a legislative addition of \$1.5 million to the Coastal Commission FY 17-18 budget from the Greenhouse Gas Reduction Fund (GGRF). The funds appropriated are available for encumbrance

or expenditure until June 30, 2019 for the Commission’s support and local assistance activities related to climate change issues. .

The Coastal Commission will utilize the \$1.5 million allocation of GGRF revenues by extending existing grant programs that focus on sea level rise planning through Local Coastal Plans (LCPs), provide planning and technical assistance for the Commission’s regulatory work, and working with local, state and federal agencies on climate adaptation, hazard avoidance/mitigation, and resiliency planning. Approximately \$750,000 will be used for state operations/staffing costs and \$750,000 will be used for local assistance grants. .

The GGRF Funds were appropriated to the Coastal Commission, and the San Francisco Bay Conservation Commission as a co-ordinated package. We have been working with our sister coastal agencies to expending these funds. Use of the funds is overseen by the California Air Resources Board (CARB) and we are working with ARB staff to meet expenditure requirements.

*This chart is a Commission staff compiled summary of the key figures in the Enacted Budget just ended for FY 2017-2018. This budget ended on June 30, 2018 and is now in year-end close-out.*

**Enacted Budget FY 2017-2018  
California Coastal Commission (3720)  
Year End Close June 30, 2017**

<b>GENERAL FUND</b>	
3720-001-0001 State Operations	\$16,724,000
<b>Subtotal</b>	<b>\$16,724,000</b>
<b>SPECIAL FUNDS</b>	
3720-001-0371 Whale Tail Funds/CBCEA/State Operations	\$766,000
3720-101-0371 Whale Tail Funds/CBCEA/Whale Tail Grants/Local Assistance	\$503,000
3720-001-3123 Coastal Act Services Fund/State Operations	\$1,433,000
3720-001-8086 Protect Our Coast & Oceans Funds/State Operations	\$66,000
3720-101-8086 Protect Our Coast & Oceans Fund/Local Assistance	\$206,000
3720-001-0565 State Coastal Conservancy Violation Remediation Account (VRA)	\$273,000
3720-3228 Greenhouse Gas Reduction Fund (Note: These funds are available for expenditure or encumbrance until June 30, 2019)	\$1,500,000
<b>Special Funds Subtotal</b>	<b>\$4,747,000</b>
<b>SUBTOTAL STATE FUNDS (General Fund and Special Funds)</b>	<b>\$21,471,000</b>
<b>FEDERAL TRUST FUND (authorized level)</b>	
3720-001-0890 (includes pass through to BCDC and Coastal Conservancy)	\$2,817,000
<b>REIMBURSEMENTS (authorized level)</b>	
3720-501-0995 (Note: Includes LCP grant funds for local governments from bond fund)	\$4,342,000
<b>SUBTOTAL FEDERAL TRUST FUND AND REIMBURSEMENTS</b>	<b>\$7,159,000</b>
<b>TOTAL ALL FUNDS AUTHORIZED FOR EXPENDITURE</b>	<b>\$28,630,000</b>
<b>TOTAL Baseline Positions per "Budget Position Transparency"</b>	<b>147.7</b>
<b>TOTAL AUTHORIZED POSTIONS</b>	<b>172</b>

## **Budget Spending History for State Operations**

Attachment II is a summary of the Coastal Commission's budget spending history for state operations since the beginning of the Commission in FY 1972-73. For past years all numbers listed are actual expenditures for state operations.

### **FY 2017-2018 Year-End Closing**

June 30, 2018 was the last day of FY 2017-2018. Commission financial staff members are now in the on-going complicated conversion to the new FISCAL systems in the phase of year end close-out. This is the time when all travel expense claims that were submitted by Commissioners and staff in June, invoices, grants and reimbursements are completed and reconciled. Year-end close is completed in August/September. As in all previous fiscal years the Commission completed FY 2017-2018 within its enacted authorized budget.

Because the Commission's budget relies heavily on reimbursements and federal grants that cannot be fully billed until the end of the fiscal year when work is completed, the Commission typically experiences cash flow shortages in June. It is not possible to invoice fully for work done in FY 2017-2018 until after all the timecards and work products are verified after June 30, 2017.

This cash flow problem is a common problem of many state agencies. For FY 2016-2017 and FY 2017-2018, we were able to bill and receive payments from federal grants and several large reimbursement contracts and had adequate cash to meet June payroll. Some payments from other state agencies are still pending and those funds will be used to complete payment of year end travel expense claims and other June 2018 bills.

**Authorized Positions for FY 2017-2018:** Total 172 positions. The number of positions filled varied throughout the year and as of June 30, 2018 the end of FY 2016-2017 approximately 160 positions were filled.

### **Annual Budget Process**

The State of California budget process is extremely complex with many, many players and many steps throughout the year. July of each year is an extremely busy time when all state departments and the Coastal Commission budget and accounting staff are actually working on three (3) budget years simultaneously. In July, Commission staff members are (1) closing out the fiscal year that ended June 30; 2) setting up the budget tracking systems with the details of the current fiscal year that started July 1; and 3) working with the California Natural Resources Agency and the Department of Finance on Budget Change Proposals (due September 1) for the upcoming FY (2019-2020).

The Department of Finance has a very structured budget process and it is useful to review their rules and procedures and background information to get an accurate picture of the complexity of the budget process. Several Department of Finance documents are attached to this report that provide a schematic chart of the budget process, a written overview of the process, state budget timetable, budget change proposal instructions that emphasize the confidentiality of the Budget Change Proposal (BCP) process.

Coastal Commission is a part of the California Natural Resources Agency (CNRA) and the CNRA reviews the Coastal Commission's conceptual Budget Change Proposals that are submitted in June. The

## Budget Update – September 12-14, 2018 Commission Meeting

CNRA reviews and determines which concept BCPs can go forward and be developed as full BCPs for consideration by Department of Finance in September. The Commission staff works closely with the CNRA and the Department of Finance throughout the budget process.

The *required confidentiality of Budget Change Proposals* makes it impossible for the Commission to specifically discuss BCPs in public session. The Commission staff decides on what BCPs to submit each year based on discussion with CNRA, discussion with the Commission on priorities and the priorities described in the Strategic Plan and discussions with the Chair and Vice Chair and the Commission Budget Sub-Committee.

The Commission's adopted Strategic Plan includes clear priorities and the Commission will be updating the Strategic Plan in late 2018 and early 2019. The updated Strategic Plan will address comprehensive funding priorities for the next five years. The adopted Strategic Plan is an important reference document described in BCPs submitted to Finance.

### **Next and Ongoing Steps**

Commission staff will continue to meet with and work closely with the Commission's Budget Subcommittee consisting of Commissioner Groom and Commissioner Luevano. Staff will also provide more detailed information about other budget elements and details on the budget calendar and process. We will continue to update the Commission on FY 2017-2018 close-out and budget expenditures as FY 2018-2019 unfolds.

The Commission staff is also working on the confidential BCPs that are due to Department of Finance by September 4, 2018 for FY 2019-2020.

### 3720 California Coastal Commission

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-YEAR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
2730	Coastal Management Program	125.2	115.9	139.9	\$23,427	\$26,840	\$26,861
2735	Coastal Energy Program	7.3	7.3	7.3	1,383	1,618	1,652
2736	Administrative Support	-	-	1.5	-	-	330
9900100	Administration	23.5	24.5	-	2,809	3,071	-
9900200	Administration - Distributed	-	-	-	-2,655	-2,899	-
<b>TOTALS, POSITIONS AND EXPENDITURES (All Programs)</b>		<b>156.0</b>	<b>147.7</b>	<b>148.7</b>	<b>\$24,964</b>	<b>\$28,630</b>	<b>\$28,843</b>
<b>FUNDING</b>					<b>2016-17*</b>	<b>2017-18*</b>	<b>2018-19*</b>
0001	General Fund				\$15,932	\$16,724	\$18,150
0140	California Environmental License Plate Fund				-	-	55
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund				1,228	1,269	1,270
0565	State Coastal Conservancy Fund				-	273	273
0890	Federal Trust Fund				2,718	2,817	2,817
0995	Reimbursements				3,491	4,342	2,868
3123	Coastal Act Services Fund				669	1,433	1,433
3228	Greenhouse Gas Reduction Fund				-	1,500	1,500
8029	Coastal Trust Fund				500	-	-
8086	Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund				426	272	477
<b>TOTALS, EXPENDITURES, ALL FUNDS</b>					<b>\$24,964</b>	<b>\$28,630</b>	<b>\$28,843</b>

#### 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

	2017-18*			2018-19*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Workload Budget Adjustments</b>						
<b>Workload Budget Change Proposals</b>						
• Increased Leasing Costs	\$-	\$-	-	\$1,409	\$-	-
• Cap and Trade Expenditure Plan: Climate Adaptation	-	-	-	-	1,500	-
• Whale Tail License Plate Marketing	-	-	-	-	55	-

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**3720 California Coastal Commission - Continued**

<b>Totals, Workload Budget Change Proposals</b>	<b>\$-</b>	<b>\$-</b>	<b>-</b>	<b>\$1,409</b>	<b>\$1,555</b>	<b>-</b>
<b>Other Workload Budget Adjustments</b>						
• Allocation for Other Post-Employment Benefits	14	4	-	14	4	-
• Control Section 1.50 - LCP Grants	-	1,476	-	-	-	-
• Salary Adjustments	403	115	-	403	115	-
• Benefit Adjustments	162	46	-	179	50	-
• Retirement Rate Adjustments	167	48	-	167	48	-
• Legislation with an Appropriation	-	-	-	-	477	-
• Miscellaneous Baseline Adjustments	-	1,613	-1.0	-	111	-
• Budget Position Transparency	-	-	0.8	-	-	0.8
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$746</b>	<b>\$3,302</b>	<b>-0.2</b>	<b>\$763</b>	<b>\$805</b>	<b>0.8</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$746</b>	<b>\$3,302</b>	<b>-0.2</b>	<b>\$2,172</b>	<b>\$2,360</b>	<b>0.8</b>
<b>Totals, Budget Adjustments</b>	<b>\$746</b>	<b>\$3,302</b>	<b>-0.2</b>	<b>\$2,172</b>	<b>\$2,360</b>	<b>0.8</b>

