

# BUDGET LETTER

<b>SUBJECT:</b> POSITION CONTROL	<b>NUMBER:</b> 16-30
<b>REFERENCES:</b> SAM 6506-6527 AND CONTROL SECTION 31.00	<b>DATE ISSUED:</b> October 07, 2016
	<b>SUPERSEDES:</b> N/A

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

FROM: DEPARTMENT OF FINANCE

**BUDGET OFFICERS ARE REQUESTED TO FORWARD A COPY OF THIS BUDGET LETTER TO DEPARTMENTAL PERSONNEL OFFICERS.**

This Budget Letter (BL) serves as a reminder to departmental personnel regarding policies and processes related to statewide position authority. Generally, adjustments to permanent authorized positions are required to be reviewed and approved through the normal budgetary and legislative process. In addition to these formal processes, administrative tools exist to provide state departments some flexibility in managing the size and classifications of their workforce. Some of these administrative tools include Control Section (Section) 31.00 and the Temporary Help Blanket (Blanket). Budget Position Transparency (BL 15-22), elimination and redistribution of Salary Savings (BL 12-03), and the elimination of Government Code 12439 vacant position sweeps also have been implemented to align actual departmental personnel costs with operating needs.

These processes are intended to balance department flexibility with an appropriate level of budget oversight and accountability. However, Finance has identified inconsistencies with the application of Section 31.00 regarding the process for reclassifying positions and is providing the following as guidance.

**Departments shall not reclassify positions above statutory thresholds set annually in Section 31.00—and cannot make appointments under any circumstances to those positions—before Finance approval has been received.**

While Finance review of the reclassification request is pending, it is inappropriate to use the Blanket or other mechanism to temporarily upgrade the position. Finance approval of the standard 607 form required by Section 31.00 cannot be assured.

Finance will review standard 607 requests within 30 business days of receipt. For occasional and urgent personnel matters, please contact your Finance Principal Program Budget Analyst to discuss options for an expedited review.

Finance is currently in the process of reviewing the adherence to Section 31.00 and will be contacting departmental executive management regarding specific personnel transactions. After this analysis is completed, Finance will work with the State Controller's Office to regularly review the use of the Blanket and administratively established positions. As circumstances warrant, departments in violation of Section 31.00 could be subject to audits, loss of delegated authority, and/or other administrative action, including the reversal of the personnel transactions in question.

## **Application of Section 31.00**

Section 31.00 within the annual Budget Act provides authority to administratively establish and reclassify positions within an existing appropriation, subject to specified criteria. The intent of Section 31.00 is to provide departments with the flexibility to quickly respond to changes in workload and operational needs outside of the normal budgetary and legislative process. Administratively establishing positions is generally reserved for circumstances that mandate additional, previously-unanticipated current year workload. These positions are considered temporary until a request for permanent position authority and/or funding is approved for the following budget cycle. Section 31.00 also provides a process to reclassify existing authorized positions, under certain circumstances, to accommodate changes in personnel and operational needs, such as reorganizations, or changes in programmatic needs. Provisions in Section 31.00 and guidelines in this Budget Letter apply to all departments that have an appropriation in the annual budget act.

### **I. Reclassifying Positions**

Through the normal personnel services cycle and/or as operational needs change, it is common for departments to reclassify existing authorized positions. Examples include promotions in place, upgrading or downgrading classifications, departmental reorganizations, etc. Section 31.00 provides authority for departments to reclassify positions; however, under specific circumstances the department is required to obtain approval from Finance before the reclassification can be effectuated.

Process for reclassifying positions:

1. Reclassifications to a position classification with a maximum salary range below \$7,331 (equivalent of a Staff Services Manager II as of the 2016 Budget Act) require a standard 607 form be submitted to the State Controller's Office (SCO) for review. Reclassifications below this threshold can be processed without Finance approval.
2. Reclassifications to a position classification with a maximum salary range of \$7,331 or above must be approved by Finance prior to submitting the standard 607 to the SCO (even if the position has been previously established at a higher level).
3. Position reclassifications requiring Finance approval must include all of the following supporting documentation with their request. If Position Reclassification packages are incomplete, they will not be reviewed and returned back to departments for resubmission.
  - a. The completed standard 607 form
  - b. Written justification for the upgrade
  - c. Duty statements for the current and proposed position
  - d. Current and revised organizational charts
  - e. Identification of the adequate and appropriate funding source that will absorb the additional costs
  - f. Any other supporting documentation relevant to the reclassification including but not limited to approved Budget Change Proposals, Chaptered Legislation, approved regulations, etc.
4. Once the department has received approval from Finance to complete the reclassification, the standard 607 can be submitted to the SCO and the information can be updated in the payroll system.

## II. Administratively Establishing Positions

Circumstances may arise, outside of normal budget and legislative cycles, in which departments require additional personnel to meet critical and time sensitive workload demands. Some examples include the receipt of additional Federal Funds or chaptered legislation requiring additional positions to meet new workload. In such circumstances, departments have authority pursuant to Section 31.00 to request approval from Finance to hire additional employees beyond what has been authorized by the Legislature, if additional costs can be absorbed within their existing appropriation authority.

Additionally, if the administratively established positions are intended to be ongoing, departments are required to submit a Budget Change Proposal (BCP) for consideration in the proceeding budget cycle. The need to administratively establish positions outside of the budget and legislative processes is not common and typically reserved for critical and immediate needs.

Process for administratively establishing positions:

1. Department identifies an immediate and critical need for additional current year authorized positions.
2. Department submits a standard 607 form to Finance requesting to administratively establish positions. At a minimum, all of the following should be included with the request. All incomplete submissions will be returned for resubmission.
  - a. The completed standard 607 form
  - b. Notification to the Joint Legislative Budget Committee (JLBC), if applicable
  - c. Written justification for the additional positions
  - d. Duty statements for the proposed positions
  - e. Current and revised organizational charts
  - f. Identification of the adequate and appropriate funding source that will absorb the additional costs
  - g. Any other supporting documentation relevant to the request including chaptered Legislation, approved regulations, etc.
3. Although administratively established positions do not require immediate legislative approval, departments are required to submit a BCP for the proceeding budget cycle affording the Legislature an opportunity to review and approve ongoing resources. If a BCP is not submitted and approved, the position(s) will expire June 30<sup>th</sup> of the fiscal year when they are established.

### **Temporary Help Blanket**

The Temporary Help Blanket, known as the “Blanket,” is a budgetary tool that provides staffing flexibility to meet operational needs and allows departments to hire above the Total Authorized Positions “cap”. Permanent employees can be hired into the Blanket to address increases in workload to the extent the department can absorb the additional personnel costs. However, the employee must be moved into an authorized position as soon as a vacancy becomes available. In addition to hiring staff on a temporary basis, the Blanket may be used to fund other personnel-related expenditures such as:

- a. Employees on temporary or extended leaves of absence, sick leave, military leave, etc.
- b. Seasonal employees.
- c. Retaining an employee for training purposes. This may be necessary to ensure continuity of operations when an employee in a key role leaves a department.

- d. Payment to a separating employee for unused, accrued leave.

Section 31.00 and the Blanket are tools intended to assist departments in managing their operations. It is important that departments adhere to policies and procedures regarding the use of these tools. Inappropriate use of Section 31.00 or the Blanket may result in audits, the elimination of delegated authorities, and/or other administrative actions.

/s/Justyn Howard

Justyn Howard  
Program Budget Manager