

CALIFORNIA COASTAL COMMISSION

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August 30, 2019

To: Coastal Commission and Interested Persons

From: John Ainsworth, Executive Director
Susan Hansch, Chief Deputy Director
Michelle Jesperson, Federal Programs Manager
Pamela Wu, Chief Fiscal and Business Services

Subject: **Enacted Budget for FY 2019-20/Close-Out of FY 2018-19 Budget**

Informational Only/No Commission Action Required

**PLEASE SAVE THIS BUDGET REPORT FOR FUTURE REFERENCE/SUGGEST
SAVING IN COMMISSIONER REFERENCE BINDER**

Summary

This memorandum provides:

1. A summary of the enacted FY 2019-20 Coastal Commission Budget as adopted by the Legislature and signed by Governor Newsom and effective as of July 1, 2019 (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 2018-19 Budget and close-out of FY 2017-18 Budget;
4. A one-page summary of the Commission's Budget spending history for state operations from FY 1972-73 to FY 2019-20; (Attachment II); and,
5. Background information from Department of Finance on the California Budget process. (Attachment III).

Enacted Budget for FY 2019-2020

The Enacted Budget for FY 2019-20 is in effect as of July 1, 2019. 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 2019-2020 as of July 1, 2019 (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 2018-19; and,
- 3) a description of expenditures based on appropriations for the past fiscal year FY 2017-18. (***Note: Because of the complexity of FI\$CAL conversion the FY 2017-18 numbers are not actuals but rather estimates. It is expected that the January 2020 Governor’s Budget will include actuals for FY 2017-18 and FY 2018-19.***)

The Enacted Budget for FY 2019-20 is similar to fiscal year FY 2018-19 with some changes in funding sources and the addition of three new staff positions. In FY 2018-19 the Commission had authorization to fill up to 172 permanent and temporary help staff positions. Three new staff positions were authorized for FY 2019-20: a Senior Legal Analyst to work on PRAs and two Environmental Justice positions. The Enacted FY 2019-20 Budget includes authorization to fill up to 175 positions (if funding is available) with a “baseline positions” description of 151.7 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 had 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 current year Enacted FY 2019-20 Budget shows the Commission's “baseline positions” at 151.7 after this "budget position transparency" adjustment. Department of Finance and State Controller documents confirm that the Commission is still able to fill up to 175 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, civil service class changes, 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 2018-19, the Commission did not fill positions to the fully authorized level of 172 positions for the entire year and in FY 2019-20, the Commission will not have adequate funding to fill the maximum authorized 175 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 relatively 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 State Controller, the Commission staff and the staff of all other state agencies.

Since FY 2017-2018, the Governor’s Budget and Enacted Budget format 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 transition to FI\$CAL as of July 1, 2017. During FY 2016-2017 and throughout FY 2017-2018 the Commission staff was involved in training and numerous actions to switch to the new FI\$CAL system. For FY 2017-18 the Commission was on the FI\$CAL system with some overlap to the older CalStars system. FY 2017-18 was very challenging for the Accounting and Budgeting staff due to complexities, problems, and extra workload involved with the FI\$CAL system.

The state fiscal year ends on June 30 of each year and typically the year end closing for the fiscal year is completed by our Accounting Chief by late August. FY 2017-18 was the first fiscal year the Coastal Commission closed under the FISCAL system. The Coastal Commission, like many other state agencies, had many complex challenges with the FISCAL system year-end close like most state agencies' first year in FISCAL took the entire next fiscal year to complete. The Commission staff worked closely with the Department of Finance and FISCAL staff and just completed the closing of FY 2017-18 in mid-August 2019. It is our understanding that, as of late August 2019, many of our sister state agencies still have not been able to complete closing FY 2017-18. This delay due to the complexities and issues with the FISCAL system has been very stressful and a challenge for all involved.

FY 2018-19 ended on June 30, 2019. Because our small accounting team had to complete the closing of the FY 2017-18 before starting the closing of FY 2018-19, the staff is just beginning the closing process for the just ended FY 2018-19. Department of Finance has established a deadline of October 1, 2019 for close-out for FY 2018-19. This deadline will be a large challenge for the Coastal Commission staff and many other agencies due to the delays in the past fiscal year FY 2017-18 and the complexities of and problems with the FISCAL system. We will do everything in our control to meet the October 1, 2019 deadline.

The Commission was required to fully transition to the FISCAL system in FY 2018-19 without connection to the former CalStars system. The FISCAL system is extremely complicated and cumbersome and most accounting and budgeting processes require many added steps adding to staff workload and the need to work closely with the FISCAL staff at Finance. The Commission has an inadequate staffing level in its Accounting and Business Services units to address the increased workload and complexity of the FISCAL system for budgeting, accounting, purchasing, contracting, travel expense claims etc. Most other state agencies are experiencing similar problems and the Department of Finance and FISCAL are considering options for addressing changes in the FISCAL system and workload issues.

All Resources Agency departments were 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 were \$215,024.

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

The Enacted Budget for fiscal years FY 2013-14 and FY 2014-15 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 2015-16 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 2015-16 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 2017-18 Budget and the FY 2018-19 Budget and the FY 2019-20 budget.

The Commission has an announcement for the sixth round of LCP grants currently posted on its website. The focus of the grant funding for coastal local governments will be an emphasis on planning for strategies to reduce greenhouse gas emissions and to adapt to the impacts of climate change. The deadline for applications is September 6, 2019 and a total of \$1,500,000 is available. These funds are all from the GGRF (half from FY 2018-19 appropriation and half from FY 2019-20 appropriation). The Commission staff will review the applications and prepare a recommendation for grant awards for the Commission to consider at its November 2019 meeting in Half Moon Bay.

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 2016-17, 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 2016-17, 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 2014-15 and FY 2015-16 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 2017-18 included an added appropriation from the Coastal Act Services Fund of \$637,000 for increased facility and records archiving costs and \$122,000 for one of the Associate Government Program Analyst (AGPA) (total \$759,000 added FY 2017-18 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 was able to support \$759,000 in added appropriation for the FY 2017-18 and FY 2018-19 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 for the staff AGPA position and the increased facility and records archiving costs.

During the Legislative budget hearings on the Budget for FY 2017-18, 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 2017-18 budget was only viable for a few years. Commission staff agreed with this assessment and preferred that the funding for these essential baseline needs would come from the General Fund. The Enacted FY 2017-18 included only two years of funding from the Coastal Act Services Fund.

In working with the Department of Finance and the Legislative Analyst Office on the Budget for FY 2019-20, we determined that the Coastal Act Services Fund (CASF) has adequate funds to cover these essential baseline operational costs for at least an additional two fiscal years. The Enacted Budget for FY 2019-20 includes \$784,000 from the CASF to extend coverage of these operational costs for an additional two fiscal years: FY 2019-20 and FY 2020-21.

We will need to work with the Department of Finance and the Legislative Analyst Office to assess the viability of the CASF to fund these essential costs in the long term or transfer the costs in future years to the General Fund.

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 Trust Fund Budget

The Federal Trust Fund (FTF) budget item includes federal funds that the Coastal Commission receives as the designated lead agency for California's federally-approved coastal management program under the national Coastal Zone Management Act (CZMA). It also includes any other federal funds the Commission may receive from other federal agencies through grant awards. The primary source of federal funds is the CZMA Grant annual award that California receives from the National Oceanic and Atmospheric Administration (NOAA). Portions of the annual CZMA grant award are transferred to the San Francisco Bay Conservation and Development Commission (BCDC) and the State Coastal Conservancy (Conservancy) to carry-out California's federally-approved coastal management program.