**PROGRAM DESCRIPTIONS****2730 - 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.

**2735 - 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.

**2736 - ADMINISTRATIVE SUPPORT**

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

**DETAILED EXPENDITURES BY PROGRAM**

		<u>2016-17*</u>	<u>2017-18*</u>	<u>2018-19*</u>
	<b>PROGRAM REQUIREMENTS</b>			
<b>2730</b>	<b>COASTAL MANAGEMENT PROGRAM</b>			
	<b>State Operations:</b>			
0001	General Fund	\$15,090	\$15,715	\$16,957
0140	California Environmental License Plate Fund	-	-	55
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	725	766	767
0565	State Coastal Conservancy Fund	-	273	273

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

**3720 California Coastal Commission - Continued**

0890	Federal Trust Fund	2,718	2,817	2,817
0995	Reimbursements	2,773	3,561	2,079
3123	Coastal Act Services Fund	669	1,433	1,433
3228	Greenhouse Gas Reduction Fund	-	750	-
8029	Coastal Trust Fund	500	-	-
8086	Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund	61	66	65
	<b>Totals, State Operations</b>	<b>\$22,536</b>	<b>\$25,381</b>	<b>\$24,446</b>
	<b>Local Assistance:</b>			
0001	General Fund	\$23	\$-	\$-
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	503	503	503
3228	Greenhouse Gas Reduction Fund	-	750	1,500
8086	Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund	365	206	412
	<b>Totals, Local Assistance</b>	<b>\$891</b>	<b>\$1,459</b>	<b>\$2,415</b>
	<b>PROGRAM REQUIREMENTS</b>			
<b>2735</b>	<b>COASTAL ENERGY PROGRAM</b>			
	<b>State Operations:</b>			
0001	General Fund	\$819	\$959	\$1,038
0995	Reimbursements	564	659	614
	<b>Totals, State Operations</b>	<b>\$1,383</b>	<b>\$1,618</b>	<b>\$1,652</b>
	<b>PROGRAM REQUIREMENTS</b>			
<b>2736</b>	<b>ADMINISTRATIVE SUPPORT</b>			
	<b>State Operations:</b>			
0001	General Fund	\$-	\$-	\$155
0995	Reimbursements	-	-	175
	<b>Totals, State Operations</b>	<b>\$-</b>	<b>\$-</b>	<b>\$330</b>
	<b>PROGRAM REQUIREMENTS</b>			
<b>9900</b>	<b>ADMINISTRATION - TOTAL</b>			
	<b>State Operations:</b>			
0001	General Fund	\$-	\$50	\$-
0995	Reimbursements	154	122	-
	<b>Totals, State Operations</b>	<b>\$154</b>	<b>\$172</b>	<b>\$-</b>
	<b>SUBPROGRAM REQUIREMENTS</b>			
<b>9900100</b>	<b>Administration</b>			
	<b>State Operations:</b>			
0001	General Fund	\$2,655	\$2,949	\$-
0995	Reimbursements	154	122	-
	<b>Totals, State Operations</b>	<b>\$2,809</b>	<b>\$3,071</b>	<b>\$-</b>
	<b>SUBPROGRAM REQUIREMENTS</b>			
<b>9900200</b>	<b>Administration - Distributed</b>			
	<b>State Operations:</b>			
0001	General Fund	-\$2,655	-\$2,899	\$-
	<b>Totals, State Operations</b>	<b>-\$2,655</b>	<b>-\$2,899</b>	<b>\$-</b>
	<b>TOTALS, EXPENDITURES</b>			
	State Operations	24,073	27,171	26,428
	Local Assistance	891	1,459	2,415
	<b>Totals, Expenditures</b>	<b>\$24,964</b>	<b>\$28,630</b>	<b>\$28,843</b>

**EXPENDITURES BY CATEGORY**

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

## 3720 California Coastal Commission - Continued

1 State Operations	Positions			Expenditures		
	2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
PERSONAL SERVICES						
Baseline Positions	143.9	147.9	147.9	\$10,164	\$10,288	\$10,288
Budget Position Transparency	-	0.8	0.8	-	-	-
Other Adjustments	12.1	-1.0	-	1,893	4,018	2,253
<b>Net Totals, Salaries and Wages</b>	<b>156.0</b>	<b>147.7</b>	<b>148.7</b>	<b>\$12,057</b>	<b>\$14,306</b>	<b>\$12,541</b>
Staff Benefits	-	-	-	4,886	5,868	4,956
<b>Totals, Personal Services</b>	<b>156.0</b>	<b>147.7</b>	<b>148.7</b>	<b>\$16,943</b>	<b>\$20,174</b>	<b>\$17,497</b>
OPERATING EXPENSES AND EQUIPMENT				\$5,982	\$5,521	\$8,931
SPECIAL ITEMS OF EXPENSES				1,148	1,476	-
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$24,073</b>	<b>\$27,171</b>	<b>\$26,428</b>

2 Local Assistance	Expenditures		
	2016-17*	2017-18*	2018-19*
Grants and Subventions - Governmental	\$891	\$1,459	\$2,415
<b>TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)</b>	<b>\$891</b>	<b>\$1,459</b>	<b>\$2,415</b>

## DETAIL OF APPROPRIATIONS AND ADJUSTMENTS

1 STATE OPERATIONS	2016-17*	2017-18*	2018-19*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$16,001	\$15,978	\$18,150
Allocation for Employee Compensation	-	403	-
Allocation for Other Post-Employment Benefits	-	14	-
Allocation for Staff Benefits	-	162	-
Section 3.60 Pension Contribution Adjustment	-	167	-
<b>Totals Available</b>	<b>\$16,001</b>	<b>\$16,724</b>	<b>\$18,150</b>
Unexpended balance, estimated savings	-92	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$15,909</b>	<b>\$16,724</b>	<b>\$18,150</b>
0140 California Environmental License Plate Fund			
APPROPRIATIONS			
001 Budget Act appropriation	-	-	\$55
<b>TOTALS, EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>\$55</b>
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$743	\$747	\$767
Allocation for Employee Compensation	-	11	-
Allocation for Staff Benefits	-	4	-
Section 3.60 Pension Contribution Adjustment	-	4	-
<b>Totals Available</b>	<b>\$743</b>	<b>\$766</b>	<b>\$767</b>
Unexpended balance, estimated savings	-18	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$725</b>	<b>\$766</b>	<b>\$767</b>
0565 State Coastal Conservancy Fund			
APPROPRIATIONS			
001 Budget Act appropriation	-	\$260	\$273
Allocation for Employee Compensation	-	7	-
Allocation for Staff Benefits	-	3	-

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**3720 California Coastal Commission - Continued**

Section 3.60 Pension Contribution Adjustment	-	3	-
<b>TOTALS, EXPENDITURES</b>	-	<b>\$273</b>	<b>\$273</b>
<b>0890 Federal Trust Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,660	\$2,657	\$2,817
Allocation for Employee Compensation	-	25	-
Allocation for Other Post-Employment Benefits	-	1	-
Allocation for Staff Benefits	-	10	-
Budget Revision for Fed Grant Award	-	113	-
Past Year Adjustments	90	-	-
Section 3.60 Pension Contribution Adjustment	-	11	-
<b>Totals Available</b>	<b>\$2,750</b>	<b>\$2,817</b>	<b>\$2,817</b>
Unexpended balance, estimated savings	-32	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$2,718</b>	<b>\$2,817</b>	<b>\$2,817</b>
<b>0995 Reimbursements</b>			
APPROPRIATIONS			
Reimbursements	\$3,491	\$4,342	\$2,868
<b>TOTALS, EXPENDITURES</b>	<b>\$3,491</b>	<b>\$4,342</b>	<b>\$2,868</b>
<b>3123 Coastal Act Services Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$669	\$1,428	\$1,433
Allocation for Employee Compensation	-	3	-
Allocation for Staff Benefits	-	1	-
Section 3.60 Pension Contribution Adjustment	-	1	-
<b>TOTALS, EXPENDITURES</b>	<b>\$669</b>	<b>\$1,433</b>	<b>\$1,433</b>
<b>3228 Greenhouse Gas Reduction Fund</b>			
APPROPRIATIONS			
Chapter 249, Statutes of 2017	-	\$750	-
<b>TOTALS, EXPENDITURES</b>	-	<b>\$750</b>	-
<b>8029 Coastal Trust Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$509	-	-
<b>Totals Available</b>	<b>\$509</b>	-	-
Unexpended balance, estimated savings	-9	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$500</b>	-	-
<b>8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund</b>			
APPROPRIATIONS			
001 Budget Act appropriation	\$66	\$66	-
Revenue and Taxation Code sections 18745-18748	-	-	65
<b>Totals Available</b>	<b>\$66</b>	<b>\$66</b>	<b>\$65</b>
Unexpended balance, estimated savings	-5	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$61</b>	<b>\$66</b>	<b>\$65</b>
<b>Total Expenditures, All Funds, (State Operations)</b>	<b>\$24,073</b>	<b>\$27,171</b>	<b>\$26,428</b>

