

BUDGET LETTER

NUMBER: 08-07
DATE ISSUED: APRIL 10, 2008
SUPERSEDES: BL 07-08

SUBJECT: 2009-10 BUDGET PREPARATION GUIDELINES
REFERENCES:

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

FROM: DEPARTMENT OF FINANCE

NOTE: Each department with a Capital Outlay program—please provide a copy of this Budget Letter (BL) to your facility manager.

The Department of Finance (Finance) is issuing this technical BL to assist departments in planning for the 2009-10 budget process. This technical BL contains budget preparation instructions relevant to departments at this time. Other specific technical instructions are more valuable when issued closer to the time that specific budget documents are prepared, such as past year Schedule 10s. Technical instructions of that nature will be issued at the appropriate time.

This BL provides instructions and information on the following topics. ***Bolded italic titles*** denote either new information or significantly revised sections.

1. <i>General Information</i>	2 (page)
2. Budget Change Proposals (BCP)	2 - 5
▪ Timeframe	3
▪ Where to Get the BCP Form.....	3
▪ <i>General Guidelines and Procedures</i>	4 - 5
3. Positions Related Guidelines	5
4. Capital Outlay Budget Change Proposals	6
5. Information Technology.....	6
6. Financial Reporting Requirements (deadlines)	7
7. Pro Rata Assessments and SWCAP Allocations	7
8. Planning Estimate Adjustments	8 - 10
▪ Deficiencies	8
▪ Employee Compensation.....	9
▪ Price Increase for Operating Expenses and Equipment	10
9. Miscellaneous Baseline Adjustments	11
10. Additional Technical Guidelines to be Issued Later.....	Attachment I
11. Annual Budget Preparation Calendar	Attachment II
12. Information Coordination.....	Attachment III

I. GENERAL INFORMATION

The guidelines in this BL apply primarily to BCPs related to state operations and local assistance. See BL 08-01 for Capital Outlay Budget Change Proposals (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 Development Guidelines: This BL provides certain guidelines for the technical/procedural preparation of the 2009-10 Governor's Budget. Additional technical guidelines will be issued at a later time to facilitate preparation of various budget documents (Attachment I).

Budget Preparation Calendar: A brief Budget Preparation Calendar is provided to assist departments with the overall planning of the budget preparation process (Attachment II). More detailed general budget timetables are available in the Budget Analyst Guide (BAG) under Budget Calendars at: <http://www.dof.ca.gov/fisa/bag/budgetcalendars.htm>.

Price Letter Standards: Price Letter Standards for 2009-10 is currently targeted for distribution in August 2008. Please note that the Department of General Services (DGS) has recently published (i.e., January 2008) the web-based 2007-08 Price Book and Directory of Services, which also includes the 2008-09 proposed rates. The proposed 2008-09 rates are included for the departments' planning purposes only. The 2008-09 rates will only become effective upon the passage of the 2008 Budget Act, and as such they are subject to approval by the Legislature. At this time, the 2008-09 DGS Price Book is expected to be available in the summer of 2008.

State Administrative Manual: The budgeting chapter (Chapter 6000) of SAM is a valuable source of information on the technical aspects of the budget and legislative processes. SAM Chapter 6000 can be accessed on the Internet at: <http://sam.dgs.ca.gov/default.htm>.

Timeliness and Confidentiality: As always, strict adherence to all schedules and due dates stipulated in this memo and in the attachments is required. **Until release of the Governor's Budget, please remember that all information contained in budget documents used during the Governor's Budget development process is strictly confidential.**

Statewide Information Technology (IT) Governance: Effective January 1, 2008, the information technology review and oversight functions of Finance's Office of Technology Review, Oversight, and Security (OTROS) transitioned to the newly created Office of the State Chief Information Officer (OCIO). The OCIO will issue revisions or additions to IT project reporting and oversight requirements as necessary through separate notice. Changes to IT budget procedures and policy may be issued jointly by the OCIO and Finance. In the meantime, departments should follow the instructions in this Budget Letter and in Budget Letter 08-06, Transition of IT Project Review, Approval and Oversight Responsibilities from the Department of Finance to the Office of the State Chief Information Officer, and Information Technology Budgeting Guidelines, until they are notified of any changes.