Federal funds listed in the Enacted Budget are the *estimated* federal funds the Commission expects to spend in this fiscal year; this budget line is an authorization to expend. Portions of the annual CZM award funding span 18 months up to three-year terms. As a result, the amount of federal funds that is spent in any given year also depends on the Commission staff's ability to make progress on and complete grant tasks. Because of short staffing and competing workload priorities, Commission staff have not expended all the federal funds that were authorized for expenditure in a given fiscal year. Federal funds will remain available for expenditure in the following fiscal year until the grant term expiration.

For FY 2019-20, the Coastal Commission will receive \$2,894,000 from NOAA for the annual federal CZM Grant. Of that amount, BCDC will receive \$366,750 and the Conservancy will receive \$357,000. The Commission also has some federal funds remaining from prior year awards that carry over and will be spent during FY 2019-20. Additional information on the federal funds and the federally-funded

projects that Commission staff will be working on in FY 2019-20 is provided in the staff reports for the Interagency Agreements with BCDC, the Coastal Conservancy and State Lands Commission – items 7 and 8 on the Commission’s September 2019 meeting agenda.

(See August 29, 2019 separate memo to the Commission for more details on Federal Program and Funding entitled “Report on California Coastal Commission Federal Program and Funding Background for Budget Briefing September 13, 2019”.)

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 2008-09 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 offer funding to ensure that there was adequate staff to review their complex projects typically over the course a two-year period. The companies and local governments provided funding that allowed the Commission to keep staff positions filled that would have been eliminated without the funding. The companies and local governments 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 2019-20 Coastal Commission Budget. (See Attachment 1)

The following are the key components that are new for the current year FY 2019-20 (July 1, 2019 – June 30, 2020). For a complete view of the current year budget for FY 2019-20, it is important to review the description in this report that covers changes to the Commission’s Budget in FY 2018-19 that carry forward as part of the baseline or as funding over several fiscal years.

1. Greenhouse Gas Reductions Funds (GGRF) Background and 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 expenses related to climate and resiliency planning. These funds were required to be expended or encumbered by June 30, 2019.

In the past year FY 2018-2019, the Legislature and the Governor approved an additional \$1.5 million in Greenhouse Gas Reduction 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.

For the current year FY 2019-20, the Legislature and the Governor approved an additional \$1.5 million in Greenhouse Gas Reduction Funds that must be expended or encumbered by June 30, 2021. 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 2019-20 Enacted Budget includes \$55,000 a year for two fiscal years (FY 2019-20 and FY 2020-21) as an appropriation from ELPF to increase marketing funds available to promote sales of the Whale Tail License Plate.

3. Environmental License Plate Fund (ELPF) for Two Positions for Environmental Justice/Tribal Consultation Program

The FY 2019-20 Enacted Budget includes \$378,000 and two permanent positions (one Coastal Program Manager and one Staff Services Analyst) and operating expenses for the Environmental Justice/Tribal Consultation Program funding by an appropriation from the Environmental License Plate Fund.

4. Increased Appropriation from the General Fund (GF) to Cover Lease Increases Costs Required for the Commission’s North Central and Headquarters Office in San Francisco at 455 Market Street

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 under Proposition 20 in November 1972 (offices opened in early 1973).

The Commission's offices have been at the present location for 29 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 2018-19 Budget included \$1,409,000 in added funds to cover projected rent increases and provisional language that allowed 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 worked 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 at 455 Market Street with equal public transit options to our current location at 45 Fremont Street.

The current and new headquarters office is strategically located with access 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.

The Department of General Services and the Coastal Commission entered into the lease for 455 Market in November 2018 and we have been actively involved in build-out design and construction is now underway. Finding and securing a lease for a new location for the Coastal Commission's Headquarters and North Central offices in a transit accessible location in San Francisco would not have been possible without the creative and collaborative work of the Department of General Services and the Department of Finance. In order to secure space at 455 Market we were required by the building owners to lease the entire second and third floors which included 6,900 square feet more space than our current needs. The Department of General Services and Department of Finance agreed that the Coastal Commission could lease the full second and third floors under the condition that the additional space be sub-leased to another state agency. Department of General Services is actively working on potential sub-leases with other state agencies and we are confident that a sub-lease will be completed in the near future.

There are substantial one-time costs with moving to a new office location and we are working closely with Department of General Services to keep costs as low as possible. Because we have been in our offices for over 29 years, a substantial amount of our old office furniture and cubicles are not suitable to move for ongoing use. One-time costs include new cubicles, some office furniture that meets ergonomic and safety considerations, and moving contractor costs.

The Enacted Budget for FY 2019-20 includes \$1,253,000 for increase lease based costs appropriated from the General Fund. These are the best cost estimates available during the last budget cycle process and there may be a need for additional funding to cover one-time costs. We are working closely with Department of General Services and Department of Finance on keeping costs as low as possible.

5. General Fund Appropriation for New Senior Legal Analyst for Public Records Act (PRA) Workload

The FY 2019-20 Enacted Budget includes \$130,000 for salary, benefits and operating expenses for a Senior Legal Analyst to provide staff services to the legal division to assist with extensive workload involved with PRA requests.

6. General Fund Appropriation for External Legal Costs

The FY 2019-20 Enacted Budget includes \$200,000 one-time costs for outside legal counsel costs for the Spotlight lawsuit.

7. Funding Extension for Operational Costs from the Coastal Act Services Funds

The FY 2019-20 Enacted Budget includes a \$784,000 funding extension from the Coastal Act Services Fund for operational costs for an added two fiscal years.

8. Increase in Reimbursements Authorization for Caltrans Work

The FY 2019-20 Enacted Budget includes an increase in reimbursement authority of \$480,000 to allow use of expanded Caltrans funding.

This chart is a Commission staff compiled summary of the key figures in the Enacted Budget for FY 2019-2020 as of July 1, 2019.

**Enacted Budget FY 2019-2020
(July 1, 2019 – June 30, 2020)
California Coastal Commission (3720)**

GENERAL FUND	
3720-001-0001 State Operations	\$20,552,000
Subtotal	\$20,552,000
SPECIAL FUNDS	
3720-001-0371 Whale Tail Funds/CBCEA/State Operations	\$801,000
3720-101-0371 Whale Tail Funds/CBCEA/Whale Tail Grants/Local Assistance	\$503,000
3720-001-3123 Coastal Act Services Fund/State Operations	\$1,463,000
3720-001-8086 Protect Our Coast & Oceans Funds/State Operations	\$65,000
3720-101-8086 Protect Our Coast & Oceans Fund/Local Assistance	\$250,000
3720-001-0565 State Coastal Conservancy Violation Remediation Account (VRA)	\$285,000
3720-001-0140 California Environmental License Plate Fund	\$433,000
3720-3228 Greenhouse Gas Reduction Fund	\$1,500,000
(Note: These funds are available for expenditure or encumbrance until June 30, 2021. \$750,000 to be used for State Operations staff costs/\$750,000 to be used for Local Assistance LCP Grants)	
Special Funds Subtotal	\$5,300,000
SUBTOTAL STATE FUNDS (General Fund and Special Funds)	\$25,852,000
FEDERAL TRUST FUND (authorized level)	
3720-001-0890 (includes pass through to BCDC and Coastal Conservancy)	\$2,758,000
REIMBURSEMENTS (authorized level)	
3720-501-0995	\$3,476,000
SUBTOTAL FEDERAL TRUST FUND AND REIMBURSEMENTS	\$6,234,000
TOTAL ALL FUNDS AUTHORIZED FOR EXPENDITURE	\$32,086,000
TOTAL Baseline Positions per "Budget Position Transparency"	151.7
TOTAL AUTHORIZED POSTIONS	175.0

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. This budget ended on June 30, 2019

**Enacted Budget FY 2018-2019
(July 1, 2018 – June 30, 2019)
Year-end Close June 30, 2019/Year End Accounting Underway
California Coastal Commission (3720)**

GENERAL FUND	
3720-001-0001 State Operations	\$18,150,000
Subtotal	\$18,150,000

SPECIAL FUNDS	
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	\$1,500,000
Special Funds Subtotal	\$5,008,000
TOTAL STATE FUNDS (General Fund and Special Funds)	\$23,158,000

FEDERAL TRUST FUND (authorized level)	
3720-001-0890 (includes pass through to BCDC and Coastal Conservancy)	\$2,817,000

REIMBURSEMENTS (authorized level)	
3720-501-0995	\$2,868,000
SUBTOTAL FEDERAL TRUST FUND AND REIMBURSEMENTS	\$5,685,000
TOTAL ALL FUNDS AUTHORIZED FOR EXPENDITURE	\$28,843,000

TOTAL Baseline Positions per “Budget Position Transparency”	148.7
TOTAL AUTHORIZED POSTIONS	172

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. Past years all numbers listed are actual expenditures for state operations.