**2 LOCAL ASSISTANCE**

**0001 General Fund**

Prior Year Balances Available:

Item 3720-101-0001, Budget Act of 2013 as reappropriated by Item 3720-490, Budget Act of 2016	23	-	-
<b>TOTALS, EXPENDITURES</b>	<b>\$23</b>	-	-

**0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund**

APPROPRIATIONS

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**3720 California Coastal Commission - Continued**

101 Budget Act appropriation	\$503	\$503	\$503
<b>TOTALS, EXPENDITURES</b>	<b>\$503</b>	<b>\$503</b>	<b>\$503</b>
<b>3228 Greenhouse Gas Reduction Fund</b>			
APPROPRIATIONS			
101 Budget Act appropriation	-	-	\$1,500
Chapter 249, Statutes of 2017	-	750	-
<b>TOTALS, EXPENDITURES</b>	<b>-</b>	<b>\$750</b>	<b>\$1,500</b>
<b>8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund</b>			
APPROPRIATIONS			
101 Budget Act appropriation	\$365	\$206	-
Revenue and Taxation Code sections 18745-18748	-	-	412
<b>TOTALS, EXPENDITURES</b>	<b>\$365</b>	<b>\$206</b>	<b>\$412</b>
<b>Total Expenditures, All Funds, (Local Assistance)</b>	<b>\$891</b>	<b>\$1,459</b>	<b>\$2,415</b>
<b>TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)</b>	<b>\$24,964</b>	<b>\$28,630</b>	<b>\$28,843</b>

**FUND CONDITION STATEMENTS**

	2016-17*	2017-18*	2018-19*
<b>0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund<sup>S</sup></b>			
BEGINNING BALANCE	\$919	\$331	\$188
Prior Year Adjustments	2	-	-
Adjusted Beginning Balance	\$921	\$331	\$188
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4142500 License Plate Fees - Personalized Plates	1,426	1,317	1,230
Total Revenues, Transfers, and Other Adjustments	\$1,426	\$1,317	\$1,230
Total Resources	\$2,347	\$1,648	\$1,418
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
3720 California Coastal Commission (State Operations)	725	766	767
3720 California Coastal Commission (Local Assistance)	503	503	503
3760 State Coastal Conservancy (State Operations)	35	35	-
3760 State Coastal Conservancy (Local Assistance)	707	89	-
8880 Financial Information System for California (State Operations)	1	2	-
9892 Supplemental Pension Payments (State Operations)	-	-	7
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	45	65	88
Total Expenditures and Expenditure Adjustments	\$2,016	\$1,460	\$1,365
FUND BALANCE	\$331	\$188	\$53
Reserve for economic uncertainties	331	188	53
<b>3123 Coastal Act Services Fund<sup>S</sup></b>			
BEGINNING BALANCE	\$3,239	\$3,196	\$2,346
Prior Year Adjustments	1	-	-
Adjusted Beginning Balance	\$3,240	\$3,196	\$2,346
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	1,470	1,500	1,500
Transfers and Other Adjustments			
Revenue Transfer from the Coastal Act Services Fund (3123) to the Coastal Access Account, State Coastal Conservancy Fund (0593), per Public Resources Code Sec 30620.1	-567	-554	-567
Total Revenues, Transfers, and Other Adjustments	\$903	\$946	\$933

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**3720 California Coastal Commission - Continued**

Total Resources	\$4,143	\$4,142	\$3,279
<b>EXPENDITURE AND EXPENDITURE ADJUSTMENTS</b>			
Expenditures:			
3720 California Coastal Commission (State Operations)	669	1,433	1,433
8880 Financial Information System for California (State Operations)	3	2	-
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	275	361	36
Total Expenditures and Expenditure Adjustments	\$947	\$1,796	\$1,469
FUND BALANCE	\$3,196	\$2,346	\$1,810
Reserve for economic uncertainties	3,196	2,346	1,810
<b>8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund<sup>N</sup></b>			
BEGINNING BALANCE	\$439	\$211	\$255
Prior Year Adjustments	7	-	-
Adjusted Beginning Balance	\$446	\$211	\$255
<b>REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS</b>			
Revenues:			
4171620 External Revenue - Intrastate	195	322	322
Total Revenues, Transfers, and Other Adjustments	\$195	\$322	\$322
Total Resources	\$641	\$533	\$577
<b>EXPENDITURE AND EXPENDITURE ADJUSTMENTS</b>			
Expenditures:			
3720 California Coastal Commission (State Operations)	61	66	65
3720 California Coastal Commission (Local Assistance)	365	206	412
7730 Franchise Tax Board (State Operations)	4	6	6
Total Expenditures and Expenditure Adjustments	\$430	\$278	\$483
FUND BALANCE	\$211	\$255	\$94
Reserve for economic uncertainties	211	255	94

**CHANGES IN AUTHORIZED POSITIONS**

	Positions			Expenditures		
	2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
<b>Baseline Positions</b>	143.9	147.9	147.9	\$10,164	\$10,288	\$10,288
Budget Position Transparency	-	0.8	0.8	-	-	-
<b>Salary and Other Adjustments</b>	12.1	-1.0	-	1,893	4,018	2,253
<b>Totals, Adjustments</b>	<u>12.1</u>	<u>-0.2</u>	<u>0.8</u>	<u>\$1,893</u>	<u>\$4,018</u>	<u>\$2,253</u>
<b>TOTALS, SALARIES AND WAGES</b>	<u>156.0</u>	<u>147.7</u>	<u>148.7</u>	<u>\$12,057</u>	<u>\$14,306</u>	<u>\$12,541</u>