II. BUDGET CHANGE PROPOSALS

Timeframe

BCPs, including requests for Budget Bill language changes, must be submitted to Finance no later than **September 12, 2008**, or by an earlier date established by the Finance Program Budget Manager. [**Exception:** BCPs for chaptered legislation and late requests approved by Finance (see below)]. All major COBCPs and the Five-Year Infrastructure Plans for 2009-10 are due by **July 1, 2008**, including minor COBCPs and Capital Outlay Concept Papers (COCs), per BL 08-01. However, all major COBCPs requesting funding in 2009-10 must be received by **April 1, 2008**.

BCPs pertaining to IT projects are subject to the same submittal deadlines as other BCPs. Departments subject to OCIO IT reporting requirements are responsible for preparing the appropriate project documents (Feasibility Study Reports (FSR) and Special Project Reports (SPR)) for projects associated with BCPs submitted for the fall budget process. The project documents must be received by the OCIO by **July 15, 2008**. **In addition, each department's Chief Information Officer (CIO) is required to review and sign all BCPs with IT components prior to submission to Finance.** Any questions regarding OCIO IT reporting requirements should be addressed to the respective OCIO Review and Oversight manager. (see <http://www.cio.ca.gov/staffAssignments.html>).

BCPs requesting funds for legislation chaptered through August 31, 2008, must be submitted no later than September 12, 2008. However, for bills enacted after August 31, BCPs must be submitted **no later than 10 calendar days after the chaptering of the bill**. No BCPs for chaptered legislation will be accepted if submitted after the applicable time limit.

The Agency Secretary, or Departmental Director for those departments that do not report to an Agency Secretary, must approve any request for late BCP submittal. These late requests must be submitted in writing to **Fred Klass**, Chief Operating Officer, Department of Finance, no later than **August 22, 2008**. Requests for late submittal are limited to those issues involving the most exceptional circumstances.

Where to Get the BCP Form

The latest version (April 2008) of the BCP form is available either entirely in Word format or as a combination of a Word document (text portions) and an Excel spreadsheet (fiscal detail). The combination version should reduce the time and effort needed to enter numbers in the BCP, and it will reduce errors by making most calculations automatically.

- Departments may obtain both versions and instructions for completion of the BCP forms (DF 46) via a Word or a Word/Excel document downloaded or a hard copy printed from the Finance BL website at: http://www.dof.ca.gov/html/budlettr/forms/fin_form.htm.

Hard copy BCP submittals are still required. Do not submit BCPs electronically.

In order to assist in the development of quality and effective BCPs, suggestions on how to write BCPs and some examples are available in the Budget Analyst Guide (BAG) at <http://www.dof.ca.gov/fisa/bag/bagtoc.htm>.

General Guidelines and Procedures for BCPs

1. **All information contained in BCPs 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). Disapproved BCPs and disapproved versions of BCPs 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 with Finance legal staff.
2. **The appropriate Agency Secretary must approve BCPs (including COBCPs).** Departments proposing changes which involve other departments or other departments' funds must obtain and attach written concurrence and/or comments on the proposed change from the affected department(s) Director(s) or designee(s) prior to submitting the BCP to Finance. **The BCP form requires each department's CIO 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.
3. **BCPs must be submitted in duplicate**, except that BCPs requesting funds for IT, auditing and/or accounting positions, which propose increased facility operations expenditures (lease costs), related capital outlay costs, or that impact other departments must be submitted in quadruplicate.
4. **Funding for chaptered legislation that does not contain a specific appropriation must be requested in a BCP.**
5. 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").
6. BCPs requesting additional funds for IT projects must be supported by an FSR or SPR. FSRs and SPRs must be submitted to the OCIO by **July 15, 2008**.
7. **Departments must provide a well-written, complete BCP.** Departments must not rely on providing subsequent back-up material to respond to Finance inquiries to provide needed justification for the request. There simply is not sufficient time to explain and refine every proposal through a question and answer process. BCPs, which are incomplete by virtue of failing to provide relevant, critical, and substantiating information in written form, may be returned to departments without analysis at the discretion of Finance. When applicable, departments' BCPs must include any proposed provisional, trailer bill, reversion, or reappropriation language. In the case of provisional and trailer bill language, the BCP must effectively justify the need for this language and the programmatic implications associated with it. As regards to reappropriation and reversion language, the BCP must clearly identify the relevant budget acts, items, and funds proposed for reappropriation and reversion, as well as the appropriate timeframes for encumbrance and liquidation.
8. **BCPs must include all appropriate documentation, workload statistics, and code citations.** BCPs must be of good quality or they will be returned without consideration. Do not use type fonts smaller than Arial 11 point or comparable for the