FY 2018-19 Year-End Closing

June 30, 2019 was the last day of FY 2018-19. Commission Accounting & Budgeting staff members are now in the on-going complicated conversion process to the new FISCAL system for fiscal 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. Department of Finance has established year-end close for FY 2018-19 as October 1, 2019. As in all previous fiscal years the Commission completed FY 2018-19 within its enacted authorized budget spending limits.

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 can experience cash flow shortages in June. It is not possible to invoice fully for work done in FY 2018-19 until after all the timecards and work products are verified after June 30, 2019.

Cash flow problem at the end of fiscal years are common problems of many state agencies. **For FY 2016-17 and FY 2017-18 and FY 2018-19, 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 2019 bills.

Authorized Positions for FY 2018-19: Total 175 positions. The number of positions filled varied throughout the year and as of June 30, 2019 the end of FY 2018-19 approximately 162 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 through September of each year is an extremely busy time with budget and accounting workload when all state departments and the Coastal Commission budget and accounting staff are actually working on three (3) budget years simultaneously. Commission staff members are (1) closing out the fiscal year that ended June 30 by October 1, 2019; 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 3) for the upcoming FY (2020-21).

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.

Budget Update – September 11-13, 2019 Commission Meeting

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 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*** (BCPs) 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 2019 and early 2020. 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 a Commissioner to be appointed by the Chair to replace 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 2018-19 close-out and budget expenditures as FY 2019-20 unfolds.

The Commission staff is also working on the confidential BCPs that are due to Department of Finance by September 3, 2019 for FY 2020-21. The Governor's Proposed Budget for FY 2020-21 will be released on January 10, 2020 and staff will brief the Commission at the February or March 2020 meeting. Legislative Budget hearings on the proposed Governor's FY 2020-21 Budget will likely begin in late February or March 2020.

ATTACHMENT I

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		
	2017-18	2018-19	2019-20	2017-18*	2018-19*	2019-20*
2730 Coastal Management Program	121.5	139.9	151.7	\$26,840	\$29,211	\$32,086
2735 Coastal Energy Program	7.3	7.3	-	1,618	1,726	-
2736 Administrative Support	-	1.5	-	-	345	-
9900100 Administration	24.5	-	-	3,071	-	-
9900200 Administration - Distributed	-	-	-	-2,899	-	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	153.3	148.7	151.7	\$28,630	\$31,282	\$32,086
FUNDING				2017-18*	2018-19*	2019-20*
0001 General Fund				\$16,724	\$20,168	\$20,552
0140 California Environmental License Plate Fund				-	55	433
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund				1,269	1,304	1,304
0565 State Coastal Conservancy Fund				273	285	285
0890 Federal Trust Fund				2,817	3,059	2,758
0995 Reimbursements				4,342	2,996	3,476
3123 Coastal Act Services Fund				1,433	1,438	1,463
3228 Greenhouse Gas Reduction Fund				1,500	1,500	1,500
8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund				272	477	315
TOTALS, EXPENDITURES, ALL FUNDS				\$28,630	\$31,282	\$32,086

† Fiscal year 2017-18 budget information reflects the latest available estimates for this department and/or fund(s). Changes resulting from the final reconciliation of the 2017-18 ending fund balance will be reflected as a prior year adjustment in the 2020-21 Governor's Budget publication.

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.

* 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

DETAILED BUDGET ADJUSTMENTS

	2018-19*			2019-20*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Workload Budget Adjustments						
Workload Budget Change Proposals						
• External Counsel Costs	\$-	\$-	-	\$200	\$-	-
• Legal Support	-	-	-	130	-	1.0
• Cap and Trade Expenditure Plan: Coastal Resilience - Local Coastal Programs	-	-	-	-	1,500	-
• Funding Extension for Operational Costs	-	-	-	-	784	-
• Caltrans Reimbursement Funding	-	-	-	-	480	-
• Digital Migration	-	-	-	-	425	-
• Environmental Justice/Tribal Consultation Program	-	-	-	-	378	2.0
• Resources Agency Technical Proposals: Whale Tail License Plate Marketing	-	-	-	-	55	-
• Digital Migration Technical Adjustment	-	-	-	-	-425	-
Totals, Workload Budget Change Proposals	\$-	\$-	-	\$330	\$3,197	3.0
Other Workload Budget Adjustments						
• Increased Leasing Costs	-	-	-	1,253	-	-
• Other Post-Employment Benefit Adjustments	117	32	-	117	32	-
• Salary Adjustments	433	122	-	433	122	-
• Benefit Adjustments	162	47	-	167	48	-
• Retirement Rate Adjustments	102	30	-	102	30	-
• Miscellaneous Baseline Adjustments	1,204	190	-	-	-	-
Totals, Other Workload Budget Adjustments	\$2,018	\$421	-	\$2,072	\$232	-
Totals, Workload Budget Adjustments	\$2,018	\$421	-	\$2,402	\$3,429	3.0
Totals, Budget Adjustments	\$2,018	\$421	-	\$2,402	\$3,429	3.0

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. (Note: Program 2735 will be consolidated into Program 2730 beginning Fiscal Year 2019-20.)

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3720 California Coastal Commission - Continued

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. (Note: Program 2736 will be consolidated into Program 2730 beginning Fiscal Year 2019-20.)

DETAILED EXPENDITURES BY PROGRAM †

		<u>2017-18*</u>	<u>2018-19*</u>	<u>2019-20*</u>
	PROGRAM REQUIREMENTS			
2730	COASTAL MANAGEMENT PROGRAM			
	State Operations:			
0001	General Fund	\$15,715	\$18,921	\$20,552
0140	California Environmental License Plate Fund	-	55	433
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	766	801	801
0565	State Coastal Conservancy Fund	273	285	285
0890	Federal Trust Fund	2,817	3,059	2,758
0995	Reimbursements	3,561	2,172	3,476
3123	Coastal Act Services Fund	1,433	1,438	1,463
3228	Greenhouse Gas Reduction Fund	750	-	-
8086	Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund	66	65	65
	Totals, State Operations	<u>\$25,381</u>	<u>\$26,796</u>	<u>\$29,833</u>
	Local Assistance:			
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	\$503	\$503	\$503
3228	Greenhouse Gas Reduction Fund	750	1,500	1,500
8086	Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund	206	412	250
	Totals, Local Assistance	<u>\$1,459</u>	<u>\$2,415</u>	<u>\$2,253</u>
	PROGRAM REQUIREMENTS			
2735	COASTAL ENERGY PROGRAM			
	State Operations:			
0001	General Fund	\$959	\$1,085	\$-
0995	Reimbursements	659	641	-
	Totals, State Operations	<u>\$1,618</u>	<u>\$1,726</u>	<u>\$-</u>
	PROGRAM REQUIREMENTS			
2736	ADMINISTRATIVE SUPPORT			
	State Operations:			
0001	General Fund	\$-	\$162	\$-
0995	Reimbursements	-	183	-
	Totals, State Operations	<u>\$-</u>	<u>\$345</u>	<u>\$-</u>
	PROGRAM REQUIREMENTS			
9900	ADMINISTRATION - TOTAL			
	State Operations:			
0001	General Fund	\$50	\$-	\$-
0995	Reimbursements	122	-	-
	Totals, State Operations	<u>\$172</u>	<u>\$-</u>	<u>\$-</u>
	SUBPROGRAM REQUIREMENTS			
9900100	Administration			
	State Operations:			
0001	General Fund	\$2,949	\$-	\$-