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CALIFORNIA COASTAL COMMISSION		BUDGET SPENDING HISTORY State Operations (Actual Expenditures)											FYs 1972-1973 through 2018-2019			7/13/2018	
Dollars rounded to Thousands		Other State Funds											Personnel Years				
Budget Year	General Fund <sup>a/</sup>	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	Protect our Coast and Oceans Fund	Coastal Trust Fund	Greenhouse Gas Reduction Fund	Federal Funds Coastal Commission	Federal Funds BCDC/SCC	Reimbursements	Total Coastal Commission Funds	Perm PY	Temp Help PY	Total PY <sup>b/</sup>
1972-1973	\$0	\$376,416												\$376,416	12.9		12.9
1973-1974	\$302,735	\$2,130,863												\$2,433,598	90.9		90.9
1974-1975	\$549,324	\$1,902,134									\$1,074,762			\$3,526,220	124.9		124.9
1975-1976	\$1,018,930	\$1,389,461									\$1,117,288			\$3,525,679	118.5		118.5
1976-1977	\$3,152,735	\$728,471									\$927,950			\$4,809,156	134.5		134.5
1977-1978	\$6,428,707	\$0									\$1,736,590		\$758,185	\$8,923,482	159.2	34.1	193.3
1978-1979	\$5,862,713	\$0									\$1,906,387		\$70,016	\$7,839,116	180.5	18.3	198.8
1979-1980	\$6,119,898	\$0	\$12,000								\$3,227,292	\$380,000	\$60,000	\$9,419,190	180.4	20.2	200.6
1980-1981	\$6,960,000	\$0	\$181,000								\$6,751,000	\$345,000	\$41,000	\$13,933,000	192.1	19.9	212.0
1981-1982	\$6,470,000	\$0	\$198,000								\$3,451,000	\$422,000	\$39,000	\$10,158,000	176.9	11.0	187.9
1982-1983	\$6,374,000	\$0	\$150,000								\$3,501,000	\$90,000	\$40,000	\$10,065,000	166.1	3.4	169.5
1983-1984	\$5,349,000	\$0	\$280,000								\$853,000	\$573,000	\$40,000	\$6,522,000	121.7	8.2	129.9
1984-1985	\$5,925,000	\$0	\$303,000								\$1,986,000	\$629,000	\$40,000	\$8,254,000	124.6	2.4	127.0
1985-1986	\$5,884,000	\$0	\$329,000								\$794,000	\$978,000	\$40,000	\$7,047,000	112.2	2.0	114.2
1986-1987	\$5,906,000	\$0	\$344,000								\$1,314,000	\$999,000	\$40,000	\$7,604,000	116.8	5.6	122.4
1987-1988	\$5,895,000	\$0	\$392,000								\$1,085,000	\$752,000	\$40,000	\$7,412,000	109.7	4.5	114.2
1988-1989	\$6,195,000	\$0	\$401,000								\$1,420,000	\$1,119,000	\$40,000	\$8,056,000	107.2	12.0	119.2
1989-1990	\$5,958,000	\$0	\$429,000								\$1,385,000	\$686,000	\$40,000	\$7,812,000	105.4	6.3	111.7
1990-1991	\$5,870,000	\$0	\$1,093,000								\$1,201,000	\$570,000	\$40,000	\$8,204,000	105.1	13.9	119.0
1991-1992	\$5,713,000	\$0	\$1,107,000								\$2,036,000	\$240,000	\$351,000	\$9,207,000	110.1	19.2	129.3
1992-1993	\$4,525,000	\$0	\$1,135,000	\$797,000							\$2,033,000	\$251,000	\$409,000	\$8,899,000	114.6	5.9	120.5
1993-1994	\$4,483,000	\$0	\$1,194,000	\$807,000							\$2,584,000	\$201,000	\$520,000	\$9,588,000	113.0	13.9	126.9
1994-1995	\$4,736,000	\$0	\$1,215,000	\$830,000							\$2,607,000	\$361,000	\$477,000	\$9,865,000	114.3	12.0	126.3
1995-1996	\$5,741,000	\$0	\$1,223,000	\$0							\$3,101,000	\$455,000	\$496,000	\$10,561,000	113.5	13.1	126.6
1996-1997	\$5,610,000	\$0	\$1,298,000	\$0							\$2,673,000	\$319,000	\$563,000	\$10,144,000	109.7	9.5	119.2
1997-1998	\$7,190,000	\$0	\$0	\$0							\$2,344,000	\$347,000	\$679,000	\$10,213,000	112.1	9.9	122.0
1998-1999	\$8,175,000	\$0	\$0	\$0	\$68,000						\$2,446,000	\$220,000	\$890,000	\$11,579,000	113.6	9.2	122.8
1999-2000	\$9,454,000	\$0	\$0	\$0	\$247,000						\$2,354,000	\$418,000	\$787,000	\$12,842,000	127.5	10.4	137.9
2000-2001	\$12,107,000	\$0	\$0	\$0	\$371,000						\$2,494,000	\$333,000	\$916,000	\$15,888,000	141.8	16.2	158.0
2001-2002	\$11,723,000	\$0	\$0	\$0	\$394,000						\$2,817,000	\$420,000	\$1,083,000	\$16,017,000	149.1	18.5	167.6
2002-2003	\$10,715,000	\$0	\$0	\$0	\$438,000						\$2,685,000	\$425,000	\$1,249,000	\$15,087,000	150.6	4.4	155.0
2003-2004	\$9,459,000	\$0	\$0	\$0	\$394,000						\$2,655,000	\$429,000	\$1,552,000	\$14,060,000	136.2	0.7	136.9
2004-2005	\$9,788,000	\$0	\$0	\$0	\$513,000						\$2,644,000	\$427,000	\$1,693,000	\$14,638,000	128.0	4.1	132.1
2005-2006	\$9,917,000	\$0	\$0	\$0	\$580,000						\$2,861,000	\$355,000	\$1,589,000	\$14,947,000	132.0	4.2	136.2
2006-2007	\$11,457,000	\$0	\$0	\$0	\$624,000						\$2,481,000	\$366,000	\$1,534,000	\$16,096,000	135.3	5.2	140.5
2007-2008	\$11,709,000	\$0	\$0	\$0	\$596,000						\$2,085,000	\$322,000	\$2,274,000	\$16,664,000	136.7	4.6	141.3
2008-2009	\$10,905,000	\$0	\$0	\$0	\$561,000	\$418,000					\$1,956,000	\$332,000	\$1,449,000	\$15,289,000	125.1	0.2	125.3
2009-2010	\$9,985,000	\$0	\$0	\$0	\$521,000	\$340,000					\$1,816,000	\$343,000	\$1,648,000	\$14,310,000	124.7	2.6	127.3
2010-2011	\$10,115,000	\$0	\$0	\$0	\$532,000	\$276,000					\$2,197,000	\$466,000	\$1,832,000	\$14,952,000	127.7	2.2	129.9
2011-2012	\$10,526,000	\$0	\$0	\$0	\$578,000	\$220,000	\$489,000				\$2,455,000	\$333,000	\$2,086,000	\$16,354,000	125.2	2.7	127.9
2012-2013 c/	\$10,308,000	\$0	\$0	\$0	\$578,000	\$665,000	\$647,000				\$2,478,000	\$312,000	\$2,083,000	\$16,759,000	131.4	2.3	133.7
2013-2014 e/	\$13,309,000	\$0	\$0	\$0	\$623,000	\$680,000	\$0				\$2,187,000	\$293,000	\$1,893,000	\$18,692,000	140.8	4.4	145.2
2014-2015 f/g/h/	\$12,358,000	\$0	\$0	\$0	\$656,000	\$2,754,000	\$0				\$2,487,000	\$329,000	\$3,312,000	\$21,567,000	143.0	6.8	149.8
2015-2016 f/i/	\$12,038,000	\$0	\$1,000,000	\$0	\$668,000	\$2,670,000	\$0	\$65,000			\$2,049,000	\$594,000	\$2,719,000	\$21,209,000	145.9	10.5	156.4
2016-2017 j/	\$15,932,000	\$0	\$0	\$0	\$725,000	\$669,000	\$0	\$61,000	\$500,000		\$2,065,000	\$653,000	\$3,491,000	\$23,443,000	144.5	11.5	156.0
2017-2018 d/k/	\$16,724,000	\$0	\$0	\$0	\$766,000	\$1,433,000	\$273,000	\$66,000	\$0	\$750,000	\$2,177,000	\$640,000	\$4,342,000	\$26,531,000	165.2	6.8	172.0
2018-2019 d/k/	\$18,150,000	\$0	\$55,000	\$0	\$767,000	\$1,433,000	\$273,000	\$65,000	\$0	\$750,000	\$2,177,000	\$640,000	\$2,868,000	\$26,538,000	165.2	6.8	172.0

a/ State Operations funding only. Does not include Local Assistance funding. Fiscal Years 1980-81 through 2012-2013 reflect past year actual support operations expenditures shown in Governor's Budget.  
b/ FY 1972-73 through FY 2012-13 are actual "Personnel Years" expended not authorized positions.  
c/ 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.  
d/ Budgeted authorized positions and projected expenditures from the Governor's Budget not actuals.  
e/ General Fund augmented by \$3,000,000 for support of the LCP program.  
f/ Coastal Act Services Fund includes \$2,000,000 for support of LCP program.  
g/ Reappropriation of up to \$1,000,000 FY 13/14 General Fund for support of LCP program.  
h/ Reimbursements increased by \$1,195,000 for OPC grants.  
i/ ELPF of \$1,000,000 for support of LCP program.  
j/ Coastal Trust Fund of \$500,000 for Climate Change program.  
k/ Greenhouse Gas Reduction Fund includes \$750,000 for support of LCP program (Sea level rise planning & Other)

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.

# THE ANNUAL BUDGET PROCESS

**Departments** review expenditure plans and annually prepare baseline budgets to maintain existing level of services; they may prepare Budget Change Proposals (BCPs) to change levels of service.

**Department of Finance (Finance)** analyzes the baseline budget and BCPs, focusing on the fiscal impact of the proposals and consistency with the policy priorities/direction of the Governor. Finance estimates revenues and prepares a balanced expenditure plan for the Governor's approval. The Governor's Budget is released to the Legislature by January 10th of each year.

**Governor** issues State of the State Address setting forth policy goals for the upcoming fiscal year. Two identical Budget Bills are submitted (one in the Assembly and one in the Senate) for independent consideration by each house.

**Public input** to Governor, legislative members, and subcommittees.

**Finance and departments** testify before budget subcommittees on the proposed budget. DOF updates revenues and expenditures with Finance Letters and May Revision.

As non-partisan analysts, **the Legislative Analyst's Office (LAO)** prepares an "Analysis of the Budget Bill" and "Perspectives and Issues." The LAO testifies before the budget subcommittees on the proposed budget.

**Public input** to Governor, legislative members, and subcommittees.

**Assembly Budget Committee**—divided into several subcommittees to review (approve, revise, or disapprove) specific details of the budget. Majority vote required for passage.

**Senate Budget and Fiscal Review**—divided into several subcommittees to review (approve, revise, or disapprove) specific details of the budget. Majority vote required for passage.

**Assembly Floor** examines committee report on budget attempting to get a simple majority vote for passage. The Budget usually moves to conference committee.

**Senate Floor** examines committee report on budget attempting to get a simple majority vote for passage. The Budget usually moves to conference committee.

**Budget Conference Committee** attempts to work out differences between Assembly and Senate versions of the Budget—also amending the budget to attempt to get a simple majority vote from each house.

**Assembly Floor** reviews conference report and attempts to reach a simple majority agreement. If no agreement is reached in conference or on floor, the BIG FIVE gets involved.

**Senate Floor** reviews conference report and attempts to reach a simple majority agreement. If no agreement is reached in conference or on floor, the BIG FIVE gets involved.

**Sometimes, the BIG FIVE** (Governor, Speaker of Assembly, Senate President pro Tempore, and Minority Leaders of both houses) meet and compromise to get the simple majority vote in each house.

**Final budget package** with simple majority vote in each House submitted to the Governor for signature. Governor may reduce or eliminate any appropriation through the line-item veto. The budget package also includes trailer bills necessary to authorize and/or implement various program or revenue changes.

**Individual departments** and the **Finance** administer, manage change, and exercise oversight of the Budget on an ongoing basis. **The Joint Legislative Budget Committee (JLBC)** provides some coordination between the two houses and oversees the LAO. The JLBC is involved in the ongoing administration of the Budget and reviews various requests for changes to the Budget, after enactment.

# BUDGET LETTER

NUMBER: 18-07

SUBJECT: 2019-20 BUDGET PREPARATION GUIDELINES

DATE ISSUED: MAY 29, 2018

REFERENCES: BUDGET LETTERS 17-07, 17-17, 17-22, 17-28, 18-05  
AND 18-06

SUPERSEDES: BL 17-08

TO: Agency Secretaries  
Agency Information Officers  
Department Directors  
Departmental Budget and Accounting Officers  
Departmental Chief Information Officers  
Department of Finance Budget and Accounting Staff  
Department Deputy Director for Legislation

FROM: DEPARTMENT OF FINANCE

**NOTE: Budget Officers are requested to forward a copy of this Budget Letter to their facility manager.**

The Department of Finance is issuing this technical Budget Letter (BL) to assist departments in planning for the 2019-20 budget development process. This BL contains guidelines that are applicable to the overall budget development process at this time. Finance will provide other technical instructions in future BLs (Attachment I).