“Analysis of Problem” section. Each BCP must be submitted in hard copy on the prescribed form. Note that the fiscal detail for personal services and operating expenses **must** be provided as shown on the BCP form and **not** in the abbreviated format that appears in the Governor’s Budget. The budget year-plus-one fiscal data **must** be provided. In general, a BCP must be submitted in the following year to address the budget year-plus-one fiscal impact. If a proposed change is funded through redirection, both the positive and negative changes must be reflected on separate Fiscal Detail Sheets. 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 element within programs, provide a summary of the overall fiscal detail and attach a separate fiscal detail sheet for each program/element affected. All program information must be consistent with the display in the Governor’s Budget.

9. BCPs must be assigned an individual priority number and address a single issue. (Priority must be indicated by sequential numbering, with No. 1 being the highest priority.) Multiple issues may not be consolidated as a single priority. However, BCPs that address a single issue, but impact multiple programs, divisions, or units, may be consolidated.
10. Responses to all items identified in the BCP form are required. BCPs must describe the methods of calculation and sources of data for all numbers used, either in Section G “Analysis of All Feasible Alternatives” in the “Analysis of Problem”, or as a separate attachment. Departments are encouraged to consult with their Finance Budget Analysts on analytical approaches, data sources, and content of the written BCPs prior to submission to Finance.
11. 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 in the “Analysis of Problem” Section D “Facility/Capital Outlay Considerations”. **BCPs that do not include this information will not be considered.**
12. In the “Analysis of Problem,” Section E “Justification,” it 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.
13. Each BCP must include a discussion of alternative ways (other than the one being proposed and the status quo) to address the identified problem. **Submittals that do not meet these criteria will be rejected.**
14. Attachment III provides a list of designated lead agencies responsible for the coordination of specified subject areas/programs.

III. POSITIONS RELATED GUIDELINES

Requests for New Positions—The Administration’s policy is to continue to contain the growth in authorized positions. Requests for new positions generally will be limited to redirections of existing positions. When requesting new positions, departments are required to clearly establish the long and short-term benefits to be gained by increasing personnel as opposed to other possible alternatives (e.g., automation, workload readjustments). Other alternatives that have been considered must also be identified and analyzed. BCPs requesting new positions must effectively justify why a redirection

is not possible. If new positions are approved, positions will be budgeted at the mid-step, unless evidence is provided justifying a higher level for hard-to-fill classifications or based on the department's hiring practices. Finance must approve the establishment of any position above mid-step of the respective salary range.

IV. CAPITAL OUTLAY BUDGET CHANGE PROPOSALS

Major Capital Outlay Budget Change Proposals (COBCPs)

Technical revisions to departments' 2009-10 COBCPs submitted by April 16, 2008, will be accepted by Finance through **September 2, 2008**, for conforming action to the enacted 2008-09 Budget. BL 08-01 provides more specific instructions and due dates for submitting five-year infrastructure plans, COBCPs, and COCPs.

Changes for any other reason may be deferred to the 2010-11 capital outlay budget cycle. The capital outlay process is described in SAM Sections 6801, et seq. and is available at the DGS website at: <http://sam.dgs.ca.gov/TOC/6000/6801.htm>.

In some cases, revised COBCPs submitted to conform to the 2008 Budget Act may necessitate amendments to departmental Five-Year Infrastructure Plans required by Chapter 606, Statutes of 1999 (AB 1473). This legislation requires the Governor to annually submit a five-year capital infrastructure plan in conjunction with the Governor's Budget. Detailed information on the submission of Five-Year Infrastructure Plans and COBCPs for the 2008-09 fiscal year is provided in BL 08-01. In addition, a procedures manual for completing the five-year plan in accordance with the requirements of Chapter 606 is available on Finance's website: <http://www.dof.ca.gov/fisa/bag/bagtoc.htm>, Capital Infrastructure Plan Procedures.

As Finance capital outlay staff begins to review the five-year plans, some departments may be directed to provide clarification and/or amendments to their plans. Departmental responses to these requests should be timely to avoid delaying the preparation of the Governor's Five-Year Infrastructure Plan.