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3720 California Coastal Commission - Continued

		<u>2017-18*</u>	<u>2018-19*</u>	<u>2019-20*</u>
0995	Reimbursements	122	-	-
	Totals, State Operations	<u>\$3,071</u>	<u>\$-</u>	<u>\$-</u>
SUBPROGRAM REQUIREMENTS				
9900200	Administration - Distributed			
	State Operations:			
0001	General Fund	-\$2,899	\$-	\$-
	Totals, State Operations	<u>-\$2,899</u>	<u>\$-</u>	<u>\$-</u>
TOTALS, EXPENDITURES				
	State Operations	27,171	28,867	29,833
	Local Assistance	1,459	2,415	2,253
	Totals, Expenditures	<u>\$28,630</u>	<u>\$31,282</u>	<u>\$32,086</u>

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EXPENDITURES BY CATEGORY †

	1 State Operations			Expenditures		
	Positions			Expenditures		
	2017-18	2018-19	2019-20	2017-18*	2018-19*	2019-20*
PERSONAL SERVICES						
Baseline Positions	147.7	148.7	148.7	\$14,306	\$12,541	\$14,120
Other Adjustments	5.6	-	3.0	-1,933	555	-536
Net Totals, Salaries and Wages	<u>153.3</u>	<u>148.7</u>	<u>151.7</u>	<u>\$12,373</u>	<u>\$13,096</u>	<u>\$13,584</u>
Staff Benefits	-	-	-	6,063	5,446	5,709
Totals, Personal Services	<u>153.3</u>	<u>148.7</u>	<u>151.7</u>	<u>\$18,436</u>	<u>\$18,542</u>	<u>\$19,293</u>
OPERATING EXPENSES AND EQUIPMENT				\$8,735	\$9,121	\$10,540
SPECIAL ITEMS OF EXPENSES				-	1,204	-
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				<u>\$27,171</u>	<u>\$28,867</u>	<u>\$29,833</u>

	2 Local Assistance		
	Expenditures		
	2017-18*	2018-19*	2019-20*
Grants and Subventions - Governmental	\$1,459	\$2,415	\$2,253
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	<u>\$1,459</u>	<u>\$2,415</u>	<u>\$2,253</u>

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DETAIL OF APPROPRIATIONS AND ADJUSTMENTS †

1 STATE OPERATIONS	2017-18*	2018-19*	2019-20*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$16,724	\$18,150	\$20,552

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ATTACHMENT I

3720 California Coastal Commission - Continued

1 STATE OPERATIONS	2017-18*	2018-19*	2019-20*
Allocation for Employee Compensation	-	433	-
Allocation for Other Post-Employment Benefits	-	117	-
Allocation for Staff Benefits	-	162	-
Item 9840 Executive Order - Attorney's Fees and External Counsel Costs	-	1,204	-
Section 3.60 Pension Contribution Adjustment	-	102	-
TOTALS, EXPENDITURES	\$16,724	\$20,168	\$20,552
0140 California Environmental License Plate Fund			
APPROPRIATIONS			
001 Budget Act appropriation	-	\$55	\$433
TOTALS, EXPENDITURES	-	\$55	\$433
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$766	\$767	\$801
Allocation for Employee Compensation	-	18	-
Allocation for Other Post-Employment Benefits	-	5	-
Allocation for Staff Benefits	-	7	-
Section 3.60 Pension Contribution Adjustment	-	4	-
TOTALS, EXPENDITURES	\$766	\$801	\$801
0565 State Coastal Conservancy Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$273	\$273	\$285
Allocation for Employee Compensation	-	6	-
Allocation for Other Post-Employment Benefits	-	2	-
Allocation for Staff Benefits	-	2	-
Section 3.60 Pension Contribution Adjustment	-	2	-
TOTALS, EXPENDITURES	\$273	\$285	\$285
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$2,817	\$2,817	\$2,758
Allocation for Employee Compensation	-	28	-
Allocation for Other Post-Employment Benefits	-	7	-
Allocation for Staff Benefits	-	10	-
Control Section 8.50 - Coastal Zone Management Program Federal Grant Increase	-	190	-
Section 3.60 Pension Contribution Adjustment	-	7	-
TOTALS, EXPENDITURES	\$2,817	\$3,059	\$2,758
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$4,342	\$2,996	\$3,476
TOTALS, EXPENDITURES	\$4,342	\$2,996	\$3,476
3123 Coastal Act Services Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$1,433	\$1,433	\$1,463
Allocation for Employee Compensation	-	2	-
Allocation for Staff Benefits	-	1	-
Section 3.60 Pension Contribution Adjustment	-	2	-
TOTALS, EXPENDITURES	\$1,433	\$1,438	\$1,463
3228 Greenhouse Gas Reduction Fund			
APPROPRIATIONS			
Per Provision 1 of Item 3760-101-3228, Budget Act of 2017 as added by Chapter 249, Statutes of 2017	\$750	-	-
TOTALS, EXPENDITURES	\$750	-	-

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ATTACHMENT I

3720 California Coastal Commission - Continued

1 STATE OPERATIONS	2017-18*	2018-19*	2019-20*
8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$66	-	-
Revenue and Taxation Code sections 18745-18748	-	65	65
TOTALS, EXPENDITURES	\$66	\$65	\$65
Total Expenditures, All Funds, (State Operations)	\$27,171	\$28,867	\$29,833
2 LOCAL ASSISTANCE	2017-18*	2018-19*	2019-20*
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$503	\$503	\$503
TOTALS, EXPENDITURES	\$503	\$503	\$503
3228 Greenhouse Gas Reduction Fund			
APPROPRIATIONS			
101 Budget Act appropriation	-	\$1,500	\$1,500
Per Provision 1 of Item 3760-101-3228, Budget Act of 2017 as added by Chapter 249, Statutes of 2017	750	-	-
TOTALS, EXPENDITURES	\$750	\$1,500	\$1,500
8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$206	-	-
Revenue and Taxation Code sections 18745-18748	-	412	250
TOTALS, EXPENDITURES	\$206	\$412	\$250
Total Expenditures, All Funds, (Local Assistance)	\$1,459	\$2,415	\$2,253
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$28,630	\$31,282	\$32,086

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FUND CONDITION STATEMENTS †

	2017-18*	2018-19*	2019-20*
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund^a			
BEGINNING BALANCE	\$331	\$226	\$118
Adjusted Beginning Balance	\$331	\$226	\$118
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4142500 License Plate Fees - Personalized Plates	1,354	1,291	1,275
4171400 Escheat - Unclaimed Checks, Warrants, Bonds, and Coupons	1	-	-
Total Revenues, Transfers, and Other Adjustments	\$1,355	\$1,291	\$1,275
Total Resources	\$1,686	\$1,517	\$1,393
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
3720 California Coastal Commission (State Operations)	766	801	801
3720 California Coastal Commission (Local Assistance)	503	503	503
3760 State Coastal Conservancy (State Operations)	35	-	-
3760 State Coastal Conservancy (Local Assistance)	89	-	-