***Deadlines and Deliverables for Budget Documents due to the Department of Finance, unless otherwise noted in subsequent instructions:***

<p><b>July 16, 2018 (Monday)</b></p>	<p>To request funding for information technology projects in a fall Budget Change Proposal (BCP), departments are required to submit Special Project Reports, or applicable Project Approval Lifecycle documents, to the California Department of Technology (CDT). Project approval documents are required to be finalized and made public in conjunction with the release of the Governor's Budget unless otherwise approved by Finance.</p>
<p><b>July 30, 2018 (Monday)</b></p>	<p>Capital Outlay Budget Change Proposals (COBCP) and Five-Year Infrastructure Plans for 2019-20, including any adjustments needed to conform to the enacted 2018-19 budget, 2018 Five-Year Infrastructure Plans, and construction escalation.</p>
<p><b>August 17, 2018 (Friday)</b></p>	<p>Request approval from your Program Budget Manager for any late BCP submittals.</p>
<p><b>September 4, 2018 (Tuesday)</b></p>	<p>Regular BCPs, including Budget Bill and Trailer Bill language changes.</p>
<p><b>September 12, 2018 (Wednesday)</b></p>	<p>BCPs requesting funds for legislation chaptered through August 31. If legislation is enacted after August 31, then BCPs must be submitted to Finance <b>no later than 10 calendar days after the bill is chaptered.</b></p>

<b>To Be Determined by Finance Budget Analyst</b>	Enrollment, Caseload, and Population (ECP) updates and local assistance estimates due, including any associated Budget Bill and Trailer Bill language changes.
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<b><i>Deadlines for Financial Reporting Requirements (2017-18 year-end financial reports) due to the State Controller's Office, unless otherwise noted in subsequent instructions:</i></b>	
<b>July 31, 2018 (Tuesday)</b>	General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), and economic uncertainty funds (0374 and 0375).
<b>August 20, 2018 (Monday)</b>	All other funds.
<b>August 20, 2018 (Monday)</b>	Report of Accounts Outside the State Treasury, Report 14, due to the State Treasurer's Office.
<b>August 20, 2018 (Monday)</b>	Report of Expenditures of Federal Funds, Report 13, due to Finance, Fiscal Systems & Consulting Unit (FSCU).
<b>September 4, 2018 (Tuesday)</b>	Generally accepted accounting principles information, excluding independently audited financial statements.
<b>October 1, 2018 (Monday)</b>	Independently audited financial statements. If a final financial statement is not available by October 1, a draft can be submitted on October 1, with the final statement(s) following on Monday, October 15.

**This BL provides instructions and information on the following topics:**

	Page
I. General Information.....	3
II. Budget Change Proposals .....	3
III. Position Related Guidelines .....	6
IV. Capital Outlay Budget Change Proposals .....	7
V. Information Technology .....	7
VI. Financial Reporting Requirements (deadlines) .....	8
VII. Pro Rata Assessments and SWCAP Allocations .....	9
VIII. Baseline Budget Adjustments (Expenditures) .....	9
IX. Baseline Budget Adjustments for Revenues, Transfers, and Loans .....	9
X. Miscellaneous .....	10
Additional Technical Guidelines to be Issued Later.....	Attachment I
Coordination of Information .....	Attachment II

## I. GENERAL INFORMATION

The guidelines in this BL apply primarily to BCPs related to state operations and local assistance. Finance will issue a separate BL for Capital Outlay Budget Change Proposal (COBCPs) guidelines. Unless specifically identified as COBCPs, the term BCP refers to state operations and local assistance proposals, not capital outlay; however, this BL does include components that require identification for potential facility or capital outlay costs related to state operations and local assistance BCPs.

**Budget Preparation Calendar:** Budget Calendars in the Budget Analyst Guide will be updated, if needed, and are available at:

[http://www.dof.ca.gov/budget/budget\\_calendars/Budget\\_Calendars.html](http://www.dof.ca.gov/budget/budget_calendars/Budget_Calendars.html)

**Price Letter Standards:** Price Letter Standards for 2019-20 are currently targeted for distribution in early September 2018. The Department of General Services has published an updated version of its web-based 2017-18 Price Book that lists both the 2017-18 and proposed 2018-19 rates for its services, which can be viewed here:

<http://www.dgs.ca.gov/ofs/NewsEvents/PriceBookAnnouncement.aspx>.

**State Administrative Manual (SAM):** The budget chapter (Chapter 6000) of SAM is a valuable source of information on the technical aspects of the budget and legislative processes. You may access SAM Chapter 6000 at: <http://sam.dgs.ca.gov/Home.aspx>. SAM is being updated to reflect FI\$Cal changes, as needed. In the interim, please use Budget Letters and the Finance FI\$Cal webpage for specific technical Hyperion instructions at: [http://www.dof.ca.gov/budget/fiscal\\_resources\\_for\\_budget/index.html](http://www.dof.ca.gov/budget/fiscal_resources_for_budget/index.html).

**Timeliness and Confidentiality:** Strict adherence to all schedules and due dates stipulated in this letter and in the attachments is required. **Until release of the Governor's Budget, all information contained in budget documents used during the Governor's Budget development process is strictly confidential. Any BCPs or ECPs not released to the Legislature by Finance remain working papers subject to the Governor's deliberative process privilege indefinitely. These documents are to be released only if that privilege is waived by the Governor's Office, or pursuant to court order.** For purposes of the Public Records Act, the Governor's deliberative process privilege is reflected in [Government Code section 6255](#).

## II. BUDGET CHANGE PROPOSALS

### Forms

Departments are required to submit BCPs in hard copy form with appropriate signatures. The latest form [DF-46](#) to prepare the narrative portion of non-Capital Outlay proposals is available in Word format on Finance's website.

Departments using FI\$Cal/Hyperion should provide all necessary budget information in Hyperion either by keying data in the system directly or by utilizing upload templates for data input. To upload data, always use the template available online at: [http://www.dof.ca.gov/budget/Resources\\_for\\_Departments/Budget\\_Forms/](http://www.dof.ca.gov/budget/Resources_for_Departments/Budget_Forms/) to ensure the latest program or chart of account information is current. Upon completion of this current fiscal year, an updated version will be available in early July. Contact your Finance budget analyst for assistance, if necessary.

## Timeframe

BCPs (including Budget Bill and Trailer Bill language changes) must be submitted to Finance no later than **Tuesday, September 4, 2018**, or by an earlier date established by the Finance Program Budget Manager. (**Exception:** BCPs for chaptered legislation and late requests approved by Finance [see below]). All major COBCPs and the Five-Year Infrastructure Plans for 2019-20, including minor COBCPs, Capital Outlay Concept Papers (COCPs), and adjustments that are needed to conform to the enacted 2018-19 budget or required changes to the escalation of construction costs are due by **Monday, July 30, 2018**.

BCPs requesting funding for information technology (IT) projects require the California Department of Technology's (CDT) approval of Special Project Report(s) (SPR), or the applicable Project Approval Lifecycle (PAL) documents upon release of the Governor's Budget, unless otherwise approved by Finance. Pursuant to [Government Code section 11545](#), et seq., CDT is responsible for approving and overseeing IT projects. Departments are required to submit documents to CDT electronically, in accordance with Statewide Information Management Manual (SIMM) 05A. SPRs, or applicable PAL documents, are due to CDT no later than Monday, **July 16, 2018** (unless otherwise exempted by CDT), for Finance to consider any associated fall funding requests. Departments are responsible for timely submission and completion of final documents to ensure distribution of the approved documents upon release of the Governor's Budget. Comprehensive information for IT project reporting, including instructions to assist departments in meeting CDT reporting requirements, can be found in the [Statewide Information Management Manual](#).

BCPs requesting funds for legislation chaptered through Friday, August 31, 2018, must be submitted to Finance no later than **Wednesday, September 12, 2018**. For bills chaptered after August 31, related BCPs must be submitted **no later than 10 calendar days after the bill is chaptered**. BCPs for chaptered legislation will not be accepted if costs are not identified during legislative consideration of the bill, or if submitted after the applicable time limit.

The Agency Secretary, or Departmental Director for departments that do not report to an Agency Secretary, must approve any request(s) for late BCP submittal. These late requests must be submitted in writing to your Finance Program Budget Manager, no later than **Friday, August 17, 2018**. Requests for late submittal are limited to those issues involving the most exceptional circumstances.

## General Guidelines and Procedures for BCPs and ECPs

1. **BCPs/ECPs must fully conform to budget policies**, which will be provided in the upcoming Budget Policy BL.
2. **All information contained in BCPs/ECPs is strictly confidential until release of the Governor's Budget.** Each department is responsible for maintaining the confidentiality of its respective BCPs until approved for release (usually simultaneously with the release of the Governor's Budget in January).
3. **Disapproved BCPs/ECPs, disapproved premise assumptions, and disapproved versions of BCPs/ECPs remain confidential working papers and must not be released.** Responses to any requests for confidential budget documents under the Public Records Act or pursuant to discovery requests must be coordinated through your Finance budget analyst with Finance's legal staff.

4. **The appropriate Agency Secretary must approve BCPs (including COBCPs) prior to submission to Finance.** If proposing changes that involve other departments or other departments' funds, obtain and attach written concurrence and/or comments on the proposed change from the Director(s) or designee of the affected department(s) prior to submitting the BCP to Finance.
5. The BCP cover page **requires each department's Chief Information Officer to review and sign all BCPs with IT components** prior to submission to Finance. BCPs that do not have the appropriate approval and, when applicable, concurrence and/or comments, will be returned without consideration.
6. **Funding for chaptered legislation** that does not contain a specific appropriation must be absorbed or requested in a BCP or other budget request.
7. BCPs requesting funds from a special or bond fund must be accompanied by an **updated fund condition statement or by a statement of fund availability from the department administering the fund** (if different from the requesting department). Bond-funded BCPs must also cite the specific bond measure and relevant chapters and sections for proposed funding (i.e., "bond pot").
8. **Local assistance estimates should not include state operations funding.** A separate BCP for state operations should be provided unless approved by your Finance Program Budget Manager to include in the estimate. These BCPs should be provided consistent with the BCP deadlines.
9. **Departments must provide a succinct, well-written, and complete BCP.** Departments may provide supporting information, and must not rely on providing subsequent back-up material to respond to Finance's inquiries regarding justification for the request. BCPs that are incomplete by virtue of failing to provide relevant, critical, and substantiating information in the initial submission will likely be returned to departments without analysis at the discretion of Finance.