Minor COBCPs

COBCPs for minor capital outlay projects for 2009-10 must be detailed by specific projects with cost and scope information and submitted to Finance no later than **July 1, 2008**. Future instructions will be provided related to spreadsheet submittals. **Send two copies to Finance** and two copies to DGS Customer Account Management Branch. The dollar limit for each minor capital outlay project is \$400,000 for most agencies and \$736,000 for departments within the Resources Agency, per BL 08-03.

V. INFORMATION TECHNOLOGY

Please refer to BL 08-06 for specific IT Budgeting Guidelines.

Line-item display in the Governor's Budget

Although "information technology" is not displayed as a separate line in the Expenditure by Category (Summary by Object), departments must report these costs in a manner that

distinguishes the department's internal costs from consolidated data center costs in the Supplementary Schedule of Operating Expenses and Equipment (Form DF-300).

Departments are required to inform the Department of Technology Services (DTS) 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 the DTS could have an adverse impact on DTS' ability to support the services or the procurement.

VI. FINANCIAL REPORTING REQUIREMENTS

The following schedule applies to the 2007-08 year-end financial statements for submittal to the State Controller's Office (SCO) and the State Treasurer's Office:

July 31, 2008 General Fund, feeder funds (0081, 0084, 0085, 0086, 0089, 0090, 0091, 0094, and 0097), economic uncertainty funds (0374, 0375, and 0377), and Budget Stabilization Account (1011).

August 20, 2008 All other funds.

September 2, 2008 Agency generally accepted accounting principles (GAAP) information requested by SCO is due to SCO.

Departments are responsible for both the accuracy and timeliness of the year-end reports. **Government Code Section 12461.2 authorizes the SCO 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 dates.**

Therefore, departments should plan carefully to meet year-end reporting deadlines. To assist with this process, CALSTARS departments are reminded of the availability of sample task lists, checklists, year-end training sessions, and individualized assistance through the CALSTARS Hotline: phone (916) 327-0100 or e-mail: hotline@dof.ca.gov.

The CALSTARS Training Schedule can be accessed at: <http://www.dof.ca.gov/html/calstars/training/training.htm> and the Procedures Manual at: <http://www.dof.ca.gov/html/calstars/procedure/procedure.htm>. Departments may also contact Finance's Fiscal Systems and Consulting Unit for assistance at (916) 324-0385 or via e-mail at: fscuhotline@dof.ca.gov.

VII. PRO RATA ASSESSMENTS AND SWCAP ALLOCATIONS

Pro Rata assessments and SWCAP (Statewide Cost Allocation Plan) allocations will be available by **October 10, 2008**. Guidelines will be provided in a separate BL to be issued in October 2008. For an overview of Pro Rata and SWCAP, please refer to the Finance Pro Rata and SWCAP website at: <http://www.dof.ca.gov/fisa/proswcap/proswcap.htm>.

VIII. PLANNING ESTIMATE ADJUSTMENTS

General

Departments must provide a concise and brief explanation and provide a breakdown of each adjustment for Planning Estimate (PE) lines with "(SPECIFY)". Each PE line is not limited to one adjustment; numerous/separate adjustments can be posted to each PE line.

Initial Planning Estimates

Initial PEs (Finance computer-generated) for currently authorized program levels (exclusive of capital outlay and continuous appropriations) for all funds will be issued by Finance by early September. Finance will be responsible for developing PEs in consultation with departmental staff. Direction for policy adjustments will be issued as information becomes available. PEs may include the following adjustments as appropriate.

CURRENT YEAR ONLY

Deficiencies

In the event that contingencies or emergencies arise that would cause a department to over-expend its appropriation for 2008-09, the department must notify its Finance Budget Analyst immediately. Requests for addressing funding deficiencies must be in writing, and in accordance with items 9840 of the 2008 Budget Act. Additional information is available in the BAG at <http://www.dof.ca.gov/fisa/bag/deficien.htm>.

Adjustments should be made to the current year PE for all deficiencies that will be displayed in the Governor's Budget.