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ATTACHMENT I

3720 California Coastal Commission - Continued

	2017-18*	2018-19*	2019-20*
8880 Financial Information System for California (State Operations)	2	-	-
9892 Supplemental Pension Payments (State Operations)	-	7	8
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	65	88	78
Total Expenditures and Expenditure Adjustments	<u>\$1,460</u>	<u>\$1,399</u>	<u>\$1,390</u>
FUND BALANCE	<u>\$226</u>	<u>\$118</u>	<u>\$3</u>
Reserve for economic uncertainties	226	118	3
3123 Coastal Act Services Fund^S			
BEGINNING BALANCE	<u>\$3,196</u>	<u>\$2,547</u>	<u>\$1,976</u>
Adjusted Beginning Balance	<u>\$3,196</u>	<u>\$2,547</u>	<u>\$1,976</u>
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4129400 Other Regulatory Licenses and Permits	1,731	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	-584	-597	-614
Total Revenues, Transfers, and Other Adjustments	<u>\$1,147</u>	<u>\$903</u>	<u>\$886</u>
Total Resources	<u>\$4,343</u>	<u>\$3,450</u>	<u>\$2,862</u>
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
3720 California Coastal Commission (State Operations)	1,433	1,438	1,463
8880 Financial Information System for California (State Operations)	2	-	-
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	361	36	10
Total Expenditures and Expenditure Adjustments	<u>\$1,796</u>	<u>\$1,474</u>	<u>\$1,473</u>
FUND BALANCE	<u>\$2,547</u>	<u>\$1,976</u>	<u>\$1,389</u>
Reserve for economic uncertainties	2,547	1,976	1,389
8086 Protect Our Coast and Oceans Fund Voluntary Tax Contribution Fund^N			
BEGINNING BALANCE	<u>\$211</u>	<u>\$290</u>	<u>\$165</u>
Adjusted Beginning Balance	<u>\$211</u>	<u>\$290</u>	<u>\$165</u>
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
4171300 Donations	-	6	6
41716 External Revenue	35	30	30
4171620 External Revenue - Intrastate	322	322	322
Total Revenues, Transfers, and Other Adjustments	<u>\$357</u>	<u>\$358</u>	<u>\$358</u>
Total Resources	<u>\$568</u>	<u>\$648</u>	<u>\$523</u>
EXPENDITURE AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
3720 California Coastal Commission (State Operations)	66	65	65
3720 California Coastal Commission (Local Assistance)	206	412	250
7730 Franchise Tax Board (State Operations)	6	6	6
Total Expenditures and Expenditure Adjustments	<u>\$278</u>	<u>\$483</u>	<u>\$321</u>
FUND BALANCE	<u>\$290</u>	<u>\$165</u>	<u>\$202</u>
Reserve for economic uncertainties	290	165	202

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ATTACHMENT I

3720 California Coastal Commission - Continued

CHANGES IN AUTHORIZED POSITIONS †

	Positions			Expenditures		
	2017-18	2018-19	2019-20	2017-18*	2018-19*	2019-20*
Baseline Positions	147.7	148.7	148.7	\$14,306	\$12,541	\$14,120
Salary and Other Adjustments	5.6	-	-	-1,933	555	-1,098
Workload and Administrative Adjustments						
Caltrans Reimbursement Funding						
Various	-	-	-	-	-	252
Environmental Justice/Tribal Consultation Program						
Coastal Program Mgr	-	-	1.0	-	-	97
Staff Svcs Analyst (Gen)	-	-	1.0	-	-	61
Funding Extension for Operational Costs						
Various	-	-	-	-	-	77
Legal Support						
Sr Legal Analyst	-	-	1.0	-	-	75
TOTALS, WORKLOAD AND ADMINISTRATIVE ADJUSTMENTS	-	-	3.0	\$-	\$-	\$562
Totals, Adjustments	5.6	-	3.0	\$-1,933	\$555	\$-536
TOTALS, SALARIES AND WAGES	153.3	148.7	151.7	\$12,373	\$13,096	\$13,584

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CALIFORNIA COASTAL COMMISSION		BUDGET SPENDING HISTORY State Operations (Actual Expenditures)											FYs 1972-1973 through 2019-2020			8/27/2019	
Dollars rounded to Thousands		Other State Funds											Personnel Years				
Budget Year	General Fund ^W	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 Coastal Commission	Federal Funds BCDC/SCC	Reimbursements	Total Coastal Commission Funds	Perm PY	Temp Help PY	Total PY ^W
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/v	\$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

CALIFORNIA COASTAL COMMISSION		BUDGET SPENDING HISTORY State Operations (Actual Expenditures)											FYs 1972-1973 through 2019-2020			8/27/2019	
Dollars rounded to Thousands		Other State Funds											Personnel Years				
Budget Year	General Fund ^{a/}	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 ^{b/}
2015-2016 f//	\$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/	\$15,715,000	\$0	\$0	\$0	\$766,000	\$1,433,000	\$273,000	\$66,000	\$0	\$750,000	\$2,177,000	\$640,000	\$3,561,000	\$24,741,000	151.7	9.8	161.5
2018-2019 d/k/	\$18,921,000	\$0	\$55,000	\$0	\$801,000	\$1,438,000	\$285,000	\$65,000	\$0	\$750,000	\$2,340,000	\$719,000	\$2,172,000	\$26,827,000	168.2	6.8	175.0
2019-2020 d/k/	\$20,552,000	\$0	\$433,000	\$0	\$801,000	\$1,463,000	\$285,000	\$65,000	\$0	\$750,000	\$2,034,000	\$724,000	\$3,476,000	\$29,859,000	168.2	6.8	175.0

- 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 administrator, 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: 19-19
SUBJECT: 2020-21 BUDGET POLICY	DATE ISSUED: July 23, 2019
REFERENCES: <u>BL 19-06</u>	SUPERSEDES: 18-15

TO: Agency Secretaries
Department Directors
Department Chief Counsels
Department Chief Information Officers
Department Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter sets forth the Department of Finance's policy guidelines for preparation of the proposed 2020-21 Governor's Budget. As a reminder, BL 19-06, which Finance issued on June 18, 2019, outlines the technical and procedural requirements for preparation of the 2020-21 Governor's Budget.

Priorities

The Administration's primary budget focus continues to be maintaining a structurally balanced budget that preserves critical state services, promotes affordability and economic opportunity, and pays down state debts and obligations. We must continue to plan and save for tougher budget times ahead given the growing uncertainty related to the global political and economic climate, federal policies, and the potential end of the current economic expansion that has surpassed historical averages. Departments must continue to control cost, identify and implement efficiencies, and refrain from creating new—or expanding existing—programs. Accordingly, Finance's consideration and approval of BCPs requesting ongoing General Fund for discretionary program expansions will be significantly limited.

Budget Change Proposals (BCPs) and Enrollment/Caseload/Population (ECP)

Finance will consider workload budget and technical requests to maintain current service levels for existing authorized services as we traditionally have—based on current law, the merits of the proposal, and the availability of funding, regardless of fund source. These include existing or ongoing information technology and capital outlay projects. In addition, Finance will consider proposals for one-time investments, subject to the availability of General Fund. This criteria applies to all departments, including those not under the Governor's direct authority.

Departments should contact their Finance Program Budget Manager before the BCP or ECP due date, ideally by late July, to identify workload budget and technical requests that may be submitted. I strongly encourage you to work collaboratively with your Finance Program Budget Manager on an ongoing basis to prioritize budget requests prior to submitting any proposals.

Requests not meeting the criteria above, and/or that were not discussed with your Finance Program Budget Manager prior to submission, will not be considered for inclusion in the 2020-21 Governor's Budget. They will be returned without review.

Workload budget and technical requests, including Budget Bill language changes, are due to Finance no later than Tuesday, September 3, 2019, or by an earlier date established by the Finance Program Budget Manager.