When applicable, **BCPs must include any proposed provisional, trailer bill, reversion, or reappropriation language.** In the case of provisional and trailer bill language, the BCP must effectively justify the need for this language and the programmatic implications associated with it. For proposed reappropriation and reversion language, the BCP must clearly identify the relevant budget acts, items of appropriation, and funds proposed for reappropriation and reversion, as well as the appropriate timeframes for encumbrance and liquidation. Departments are encouraged to use the standardized language available here: [http://www.dof.ca.gov/budget/resources\\_for\\_departments/budget\\_analyst\\_guide/budget\\_bill\\_prep\\_guidelines.html](http://www.dof.ca.gov/budget/resources_for_departments/budget_analyst_guide/budget_bill_prep_guidelines.html).

10. **BCPs must include all appropriate documentation (including Hyperion fiscal pages), workload statistics, and code citations** or they will be returned without consideration. If a proposed change is funded through redirection, both the positive and negative changes must be reflected. BCPs proposing redirections must include a statement of the immediate and future impact on the program from which the resources will be redirected. When submitting a BCP that affects more than one program or subprogram, fiscal detail for each program/subprogram affected must be included. All program information must be consistent with the display in the Governor's Budget.

11. BCPs must be assigned an **individual priority number** and address a single issue. (Sequential numbering must be used, with 1 being the highest priority.) Multiple issues may not be consolidated as a single priority. However, BCPs that address a single issue, but affect multiple programs, divisions, or units, may be consolidated.
12. BCPs must describe the **methods of calculation and sources of data** for all numbers used. Departments should consult with their Finance budget analysts on analytical approaches, data sources, and content of the written BCPs prior to submission to Finance.
13. BCPs requesting **new positions and/or programs** must include both a narrative explanation and fiscal detail addressing the impact these new positions/programs will have on the facility needs of the department. Finance will not consider BCPs that do not include this information. Salaries and retirement rates should be as of July 1, 2018. Salary information is available on [CalHR's website](#). Retirement rates can be found in Control Section 3.60 of the upcoming 2018 Budget Act.
14. BCPs must include a description of how the proposal is **consistent with the department's strategic plan** by identifying the objective(s) the BCP will support. The justification must articulate the compelling need for this proposal and its intended objectives.
15. Each BCP must include a **discussion of alternatives considered** (other than the one being proposed and the status quo) to address the identified problem. Submittals that do not meet this criterion will be rejected.
16. Attachment II provides a list of designated lead agencies responsible for the coordination of specified subject areas/programs.

### III. POSITION RELATED GUIDELINES

**Requests for New Positions**—When requesting new positions, departments are required to clearly establish the long and short-term benefits to be gained by increasing personnel as opposed to other possible alternatives (e.g., automation, workload readjustments, implement more efficient work processes, etc.). Depending on a department's vacancy rate, requests for new positions generally will be limited to redirections of existing positions. **Other alternatives that have been considered by the department must also be identified and analyzed.** BCPs requesting new positions must effectively justify why a redirection is not possible. Relevant vacancy information may be requested by Finance and must be provided promptly. If new positions are approved, positions will be budgeted at the mid-step, across all years, unless evidence is provided justifying a higher level for hard-to-fill classifications. Finance must approve the establishment of any position above mid-step of the respective salary range.

**Requests for IT Positions**—When requesting IT positions, departments are required to use the new consolidated IT classifications adopted by the State Personnel Board on January 11, 2018.

**Limited-Term Positions**—As a policy, Finance does not approve limited-term position authority to meet short-term workload efforts. If an increase in temporary resources is necessary to support short-term workload, limited-term expenditure authority will be considered to meet operational needs. The limited-term funding will be approved for a specific length of time, as authorized during the budget process. **For more specific**

**information on limited-term expenditures, consult with your Finance budget analyst.**

**Merit Salary Adjustment—** Merit Salary Adjustments (MSAs) are included in the definition of a workload budget in [Government Code section 13308.05](#); however, because savings result when positions return to the bottom step after staff promotions or departures, these resources are then available to pay for the costs of MSAs. Therefore, no workload budget adjustments will be made by Finance.

**Budget Position Transparency—** This adjustment to the display of positions and expenditures occurs biennially and will not be included in the 2019-20 Governor's Budget.

#### **IV. CAPITAL OUTLAY BUDGET CHANGE PROPOSALS**

##### **Major Capital Outlay Budget Change Proposals**

The General Guidelines and Procedures for BCPs described above also apply to COBCPs. COBCPs and Five-Year Infrastructure Plans (including requests for provisional language changes) are required to be submitted to the Legislature with the Governor's Budget, pursuant to Government Code section 13100, et seq. and must be submitted to Finance no later than **Monday, July 30, 2018**, or by an earlier date established by the Finance Program Budget Manager. The BL with more specific instructions, including FI\$Cal related instructions, and due dates for submitting five-year infrastructure plans, COBCPs, and COCPs, is forthcoming.

Changes for any other reason may be deferred to the 2020-21 capital outlay budget cycle. The capital outlay process is described in SAM sections 6801, et seq. and is available at: [https://www.documents.dgs.ca.gov/sam/SamPrint/new/sam\\_master/sam\\_master\\_file/cha p6000/6801.pdf](https://www.documents.dgs.ca.gov/sam/SamPrint/new/sam_master/sam_master_file/cha p6000/6801.pdf).

##### **Minor COBCPs**

COBCPs for minor capital outlay projects for 2019-20 must be submitted to Finance no later than **Monday, July 30, 2018**, or by an earlier date established by the Finance Program Budget Manager. Detailed information on the submission of Minor COBCPs for the 2019-20 fiscal year will be provided in an upcoming BL.

The dollar limit for each minor capital outlay project is \$709,000 for most agencies and \$975,000 for departments within the Resources Agency, per Public Contract Code sections [10108](#) and [10108.5](#), respectively.

#### **V. INFORMATION TECHNOLOGY**

##### **Line-item display in the Governor's Budget**

Hyperion includes account categories for Consolidated Data Centers (5344000) and Information Technology – Other (5346900). Departments must use these account category codes to distinguish between a department's internal information technology costs (5346900) and data center costs (5344000).

Departments are required to inform the Office of Technology Services (OTech) of: (1) all activities and any significant changes in IT services anticipated; and (2) the IT equipment

that will be included in their budget, but obtained from the data center. Failure on the part of the department to inform OTech could have an adverse impact on OTech's ability to support the services or the procurement.

## VI. FINANCIAL REPORTING REQUIREMENTS

The following schedule applies to the 2017-18 year-end financial reports for submittal to the Controller's Office:

**Tuesday, July 31, 2018:** General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), and economic uncertainty funds (0374 and 0375).

**Monday, August 20, 2018:** All other funds.

The Report of Accounts Outside of the State Treasury, Report 14, must be submitted by departments to the Treasurer's Office electronically through FISCAL by August 20, 2018, and two copies must be submitted by departments to the Controller's Office: one Excel version to [blfinrep@sco.ca.gov](mailto:blfinrep@sco.ca.gov), and one hardcopy with a signature to be sent with the year-end reports by Monday, **August 20, 2018**.

The Report of Expenditures of Federal Funds, Report 13, must be submitted to Finance's FSCU on or before Monday, **August 20, 2018**.

Departments are responsible for both the accuracy and the timeliness of the year-end reports. **Government Code section 12461.2** authorizes the Controller's Office to **withhold any or all operating funds from a department if that department fails to submit complete and accurate financial reports within 20 days of the prescribed due date(s)**. Therefore, departments should plan carefully to meet year-end reporting deadlines.

To assist with this process, CALSTARS departments are reminded of the availability of sample task lists, checklists, year-end training sessions, and individualized assistance through the CALSTARS Hotline: phone (916) 327-0100 or e-mail: [hotline@dof.ca.gov](mailto:hotline@dof.ca.gov).

The CALSTARS Training Schedule can be accessed at: [http://www.dof.ca.gov/Accounting/CALSTARS/CALSTARS\\_Training/](http://www.dof.ca.gov/Accounting/CALSTARS/CALSTARS_Training/) and the Procedures Manual at: [http://www.dof.ca.gov/Accounting/CALSTARS/Procedures\\_Manual/](http://www.dof.ca.gov/Accounting/CALSTARS/Procedures_Manual/).

Departments using FISCAL/PeopleSoft for accounting functions will be required to submit financial reports produced from FISCAL. Month-end close requirements are provided in [BL 17-28](#). Finance will continue to provide assistance and year-end training for departments using FISCAL (see [BL 18-05](#)). Departments should work with their Finance accounting analyst/manager and FISCAL retention coordinator to make arrangements for additional support to meet the year-end deadlines.

Departments may also contact Finance's FSCU for assistance at (916) 324-0385 or via e-mail at: [fscuhotline@dof.ca.gov](mailto:fscuhotline@dof.ca.gov).