CURRENT YEAR AND BUDGET YEAR

Appropriation Balances Carried Forward (Carryover Appropriation Expense)

Appropriation balances are to be carried forward from a prior year when funds are still available and program requirements continue. Carryovers from 2007-08 to 2008-09 initially may be estimated, but must ultimately agree with the year-end financial statements submitted to SCO. Carryovers into 2008-09 that are not expected to be expended and are still available must be included as carryovers into 2009-10 unless a reversion item is to be included in the 2009 Budget Bill. In the case of capital outlay programs, where many appropriations are available for three years, the department must estimate expenditures over the three-year period. In some cases, an appropriation may be carried over into future years (2010-11 and after). Departmental staff and Finance staff must work with SCO to resolve any differences in authorized carryover estimates to ensure that the budget and SCO's records agree.

Chaptered Legislation

If funding is requested for chaptered legislation containing a specific appropriation, the funding can be included in the PE (on Line 0550 Financial Legislation with Appropriation). If funding is requested for chaptered legislation which **DOES NOT** contain a specific appropriation, but for which there is a cost, a BCP is required.

Employee Compensation

There are 21 collective bargaining units that represent state employees. Of the 21 bargaining units, 19 have existing contracts expiring as follows: eighteen in July 2008, and one in July 2010.

The Department of Personnel Administration will be negotiating with the various bargaining units to reach agreement on new memoranda of understanding. Any pay increases provided in new or current agreements will be addressed in a forthcoming BL. This BL will provide instructions on planning estimate adjustments required for these pay increases, and for those units whose memoranda of understanding have not expired.

Employer Retirement Contribution Rates—(Public Employees' Retirement System)

A forthcoming BL will provide instructions on planning estimate changes required for changes to the state's contribution rate for retirement.

Limited-Term Positions, Expiring Programs and Continuously Vacant Positions

PEs and initial budget galleys must be adjusted for limited-term positions/expiring programs (PE line 0250) and continuously vacant positions (PE line 0300). Adjustments must include reductions for both Personal Services and Operating Expenses and Equipment, where appropriate.

One-Time Costs

PEs must be adjusted downward for the impact of previously budgeted one-time costs (use PE line 0350). A brief description of the adjustment **must** be included.

Transfers

Expenditure transfers between items of appropriation **within a fund** (e.g., from a state operations item to a local assistance item or between departments) must be reflected separately on the PE using the "Transfers To" and "Transfers From" lines (i.e., lines 0600 and 0650). Expenditure transfers **between funds** should not be reflected on these two PE lines. These transfers should be reflected on other PE lines such as 0700 (Miscellaneous Baseline Adjustment), 0550 (Financial Legislation with Appropriation), etc., depending on the authority for the transfer. All transfers must be specifically authorized in the Budget Act, special legislation, or other statute. The appropriate authority must be cited in the description of the adjustment.

Revenue transfers must not be reflected on the PE. Revenue transfers are to be reflected on the appropriate Schedule 10R (Supplementary Schedule of Revenues and Transfers).

Miscellaneous Baseline (Workload Budget) Adjustments

Use PE line 0700 (Miscellaneous Baseline Adjustments) only if the adjustments do not appropriately fit into any other category on the PE Worksheet (e.g., Pro Rata adjustments). A brief/concise description of the adjustment **must** be included. Do not combine various adjustments into one entry. Finance Program Budget Managers will determine whether the adjustments are baseline (workload budget) or policy.

BUDGET YEAR ONLY

Price Increase for Operating Expenses and Equipment

Government Code Section 13308.05 authorizes a price increase workload budget adjustment in the budget year only. The base that departments are to use for purposes of calculating the price increase adjustment is total operating expenses and equipment expenditures authorized in the 2008 Budget Act adjusted for major one-time expenditures, the amount budgeted for recoveries of statewide general administrative costs (Pro Rata and SWCAP), and any items that have price increases already built-in (e.g., inflation factors incorporated into certain information technology projects). Departments may then apply to this base amount the U.S. state and local implicit deflator. The U.S. state and local implicit deflator will be provided by the end of September 2008. In order for those adjustments to be included in the PEs as baseline adjustments, departments will need to provide the adjustment amount and any necessary back-up information to their respective Finance Budget Analysts by **October 10, 2008**. The backup information must also include a split of the price increase by item of appropriation. If departments can justify that another methodology may be more appropriate in calculating the budget year price increase, they should contact their Finance Budget Analyst.