(Exception: BCPs for chaptered legislation and late requests approved by Finance, as well as Early Engagement BCPs for which departments completed the agreed upon process, including in-depth meetings to evaluate alternatives). Contact your Finance budget analyst for fall ECP due dates. Detailed instructions for submitting BCP packages will be provided in a subsequent BL.

Departments must use the current BCP forms and Hyperion upload templates, as applicable, which are available on the [Budget Forms](#) page of Finance's website.

Budget Confidentiality

Information contained in BCP and ECP proposals is an integral part of the Governor's deliberation process. Accordingly, departments must treat proposals as privileged and confidential until and unless the proposal is released to the Legislature as part of the Governor's Budget, the April 1 Finance Letter process, or the May Revision. **Disapproved, unapproved, and draft BCPs or ECP changes (i.e., proposals not released to the Legislature) remain confidential indefinitely, and may not be released.** Final BCPs approved by the Administration will be posted on [Finance's website](#).

Questions about Public Records Act or litigation discovery requests for budget documents should be directed to department legal staff and, if necessary, to Finance legal staff.

If you have any questions about this Budget Letter, please contact your Finance budget analyst.

/s/ Thomas Todd for

RICHARD GILLIHAN
Chief Operating Officer

BUDGET LETTER

NUMBER: 19-06
DATE ISSUED: JUNE 18, 2019
SUPERSEDES: BL 18-07

SUBJECT: 2020-21 BUDGET PREPARATION GUIDELINES
REFERENCES: BUDGET LETTERS 18-08, 18-14, 18-22, 18-28, 18-30, 19-04, AND ATTACHMENTS

TO: Agency Secretaries
 Agency Information Officers
 Department Directors
 Department Budget and Accounting Officers
 Department 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 2020-21 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).

<i>Deadlines and Deliverables for Budget Documents due to the Department of Finance, unless otherwise noted in subsequent instructions:</i>	
End of June	Agencies, if applicable, meet with Finance counterparts to discuss concepts for the upcoming budget. At this meeting, the Finance Program Budget Manager will select only a few high priority issues per cabinet area to begin the early engagement process. This meeting will also be used to identify the universe of workload and technical adjustments approved for consideration during the fall budget process.
July – September	Convene in-depth meetings (Finance, Agencies, and Departments) to develop early engagement proposals and evaluate alternatives to address high priority issues that align with the Administration’s policy goals. NOTE: Development of related Budget Change Proposals (BCPs) will follow this intensive process.
July 15, 2019 (Monday)	To request funding for information technology projects in a fall BCP, departments are required to submit Special Project Reports, or applicable Project Approval Lifecycle (PAL) 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. If departments do not submit project documents by the July 15 deadline, related BCPs will be deferred to a later Budget cycle.

July 31, 2019 (Wednesday)	Capital Outlay Budget Change Proposals (COBCP) and Five-Year Infrastructure Plans for 2020-21, including any adjustments needed to conform to the enacted 2019-20 Budget, 2019 Five-Year Infrastructure Plans, and construction escalation.
August 16, 2019 (Friday)	Request approval from the appropriate Finance Program Budget Manager for any late BCP submittals.
September 3, 2019 (Tuesday)	Submit workload and technical BCPs, including Budget Bill and Trailer Bill language changes, to the appropriate Finance Budget Analyst.
September 12, 2019 (Thursday)	BCPs requesting funds for legislation chaptered through August 31. If legislation is enacted after August 31 then BCPs must be submitted to Finance no later than 10 calendar days after the bill is chaptered.
November 1, 2019	Finalize narrative for early engagement BCPs, including Budget Bill and Trailer Bill language changes. Finance may require an earlier deadline for departments that also submit caseload/local assistance estimates to Finance for review.
To Be Determined by Finance Budget Analyst	Enrollment, Caseload, and Population (ECP) updates and local assistance estimates due, including any associated Budget Bill and Trailer Bill language changes.

Deadlines for Financial Reporting Requirements (2018-19 year-end financial reports) due to the State Controller's Office, unless otherwise noted in subsequent instructions:

July 31, 2019 (Wednesday)	General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), and economic uncertainty funds (0374 and 0375).
August 20, 2019 (Tuesday)	All other funds.
August 20, 2019 (Tuesday)	Report of Accounts Outside the State Treasury, Report 14, due to the State Treasurer's Office.
August 20, 2019 (Tuesday)	Report of Expenditures of Federal Funds, Report 13, due to Finance, Fiscal Systems & Consulting Unit (FSCU).
September 3, 2019 (Tuesday)	Generally accepted accounting principles information, excluding independently audited financial statements.
October 1, 2019 (Tuesday)	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:

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Additional Technical Guidelines to be Issued Later.....	Attachment I
Coordination of Information	Attachment II

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: [Budget Calendars](#)

Price Letter Standards: Price Letter Standards for 2020-21 are currently targeted for distribution in early September 2019. The Department of General Services has published an updated version of its web-based 2018-19 Price Book that lists both the 2018-19 and proposed 2019-20 rates for its services, which can be viewed here: [Price Book](#).

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: [SAM Budgeting](#). Finance is updating SAM 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: [Fiscal Resources for Budget](#).

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. All BCPs and ECPs not released to the Legislature by Finance indefinitely remain working papers subject to the Governor's deliberative process privilege. These documents are to be released if and 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 with appropriate signatures in hard and/or soft copy form, as requested by Finance budget analysts. The latest version of the [DF-46](#) form departments should use to prepare the narrative portion of non-Capital Outlay proposals is available in Word format on Finance's website.

When submitting BCPs, departments using FI\$Cal/Hyperion **must provide all necessary budget information in Hyperion** – either by keying data in the system directly or by utilizing upload templates for data input – **by the due dates noted above for BCP submissions**. To upload data, departments should always use the most current template available online at [Budget Forms](#), to ensure it includes the latest program and chart of accounts information. Upon completion of the current fiscal year, Finance will make an updated version of the template available in early July. Contact your Finance budget analyst for assistance, if necessary.

Timeframe

Workload and technical BCPs (including Budget Bill and Trailer Bill language changes) must be submitted to Finance no later than **Tuesday, September 3, 2019**, 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], as well as Early Engagement BCPs for which departments completed the agreed upon process, including in-depth meetings to evaluate alternatives). All major COBCPs and the Five-Year Infrastructure Plans for 2020-21, including minor COBCPs, Capital Outlay Concept Papers (COCPs), and adjustments that are needed to conform to the enacted 2019-20 Budget, or required because of changes to the escalation of construction costs, are due by **Wednesday, July 31, 2019**.

Pursuant to Government Code section 11545, et seq., CDT is responsible for approving and overseeing information technology (IT) projects. Accordingly, a BCP that requests funding for an IT project requires the CDT's approval of a Special Project Report (SPR), or the applicable PAL documents upon release of the Governor's Budget, unless otherwise approved by Finance. Departments seeking approval are required to submit documents to CDT electronically, in accordance with Statewide Information Management Manual (SIMM) 05A. The SPR, or applicable PAL documents, are due to CDT no later than **Monday, July 15, 2019** (unless otherwise exempted by CDT), for Finance to consider any associated fall funding requests. Departments are responsible for completion and timely submission of final documents to ensure distribution of the CDT-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 Saturday, August 31, 2019, must be submitted to Finance no later than **Thursday, September 12, 2019**. For bills chaptered after August 31, related BCPs and associated IT project documents, if applicable, must be submitted **no later than 10 calendar days after the bill is chaptered**. BCPs for chaptered legislation will not be considered by Finance unless departments previously identified costs during legislative consideration of the bill. Finance will also decline review of chaptered legislation BCPs if departments submit them after the applicable time limit.

Early Engagement BCPs must be submitted to Finance no later than **November 1, 2019**, unless the Program Budget Manager approves a different BCP submittal date to allow time to complete the early engagement process.