Additional information on available FISCAL training classes and training materials is available at: [http://www.dof.ca.gov/Accounting/Consulting\\_and\\_Training/FISCAL\\_Training/](http://www.dof.ca.gov/Accounting/Consulting_and_Training/FISCAL_Training/)

## **VII. PRO RATA ASSESSMENTS AND SWCAP ALLOCATIONS**

Pro Rata assessments and SWCAP (Statewide Cost Allocation Plan) will be available in late September 2018. Finance will provide guidelines in a separate BL. For an overview of the current Pro Rata and SWCAP, please refer to the Finance Pro Rata and SWCAP website at: [http://www.dof.ca.gov/Accounting/Statewide\\_Cost\\_Allocation/](http://www.dof.ca.gov/Accounting/Statewide_Cost_Allocation/).

## **VIII. BASELINE BUDGET ADJUSTMENTS (EXPENDITURES)**

Baseline Budget Adjustments (BBAs) are changes to costs of currently authorized services in the budget necessary to maintain the current level of service. BBAs will be used to make baseline expenditure adjustments in Hyperion for all years (past year through budget year plus four). There are currently 12 non-capital outlay related baseline adjustment types in Hyperion that can be used to make baseline expenditure changes. A new BBA type (Other Post-Employment Benefits Adjustments) will be available beginning with the 2019-20 budget development. A separate BL will be issued to describe all non-capital outlay BBA types (listed below) in more detail, as well as provide information for the upload templates. That BL will also describe the process for entering capital outlay BBAs and provide information about various capital outlay BBA types.

1. Salary Adjustments
2. Benefit Adjustments
3. Retirement Rate Adjustments
4. Budget Position Transparency
5. Carryover/Reappropriation
6. Legislation with an Appropriation
7. Pro Rata
8. SWCAP
9. Miscellaneous Baseline Adjustments
10. Lease Revenue Debt Service Adjustment
11. Statutory COLA's
12. Other Post-Employment Benefits Adjustments
13. Issue Specific Adjustment

## **IX. BASELINE BUDGET ADJUSTMENTS FOR REVENUES, TRANSFERS, AND LOANS**

Baseline revenues, revenue transfers, and loans will be collected for all years in Hyperion (past year through budget year plus four). These baseline adjustments must be authorized under current law or policies. For transfers and loans, the appropriate authority must be cited in the title of the adjustment. Detailed instructions for reporting baseline revenues, transfers, and loans will be included in the forthcoming Baseline Budget Adjustments BL.

**X. MISCELLANEOUS**

**Rounding Rules**

To prevent rounding problems, use zeros in the last three digits for dollars in all years. Amounts of 500 and above should be rounded to 1,000; amounts below 500 should be rounded to zero. For example, \$2,222,222 should be entered as \$2,222,000 and \$4,500 as \$5,000, in Hyperion. This applies to both expenditures and revenues, all amounts, all years.

If you have any questions, please contact your Finance budget analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng  
Program Budget Manager

Attachments

**ADDITIONAL TECHNICAL GUIDELINES TO BE ISSUED IN FUTURE BUDGET LETTERS OR  
VIA E-MAIL NOTES**

<b>Subject Title</b>	<b>Target Release Date</b>	<b>Last Instructions Issued</b>	<b>SAM/Internet Reference</b>
Fund Balance Reconciliation Responsibilities	May/June	BL 17-07	
Rollover in Hyperion for the Upcoming Budget Cycle	July	BL 17-11	
Executive Orders and Budget Revision Process	July	BL 17-13	
Statewide Policies	July	BL 15-07	
Budget Policy	July	BL 17-15	
Baseline Budget Adjustments	July	BL 17-16	
Past Year Budget Adjustments and Fund Balance Reconciliation for the Upcoming Budget Cycle	July	BL 17-17	
Salaries and Wages Spreadsheet (Authorized Positions and Cost Estimates)	July	BL 17-19	6415, et seq., 6429, 6448, 6521
Budget Change Proposal Template and Instructions	July	BL 17-18	
Enhancements in FI\$Cal (Hyperion)	July	BL 17-22	
Employer Retirement Contribution Rate Adjustment (Control Section 3.60)	August	BL 17-23	
Employee Compensation Adjustments – Item 9800	August	BL 17-24	
SWCAP/Pro Rata	August	BL 17-25	8752- 8757
Price Letter	September	BL 17-26	<a href="http://www.dgs.ca.gov/ofs/Pricebook.aspx">http://www.dgs.ca.gov/ofs/Pricebook.aspx</a>
Governor's Budget Supplementary Schedules	November	BL 17-30	
Submission of Final Budget Materials	December	BL 17-31	

**COORDINATION OF INFORMATION**

Lead agencies or departments are designated for BCPs dealing with the topics listed below. Departments seeking funding for programs in these areas must coordinate the development of all related budget components, including BCPs, with the appropriate lead agency or department.

<b>Topic</b>	<b>Lead Department</b>	<b>Contact</b>	<b>Phone</b>
Mental Health Services Fund (3085)	Finance	Elena Humphreys	445-6423
Toxics			
Hazardous Waste Control Account (Fund 0014)	Toxic Substances Control		322-6756
Toxic Substances Control Account (0557)		Sara Murillo	
Unified Program Account (0028)	Cal-EPA	Jim Bohan	327-5097
Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)	Office of Environmental Health Hazard Assessment	Susan Villa	327-8044
Environmental License Plate Fund (Fund 0140)	Resources Agency	Brian Cash	653-6381
Perinatal Services	Health Care Services	Kathleen Dong	319-9263
Temporary Assistance for Needy Families (TANF) Block Grant, including CalWORKs and TANF MOE	Social Services	Jim O'Brien	657-3397
Proposition 99 (Tobacco Tax and Health Protection Act of 1988)	Finance	Lina Grant	445-6423
Proposition 56 California Healthcare, Research, and Prevention Tobacco Tax Act of 2016)	Finance	Maricris Acon	445-6423
		Brian Cash	
Public Resources Account (Fund 0235)	Resources Agency		653-6381
Proposition 98 (Classroom Instructional Improvement and Accountability Act)	Finance	Aaron Heredia	445-0328
Proposition 117 (Habitat Conservation Fund)	Resources Agency	Brian Cash	653-6381
Motor Vehicle Account (Fund 0044)	Finance	Steve Wells	322-2263
Petroleum Violation Escrow Account (Fund 0853)	Energy Commission	Melanie Vail	657-3705
Employee Compensation/Employer Retirement Contribution Rate Adjustments/Personnel Service Contracts/Budget Position Transparency	Finance	Mary Halterman	445-3274
State Penalty Fund (0903)	Finance	Emma Jungwirth	445-8913
Health Insurance Portability and Accountability Act (HIPAA)	Health and Human Services Agency	Elaine Scordakis	651-8066
1991 Realignment	Finance	Justin Freitas	445-6423
2011 Realignment	Finance	Lia Moore	445-6423

## Budget Change Proposal - Instructions

A Budget Change Proposal (BCP) is a proposal to change the level of service (increases, decreases, or shifts) or funding sources (new funds or utilizing different fund source for the same purpose) for activities authorized by the Legislature, or to propose new program activities not currently authorized.

There are a number of factors that determine whether a BCP will be approved for inclusion in the Governor's Budget, recommended by the Legislative Analyst and legislative staff, or included in the budget that the Legislature enacts.

A well-written and documented BCP may not be approved at even the first stage of a proposal's development (typically a concept or idea in a department). However, a quality BCP increases the chances that a department's proposal will be favorably considered. A poor quality BCP is easy to deny; it may even mask a critical problem that needs to be addressed. It is very important that your proposal be timely, complete, informative, and concise.

The following provides instructions regarding how to complete the documents that comprise a BCP: Cover Sheet, fiscal detail sheets, and BCP Narrative.

These instructions have been updated to address the new data required for the implementation of FI\$Cal.

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**CONFIDENTIALITY**  
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The information contained in a BCP is an integral part of the Governor's Budget deliberation process. As such, every BCP must be treated as confidential until the BCP is released to the Legislature as part of the Governor's Budget, April 1 Finance Letter Process, or May Revision. A Department of Finance signature at the bottom of the BCP cover page will reflect when a BCP has been released to the Legislature. The BCP becomes a document available to the public upon that release and is posted on the Department of Finance website at: <http://web1a.esd.dof.ca.gov/dofpublic/viewBcp.html>. After enactment of the Budget, BCPs submitted by the Administration to the Legislature are also identified as modified or rejected by the Legislature, if applicable. Each department is responsible for maintaining the confidentiality of their respective BCPs until they are released to the Legislature or posted to the Finance website. For purposes of the Public Records Act, the Governor's deliberative process privilege is reflected in Government Code section 6255.

Those BCPs not released to the Legislature remain working papers subject to the Governor's deliberative process privilege indefinitely. These documents are to be released only if that privilege is waived by the Governor's Office or pursuant to court order.

Questions about requests for confidential budget documents under the Public Records Act or litigation discovery requests seeking confidential budget documents should be directed to department legal staff and, if necessary, by department legal staff to Finance legal staff. Departments may refer requests to Finance's website if the requested BCPs have been posted.