Merit Salary Adjustment

Government Code Section 13308.05 also includes funding for Merit Salary Adjustments (MSAs) in their definition of a workload budget. However, savings result when positions return to the bottom step after staff promotions or departures, which are then available to pay for the costs of MSAs. Therefore, departmental budgets already include sufficient funding for this purpose, and no workload budget adjustments will be made.

Full-Year Costs of Programs Initiated in the Current Year

The full-year cost of programs authorized to begin after July 1 in the 2008-09 Budget may be included as workload budget adjustments for 2009-10 (PE line 0400 Full Year Cost of New/Expanding Programs) at the discretion of the Finance Program Budget Manager. Increases which are greater than the amounts previously documented in BCPs or other documents must be fully justified through the BCP process.

Enrollment/Caseload/Population Adjustments

All enrollment, caseload or population adjustments may be considered either policy (PE lines 1000 Miscellaneous Policy Adjustments or 1200 Other Budget Change Proposals) or workload budget (PE line 0850 Enrollment/Caseload/Population) changes. While these adjustments are generally workload budget changes, many of them could be considered policy changes. All such changes must be forwarded to and cleared through the Finance Program Budget Manager. If approved, these adjustments will be reflected in the PEs.

Other BCPs

If approved, all BCPs that are not enrollment, caseload, population, cost-of-living adjustment, or financial legislation are reflected on PE Line 0800 (Workload BCPs) if deemed workload or on PE Line 1200 (Other BCPs) if deemed policy. In the case of continuing capital outlay projects, those BCPs should be entered on PE Line 0950 (Continuing Capital Outlay Projects).

IX. MISCELLANEOUS

Budget Bill Appropriations Format

All budgets must be submitted in the program format. Any exceptions require Finance Program Budget Manager approval.

Reorganizations

All changes to departmental program structure must be submitted by **September 12, 2008**, and approved by Finance prior to being reflected in the budget spreadsheet. When considering reorganizations, departments are referred to Article 1, commencing with Section 11150 and Article 7.5, commencing with Section 12080 of the Government Code, as well as Section 0130 of SAM.

If you have any questions, please contact your Finance Budget Analyst.

/s/ Veronica Chung-Ng

Veronica Chung-Ng
Program Budget Manager

Attachments

ADDITIONAL TECHNICAL GUIDELINES TO BE ISSUED LATER

Subject Title	Target Release Date	Last Instructions Issued	SAM/Internet Reference
Budget Policy	July	BL 07-21	
Initial Past Year Schedule 10s	July	BL 07-12	
Preparation of Governor's Budget	July	BL 07-15	http://www.dof.ca.gov/html/budletr/forms/fin_form.htm
Salaries and Wages Spreadsheet (Authorized Positions and Cost Estimates)	July	BL 07-14	6415, et seq., 6429, 6448, 6521
Price Letter	August	BL 07-17	http://www.dgs.ca.gov/
Employer Retirement Contribution Rate Adjustment	Shortly after Salaries and Wages Spreadsheet	BL 07-20	
Initial Schedule 10Rs (Supplementary Schedule of Revenues and Transfers)	August	BL 07-19	
Past, Current, and Budget Year Schedule 10s (Supplemental Schedules of Appropriations)	September	BL 07-27	6839
Employee Compensation	October	BL 07-26	
SWCAP/Pro Rata	October	BL 07-29	8752-8758 http://www.dof.ca.gov/FISA/PROSWCAP/Proswcap.htm
Submission of Budget Materials to the Legislature and the Legislative Analyst's Office	December	BL 07-32	