The Agency Secretary, or Departmental Director for departments that do not report to an Agency Secretary, must approve any request for a late BCP submittal. These late submittal requests must be submitted in writing to the Finance Program Budget Manager no later than **Friday, August 16, 2019**. Requests for late submittal are limited to those issues involving the most exceptional circumstances.

General Guidelines and Procedures for BCPs and ECPs

1. **All BCPs/ECPs must fully conform to budget policies**, which will be provided in the upcoming Budget Policy BL.
2. **All information contained in approved 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.** Additionally, BCPs with IT components must be reviewed by the Agency Information Officer. 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. Budget Letter 18-23 requires **departments requesting funding for planning a project in PAL** to provide Finance a Planning Expenditure Report (DF-576) on a quarterly basis (October, January, April, and July), reflecting the status as of the end of the prior quarter.
7. **Funding for chaptered legislation** that does not contain a specific appropriation must be absorbed or requested in a BCP or other budget request.
8. 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").
9. **Local assistance estimates should not include state operations funding.** A separate BCP for state operations should be completed unless approved by your Finance Program Budget Manager to include in the estimate. These BCPs should be submitted consistent with the BCP deadlines.
10. **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 and ECP submissions 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: [Budget Bill Preparation Guidelines](#).

11. **BCPs must include all appropriate documentation (including Hyperion fiscal pages), workload statistics, and code citations.** 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.
12. 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. Departments may remove the priority number when preparing approved BCPs for public release.
13. 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.
14. 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, 2019. Salary information is available on [CalHR's website](#). Retirement rates can be found in Control Section 3.60 of the upcoming 2019 Budget Act.
15. 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.
16. Each BCP must include a **discussion of at least a few alternatives considered** (other than the one being proposed and the status quo/doing nothing) to address the identified problem.
17. 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 adjustments, implementing more efficient work processes, etc.). Depending on a department's vacancy rate and the factors contributing to that rate, Finance may recommend redirection of existing vacant positions, rather than new 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.

Position Requests for Recently Consolidated Classifications—When requesting new positions for recently consolidated classifications, departments are required to use the new consolidated classifications adopted by the State Personnel Board.

Limited-Term Positions—As a policy, Finance does not approve limited-term position authority to meet short-term workload efforts. If a temporary increase in 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, since savings result when positions return to the bottom step after staff promotions or departures, these resources are to be made available to pay for the costs of MSAs. Therefore, no workload budget adjustments will be made by Finance for MSAs.

Budget Position Transparency—Pursuant to Chapter 28, Statutes of 2015 (Senate Bill 98) and Chapter 11, Statutes of 2015 (Senate Bill 97), Government Code section 12439 was abolished and Control Section 4.11 was amended to provide more transparency in departments' budgeting of positions and expenditures by category. As a result, the 2018-19 Governor's Budget publication was adjusted to display historically filled positions, funding associated with those positions, and the amount reallocated to the appropriate budget category (e.g., staff benefits and/or OE&E). For 2020-21, the Governor's Budget will again display the Budget Position Transparency adjustment. A forthcoming Budget Letter will provide instructions for the 2020-21 Budget Position Transparency drill.

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 **Wednesday, July 31, 2019**, 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 2021-22 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.

Minor COBCPs

COBCPs for minor capital outlay projects for 2020-21 must be submitted to Finance no later than **Wednesday, July 31, 2019**, or by an earlier date established by the Finance Program Budget Manager. Detailed information on the submission of Minor COBCPs for the 2020-21 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 2018-19 year-end financial reports for submittal to the Controller's Office:

Wednesday, July 31, 2019: General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), and economic uncertainty funds (0374 and 0375).

Tuesday, August 20, 2019: 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 FI\$Cal by **August 20, 2019**, and two copies must be submitted by departments to the Controller's Office: one Excel version to blfinrep@sco.ca.gov, and one hardcopy with a signature to be sent with the year-end reports by **Tuesday, August 20, 2019**.

The Report of Expenditures of Federal Funds, Report 13, must be submitted to Finance's FSCU on or before **Tuesday, August 20, 2019**.

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. Departments may find reporting forms and information on the State Controller's website: https://www.sco.ca.gov/ard_reporting.html

Departments using FI\$Cal/PeopleSoft for accounting functions will be required to submit financial reports produced from FI\$Cal. Month-end close requirements are provided in BL 18-30. Finance will continue to provide assistance and year-end training for departments using FI\$Cal (see BL 19-04). Departments should work with their Finance accounting analyst/manager and FI\$Cal relations 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.

Additional information on available FI\$Cal training classes and training materials is available at: 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 2019. 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/.

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 13 non-capital outlay related baseline adjustment types in Hyperion that can be used to make baseline expenditure changes. 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/Thomas Todd

Thomas Todd
Program Budget Manager

Attachments

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

Subject Title	Target Release Date	Last BL Instructions	State Administrative Manual or other Internet Reference
Fund Balance Reconciliation Responsibilities	June/July	<u>BL 18-08</u>	
Baseline Budget Adjustments	July	<u>BL 18-13</u>	
Budget Change Proposal Template and Instructions	July	<u>BL 18-20</u>	
Budget Policy	July	<u>BL 18-15</u>	
Enhancements in FI\$Cal (Hyperion)	July	<u>BL 18-22</u>	
Executive Orders and Budget Revision Process	July	<u>BL 18-09</u>	
Past Year Budget Adjustments and Fund Balance Reconciliation for the Upcoming Budget Cycle	July	<u>BL 18-14</u>	
Position Control	July	<u>BL 18-16</u>	6415, et seq., 6429, 6448, and 6521
Rollover in Hyperion for the Upcoming Budget Cycle	July	<u>BL 18-11</u>	
Statewide Policies	July	<u>BL 15-07</u>	
Budget Position Transparency (Control Section 4.11)	August	<u>BL 17-27</u>	
Employee Compensation Adjustments – Item 9800	August	<u>BL 18-27</u>	
Employer Retirement Contribution Rate Adjustment (Control Section 3.60)	August	<u>BL 18-24</u>	
SWCAP/Pro Rata	August	<u>BL 18-19</u>	8752-8757
Price Letter	September	<u>BL 18-28</u>	https://www.dgs.ca.gov/OFS/Price-Book
Governor's Budget Supplementary Schedules	November	<u>BL 18-32</u>	
Submission of Final Budget Materials	December	<u>BL 18-33</u>	

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.

Topic	Lead Department	Contact	Phone
Employee Compensation/Employer Retirement Contribution Rate Adjustments/Personnel Service Contracts/Budget Position Transparency	Finance	Mary Halterman	(916) 445-3274
Environmental License Plate Fund (Fund 0140)	Resources Agency	Bryan Cash	(916) 653-6381
Greenhouse Gas Reduction Fund (Fund 3328)	Finance	Elizabeth Urie	(916) 324-0043
Health Insurance Portability and Accountability Act (HIPAA)	Health and Human Services Agency	Elaine Scordakis	(916) 651-8066
Mental Health Services Fund (3085)	Finance	Anam Khan	(916) 445-6423
Motor Vehicle Account (Fund 0044)	Finance	Amanda Martin	(916) 322-2263
Perinatal Services	Health Care Services	Olga Garti	(916) 345-8616
Petroleum Violation Escrow Account (Fund 0853)	Energy Commission	Melanie Vail	(916) 657-3705
Proposition 117 (Habitat Conservation Fund)	Resources Agency	Bryan Cash	(916) 653-6381
Proposition 56 (California Healthcare, Research, and Prevention Tobacco Tax Act of 2016)	Finance	Jacob Lam	(916) 445-6423
Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)	Office of Environmental Health Hazard Assessment	Mike Gyurics	(916) 445-8479
Proposition 98 (Classroom Instructional Improvement and Accountability Act)	Finance	Aaron Heredia	(916) 445-0328
Proposition 99 (Tobacco Tax and Health Protection Act of 1988)	Finance	Jack Zwald	(916) 445-6423
Public Resources Account (Fund 0235)	Resources Agency	Bryan Cash	(916) 653-6381
Realignment, 1991	Finance	Luis Bourgeois	(916) 445-6423
Realignment, 2011	Finance	Justin Freitas	(916) 445-6423
State Penalty Fund (Fund 0903)	Finance	Stephen Benson	(916) 445-8913

