TO: Agency Secretaries
   Department Directors
   Department Budget Officers
   Departmental Accounting Officers
   Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

In past years, including last year, there were several late Section 28.00 requests, which resulted in admonitions by the Legislature and a change to Section 28.00 in the 2007 Budget Act. As noted in BL 07-25, the following revisions were made to Section 28.00:

- Augmentations for items for which the Administration had knowledge to include in its current budget plan should not be submitted through this Section. Augmentations for items which can be deferred to the subsequent budget year should be included in the Administration’s ensuing budget proposals.

- The threshold for notification to the Legislature increased from $200,000 to $400,000.

- In order to receive consideration for an augmentation, departments are required to either (1) notify the Department of Finance (Finance) within 45 days of receiving official notification that additional federal or nonstate funds will be received, or (2) explain in writing to Finance why sending a notification to Finance within 45 days was infeasible or impractical. In either case, the department must provide Finance a copy of the official notice of fund availability.

In order to assist departments in fully complying with the revised Section 28.00, Finance has created a new Section 28.00 Application (DF-90), as well as a separate Section 28.50 Application (DF-91). A subsequent Budget Letter regarding Section 28.50 will be issued at a later date. The previous Section 28.00/28.50 Application (DF-47) is no longer available.

For Section 28.00 budget adjustments, departments will now be required to explain how additional funds to be received from federal or local governments or any other non-state entity meet the requirements listed in paragraph (b) of this section. The explanation must include the purpose for the expense and the reason the funds must be expended in the current fiscal year. The requirements of Section 28.00, paragraph (b) are as follows:

1. The funds will be expended for a purpose that is consistent with state law.
2. The funds are made available to the state under conditions permitting their use only for a specified purpose, and the additional expenditure proposed under this section would apply to that specified funding purpose.
3. Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.
(4) The need exists to expend the additional funding during the current fiscal year.

Please note that the Section 28.00 Application and the accompanying Budget Revision will constitute the departments’ notice to Finance. Additionally, a copy of the official notice of fund availability must be included with the Section 28.00 Application to Finance as required by Section 28.00 subparagraph (c).

**Strict adherence to all provisions and requirements in Section 28.00 is critical. Requests not fully complying with all the provisions will be denied.**

Additional information on Section 28.00 is available via the Budget Analyst Guide (BAG), Section 26, 28/28.5 Guidelines, at [http://www.dof.ca.gov/fisa/bag/bagtoc.htm](http://www.dof.ca.gov/fisa/bag/bagtoc.htm).

If you have any questions regarding the process for Section 28.00 requests, please contact your Finance budget analyst.

/s/ Vincent P. Brown

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