Annual Budget Preparation Calendar*

	July	August	September	October	November	December	January
1	Additional technical budget development instructions issued by Finance		Completed Salaries/Wages Spreadsheets (Schedules 7A/8) to Finance		Finalization of Governor's proposed initiatives		Updated Supplementary Schedules to Finance
2							
3	Minor capital outlay requests to Finance		Updated past year and initial current and budget year Sch 10s to depts				
4							
5							
6	Budget policy to depts.		Schedule 10Rs to Finance	Pro Rata assessments/			
7	Employer retirement contribution rate adjustment.		Budget spreadsheets to depts.	SWCAP allocations to depts.			
8					Finance Director's budget decision hearings	Revenue forecast	
9							
10							
11			All BCPs (including policy initiatives) and budget bill changes to Finance				Governor's Budget and Budget Bill to the Legislature
12	Initial past year Schedule 10s and Controller's Schedule 8 tabulations to depts.	Schedule 10Rs to depts. Price Letter to depts/price book available.				Governor's final briefing by Finance	
13							Updated Supplementary Schedules and BCPs to the Legislature
14							
15							
16							
17	Depts submit IT proposals (FSRs, SPRs) to the OCIO	Depts complete non-General Fund year-end financial statements, Salaries and Wages spreadsheet to depts.		Employee compensation instructions to depts	Update/turnaround of budget spreadsheet/schedules to reflect Finance Director's decisions	Finalization of all budget documents to reflect Governor's decisions	
18							
19							
20							
21							
22							
23	Depts complete fiscal assessment and development of budget requests		Finance analyzes all BCPs and conducts budget hearings with Agencies and depts			Budget spreadsheet/narrative finalized	
24							
25							
26	Depts complete General Fund year-end financial statements	Updated past year Sch 10s to Finance. Initial planning estimates to depts.	BCPs for unfunded newly enacted (chaptered) legislation to Finance			Verification of Budget Bill	
27							
28							
29						Development and finalization of Governor's Budget Summary ("A" Pages) narrative	
30							
31							

*** IMPORTANT:** THIS CALENDAR REFLECTS GENERIC TIME FRAMES AND IS PROVIDED TO TARGET CRITICAL "CUT OFF" PHASES IN THE ANNUAL BUDGET DEVELOPMENT SCHEDULE. IT IS A SUMMARY TIMETABLE ONLY. FOR SPECIFIC DEADLINES, PLEASE REFER TO THE APPROPRIATE SECTION IN THIS BUDGET LETTER AND/OR SUBSEQUENT BUDGET DEVELOPMENT INSTRUCTIONS AS THEY BECOME AVAILABLE. MORE DETAILED INFORMATION IS AVAILABLE AT THE FINANCE BUDGET ANALYST GUIDE (BAG) AT <http://www.dof.ca.gov/FISA/BAG/BUDGETCALENDARS.HTM>. CAPITAL OUTLAY PROPOSALS FOLLOW A SEPARATE TIMELINE.

COORDINATION OF INFORMATION

For BCPs dealing with the topics listed below, lead agencies or departments have been designated. 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
AIDS	HealthCare Services/Office of AIDS	Barbara Bailey	449-5905
Mental Health Services Fund (3085)	Mental Health	Stan Bajorin	654-2381
Toxics			
Hazardous Waste Control Account (Fund 0014)	Toxic Substances Control	Odette Madriago	445-7076
Toxic Substances Control Account (0557)			
Unified Program Account (0028)	Cal-EPA	Jim Bohan	327-5097
Proposition 65 (Safe Drinking Water and Toxic Enforcement Act of 1986)	Office of Environmental Health Hazard Assessment	Margie Leary	327-8044
Environmental License Plate Fund (Fund 0140)	Resources Agency	Pat Kemp	653-9709
Perinatal Services	Alcohol and Drug Programs	Michael Cunningham	322-7012
Temporary Assistance for Needy Families (TANF) Block Grant, including CalWORKs and TANF MOE	Social Services	Gail Tanaka	657-3435
Proposition 99 (Tobacco Tax and Health Protection Act of 1988)	Finance	Jay Kapoor	445-6423
Public Resources Account (Fund 0235)	Resources Agency	Pat Kemp	653-9709
Proposition 98 (Classroom Instructional Improvement and Accountability Act)	Finance	Nicolas Schweizer	445-0328
Proposition 117 (California Wildlife Protection Act of 1990)	Resources Agency	Pat Kemp	653-9709
Motor Vehicle Account (Fund 0044)	Finance	Kathryn Amann	322-2263
Petroleum Violation Escrow Account (Fund 0853)	Energy Commission	Susan Aronhalt	657-3705
Employee Compensation/Employer Retirement Contribution Rate Adjustments	Finance	Koreen Hansen	445-3274
State Penalty Fund (0903)	Finance	Jeff Carosone	445-8913
Natural Resources Infrastructure Fund (0383)	Resources Agency	Pat Kemp	653-9709
Health Insurance Portability and Accountability Act (HIPAA)	Health and Human Services Agency	Alex Kam	651-6909