Temporary Assistance for Needy Families (TANF) Block Grant, including CalWORKs and TANF MOE	Social Services	Jim O'Brien	(916) 657-3397
Toxics			
Hazardous Waste Control Account (Fund 0014)	Toxic Substances Control	Alice Jeung	(916) 324-2993
Lead-Acid Battery Cleanup Fund (Fund 3301)	Toxic Substances Control	Alice Jeung	(916) 324-2995
Toxic Substances Control Account (Fund 0557)	Toxic Substances Control	Alice Jeung	(916) 324-2994
Unified Program Account (Fund 0028)	Cal EPA	John Paine	(916) 327-5092



State of California

DEPARTMENT OF FINANCE

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How to Write an Effective Budget Change Proposal (BCP)(REV 03/00)

A BCP is a proposal to change the level of service or funding sources for activities authorized by the Legislature, or to propose new program activities not currently authorized.

There are a number of factors that affect 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. Some of these factors are outside of a department's sphere of influence.

A well-written and documented BCP may not be approved at even the first stage. 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 public problem that needs to be addressed.

It is very important that your proposal be timely, complete, informative and concise. succinctness and clarity are key factors. If it takes lengthy documentation to identify the public need and justify your solution, provide the detail as clearly cross-referenced attachments. Remember, it is easy to disapprove a proposal which is late or incomplete. The narrative sections of the BCP form have been structured to provide answers to most of the commonly asked questions regarding BCPs and their justification. All sections may not be relevant to every BCP. Departments are encouraged to provide whatever narrative information is necessary to make their best case for the proposal.

Much has been written about how to communicate and how to perform completed staff work. Most of the main ideas are equally applicable to preparing BCPs.

Consider the following key points when writing your proposals:

Key Points

- Know your audience.
- Have a succinct, descriptive title.
- Provide a clear and concise summary.

- Document needs/problems/opportunities, quantitatively, if possible.
- Quantify workload.
- Identify benefits to be achieved, quantitatively, if possible.
- Present and evaluate viable alternatives in terms of costs and benefits.
- Address history, risks and uncertainties.
- Document the required resources needed.
- Have an independent, skeptical person critically review the proposal before submission.
- Follow the instructions.

Discussion

Know your audience. The primary audience within the Administration is your Department of Finance (DOF) Budget Analyst. The primary audience within the Legislature is your Legislative Analyst's Office (LAO) Program Analyst, and in some cases, fiscal committee staff. These are the people who must read and understand your proposal and explain it to others. Write the proposal based upon how much information will be needed to understand the request. Keep in mind that you are primarily trying to persuade the audience of your case.

Give the BCP a succinct descriptive title. The title and BCP number usually are the references to the request. It is helpful to have an easily remembered title for reference purposes for questions and discussions. This name usually becomes the title used in the DOF budget tracking system, which is used in various levels of Administration budget hearings.

Provide a clear and concise summary of the request. This should be a brief statement of what is being requested and why. This description should provide the minimum level of detail necessary for BCP discussion and decision meetings, and generally would be excerpted into the DOF budget tracking system. For these reasons, it is important that this narrative be brief, yet clear enough so that it can stand alone.

A well documented request will have self-contained answers in the analysis portion of the BCP to such questions and concerns as the following:

Nature of Request

- What is the public need for the request?
- What is being done now by your department and others to address the problem/need?
- What resources are currently being expended in the base budget related to the request?
- Why can the problem not be resolved within existing resources?
- What are the adverse impacts if this proposal is not approved? (*Be realistic in this assessment.*)
- Why are current efforts insufficient?
- How will the program be coordinated with other similar activities?
- What is the priority of this request versus other program activities in which the department is involved?

Background/History

- What is the authority (*state/federal law, regulation, Master Plan, etc.*) for this program activity/service?
- What clientele is being served, who benefits?

- What is the history (recent) of similar proposals?
- What have been recent program changes?
- What other (similar) activities, past and present, address this general area and are they effective/efficient?
- Are there examples from other States or institutions where this approach has succeeded?

State Level Considerations

- What is the state policy (*Governor, Legislature, Master Plan, Board of Trustees, etc.*) concerning this issue, or a closely related one; and is this proposal consistent with such policy?
- Why should the State assume responsibility for this change? (*Why not private, federal, local, etc.?*)
- What is the impact on other state departments?

Facility/Capital Outlay Considerations

- What is the impact on facility/capital needs? (*Will this program/positions require additional facilities? How will this need be met? Leasing, capital outlay project, other?*)

Justification

- How is this proposal consistent with the department's strategic plan? Be as specific as possible. At a minimum, identify the objective(s) this BCP will support.
- Will this proposal actually solve the problem?
- How does the proposal affect the quality of the governmental service being provided?
- Is each component in the proposal absolutely essential or just desirable (*needs vs. desires*)?
- Is this a high priority long-term need, and if so, how does the proposal affect the long-term problem?
- Why is the recommended program level the correct one? Why does this have to be done now? Can it wait?
- Are or can other non-state funding sources be made available?
- Are program/proposal objectives set forth in quantifiable terms?
- What facts and figures support the recommendation?
- What statements/information from authorities and clients support the request?
- What support/opposition is there to the request?
 - Any legal considerations?
 - Is the proposal technologically sound?

Include quantifiable workload/cost information, i.e., the basis for determining the level of activities that must be performed and the related number of personnel years (PYs) requested and the dollars requested. If the proposal involves a new program for which actual workload data are unavailable, the workload assumptions, and the basis for those assumptions, should be clearly set forth in the proposal. Provide functional descriptions of what staff or other resources will accomplish.

The BCP should identify what goal/objective is to be achieved and include a discussion or provide the criteria by which the success or benefits of the request can be judged. As an example, if a proposal were to establish a pilot or new program, the request should include evaluation criteria. That is, the proposal should set forth a plan including who will evaluate, how and when the evaluation will be

conducted, and what will be measured. (NOTE: This may be more relevant in some program areas than others but certainly should be a consideration.)

Analysis of All Feasible Alternatives

Include an analysis of all feasible alternatives to addressing the problem. A position often taken by a department is that there are no other viable/possible alternatives. Such a claim is generally refuted, since DOF/LAO often suggest alternatives. Decisions on BCPs very often reflect these "other" alternatives.

A well documented proposal also provides alternatives and presents an analysis on why the selected recommendation best meets the problem/need, and indicates what adverse action would result if the request were denied. Such analysis should incorporate the assumptions/constraints, impact on benefits or quantifiable measures of effectiveness, risks and uncertainties (*probability of success*).

Timetable

Include a timetable for implementing the request – steps necessary, PYs, and costs.

Common Pitfalls to Avoid Include the Following:

- **Untimely submission of requests.**
- **Undefined problem, i.e., proposing a solution to an unspecified, unquantified problem.**
- **Lack of detail relating to actual needs.**
- **No/little quantification of needs/benefits.**
- **Objectives unachievable, of unreasonable dimension, or not feasible.**
- **Expected results are too general/not specific.**
- **No/little discussion of viable, alternative solutions.**
- **Insufficient documentation, workload and cost justification.**
- **Unsupportable and unreasonable assumptions.**
- **Lack of overall planning or coordination.**
- **No indication of priority for the request.**
- **Avoid addressing issues related to the request (*because you think/hope others will not think of them*).**
- **Case not compelling.**