## Cover Sheet

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<b>Fiscal Year</b>	Identify the fiscal year of the budget under development or consideration at the time the BCP or Finance Letter is submitted (i.e., the fiscal year for which the budget is not yet enacted).
<b>Business Unit</b>	Four-digit Business Unit (organization code) as reflected in the Uniform Codes Manual.
<b>Department</b>	Title of entity submitting request.
<b>Priority No.</b>	A separate priority number must be assigned for each BCP. Priority numbers should be indicated by sequential numbering, with No. 1 representing the highest priority. ( <b>Note:</b> Multiple issues cannot be consolidated into a single BCP.)
<b>Budget Request Name</b>	Provide unique name using standard naming convention. See <a href="http://www.dof.ca.gov/Budget/Fiscal_Resources_For_Budget/">http://www.dof.ca.gov/Budget/Fiscal Resources For Budget/</a>
<b>Program/Subprogram</b>	Provide titles as printed in the Governor's Budget. If more than one program is affected, reflect titles for each program and subprogram. Subprogram has replaced element and component. See <a href="http://www.dof.ca.gov/Budget/Fiscal_Resources_For_Budget/">http://www.dof.ca.gov/Budget/Fiscal Resources For Budget/</a> for a complete crosswalk between new and old program codes.
<b>Budget Request Title</b>	A succinct title that describes the proposed changes. This title will be used in Hyperion and budget hearing agendas. Avoid generic terms like: increase staff, workload, or augmentation.
<b>Budget Request Summary</b>	An overview of the proposal that clearly and concisely summarizes the request.
<b>Requires Legislation</b>	Check box to specify if the proposal requires new legislation, including budget trailer bill language, to implement the proposed change. If yes, the code section(s) to be added, amended, or repealed must be identified. The actual language to implement the proposal must also be included as an attachment to the proposal.
<b>Information Technology</b>	Check box to specify if the proposal includes an information technology component. If yes, the department's Chief Information Officer must review and sign the BCP. In addition, specify the project number, the most recent project approval document (Feasibility Study Report [FSR], Special Project Report [SPR], Stage 1 Business Analysis [S1BA], Stage 2 Alternatives Analysis [S2AA], Stage 3 Solution Development [S3SD], Stage 4 Project Readiness and Approval [S4PRA]), and the approval date.
<b>Other Dept. Impact</b>	For proposals that affect another department or a special fund administered by Department, use the check box to specify whether or not the department agrees with the proposal and/or agrees that the special fund is projected to have a sufficient fund balance to support the proposal. Regardless of whether the department concurs or has concerns with the proposal, a letter must be included as an attachment with comments and signature of the affected department's Director or designee.
<b>Signature Approvals</b>	Department/Agency submitting proposal must indicate approval by obtaining specified signatures.

## BCP Fiscal Detail Sheets

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### Fiscal Detail Sheets

The BCP report in Hyperion will not be available in time for departments to use. Departments should use the DF-46 (Revised 03/13) Fiscal Detail Sheets on the Finance Website to provide fiscal details and submit it as part of the BCP package.

## BCP Narrative – Analysis of Problem

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### DISCUSSION

**Know your audience** - The primary audience within the Administration is your Finance budget analyst. The primary audience within the Legislature is your Legislative Analyst's Office (LAO) Program Analyst and the budget committee staff. These are the people who must read and understand your proposal and explain it to others. Write the proposal based on how much information will be needed to understand and approve the request. Keep in mind that you are primarily trying to persuade the audience of your case.

A well-documented request will be presented in a narrative report format, be concise and include self-contained information for each analysis section of the BCP. The narrative sections of the BCP have been structured to provide the answers to most of the commonly asked questions regarding BCPs and their justification. These sections also guide the writer through basic analytical steps. As a BCP is being drafted, the following guidelines should be used by the writer to provide the relevant information for each of the BCP sections. Not all questions will apply to each proposal or situation.

#### A. Budget Request Summary

Summarize the problem or context of the issue and how this proposal will address it. This should be a concise statement, no more than 3-4 sentences maximum. This section should also clearly identify the resources requested and specify if the requested resources are one-time, phased-in, or ongoing. Specify if a change is needed to current statutes or regulations.

- What are you asking for and why?
- What resources are required? Identify dollars, positions, and funding sources.
- Specify the duration of the requested resources (e.g., permanent, one-time, phased-in, or ongoing).

#### B. Background/History

Provide context for the proposal and purely factual information identifying how the program has changed over time in a way that caused the problem addressed in the proposal. This section should not include any arguments. Only background relevant to the request should be included. Each proposal must include the completed Program Budget Measures (unless it is an entirely new program proposal). If applicable, the Program Workload Measures (workload metrics) must also be completed. If there are no workload metrics applicable to the proposal, this tab may be left blank.

- What is the program, what does it do, and who does it serve or affect?
- How is this proposal consistent with existing authority? Specify the primary law/regulation that requires this activity.
- What resources are currently being expended by the state, e.g., dollars and positions? (Could include resources in multiple departments.) Summarize the current resource level in the narrative and include historical data in the five-year Program Workload Measures tab.
- How is workload currently measured?
- What is being done now by your department and others to address the problem/need?
- Describe recent resource changes specific to this proposal, e.g., increases/decreases to staffing, revenues, fees. If resources were added, have those positions been filled? These recent changes should be reflected in the Program Budget Measures tab.

### **C. State Level Considerations**

Describe any state entities that are affected by the proposal.

- How does this proposal reflect the Administration's current policies, priorities, and initiatives?
- How is this proposal consistent with the department's strategic plan (if one has been developed)? Be as specific as possible. At a minimum, identify the objective(s) this BCP will support.
- What is the impact on other state departments? Do those departments concur with the request or have concerns been raised?
- What are the areas of potential support and opposition for this proposal?

### **D. Justification**

This section, along with workload analysis, is the substance of most proposals. Provide information to support the recommended solution to the problem that requires a change in resources. The first statement should specify what workload/policy changes have occurred to necessitate the proposal. If positions are being requested to address increased workload, the Program Workload Measures tab must be completed to support the request. Additionally, if the BCP requests new positions or proposes a reorganization, the BCP must include attachments that reflect the current and proposed organizational structures. Indicate how the BCP is consistent with the Governor's annual policy direction for his proposed Budget as outlined in the annual budget letter regarding budget policy.

- What workload changes have occurred? How will this proposal address those workload changes?
- How will this proposal address or solve the problem?
- What are the adverse impacts if this proposal is not approved? (Be realistic in this assessment.)
- Why is this solution the highest and best use of resources? Why does this have to be done now? Can it wait?
- What relevant and current facts and figures support the recommendation?
- Provide the methodology used to quantify the program/proposal objectives.
- Why should the Administration prioritize this request over the department's other program activities including those activities that rely on the same funding source?
- How is the proposal consistent with the use and purpose of the funding sources requested? Are there other funding sources that could be used for this purpose?
- What is the public need for the request?
- How does the proposal affect external clients? Identify positive and negative effects. (e.g., change fees, improve processing time, increases transparency). If applicable, include statements/information from stakeholders.
- How does this address a long-term or short-term need or a combination of both? Explain the timeframe for this problem or solution.
- What are the legal implications of this proposal - past and future?
- What actions from other governmental entities are required for implementation? (e.g., federal approval or state regulatory agency)
- Does law need to be added, amended, or repealed? If so, attach applicable statutory changes.
- Why should the state assume responsibility for this change? (Why not private, federal, local, etc.?)
- What clientele is being served? Who benefits?
- Are there examples from other states or institutions where this or similar approaches have been undertaken? (Should not be limited to successful endeavors.)

### **E. Outcomes and Accountability**

Because each proposal is submitted to address a problem, clearly specify the expected outcomes, even if it is difficult to quantify. This section should clearly state if a backlog is going to be reduced or eliminated, how improvements will be measured, when changes will be visible and/or reported to external stakeholders. If applicable, provide projected workload metrics that reflect how this proposal improves the metrics outlined in the Program Workload Measures tab.

- How will improvements or changes be measured?
- What controls will be in place to ensure the appropriate use of the requested resources or authority?
- How will the requested resources be accounted for and monitored?

- Will there be progress and/or outcome reports completed? If so, how often and to whom will they be distributed?

#### **F. Analysis of All Feasible Alternatives**

Evaluate fully other ways to address the problem. It should consider more than the status quo and the recommended solution. Therefore, a minimum of **three** alternatives, in addition to the recommended alternative, must be included. One of these alternatives must be a lower cost alternative to address the problem identified, and this alternative cannot be the status quo. Alternatives can include changing the requirements of existing law/regulations, phasing in at a slower pace, contracting with appropriate experts, shifting responsibility to another entity such as local government, redirecting from existing resources, or other funding sources or methods.

#### **F. Analysis of All Feasible Alternatives** (continued)

- What are the pros and cons of each alternative?
- What is the cost of each alternative?
- Is redirecting or reclassifying existing vacant positions a viable alternative to the proposal?
- What high-level support/opposition is there to the alternatives?

#### **G. Implementation Plan**

Identify major milestones for implementing the proposed solution. The implementation schedule should be realistic and consider the steps to hiring, procurement, and phasing in of costs associated with the proposal.

- How does your plan consider the timing between budget enactment and start-up activities?
- If staff is requested, what is the hiring plan or steps needed to fill positions being requested?
- What is the schedule for regulations?
- What is the timeline for implementing fee changes, including collection schedules?
- Is this proposal dependent upon federal actions or approval? If so, what are the steps and anticipated time frames?
- If additional space/facilities are required, how will this need be met (e.g., leasing, capital outlay project, other?)
- What is the timeline to acquire, modify, and occupy office space?

#### **H. Supplemental Information (Space/Facility/Equipment Needs)**

Identify any special resources needed to support the proposal. Any special resources requested, such as equipment, consulting and professional services, and facility/capital costs, must be detailed and the request must include back up information to support costs.

#### **I. Recommendation**

Summarize the proposed recommendation. The recommendation should be clearly reached based on the analysis presented in the prior sections. This is the conclusion of the proposal based on the facts presented. Clearly restate the recommended alternative, include a brief description indicating how the proposal is consistent with the Governor's annual policy direction, and include a summary of adverse consequences or negative effects if the proposal is denied.