

BUDGET LETTER

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| SUBJECT: CONTROL SECTION 15.45 - INSTRUCTIONS FOR IMPACTED STATE DEPARTMENTS | NUMBER: 09-38 |
| REFERENCES: CONTROL SECTION 15.45, BUDGET ACT OF 2009 | DATE ISSUED: October 2, 2009 |
| | SUPERSEDES: |

TO: Departmental Budget Officers
Department Accounting Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

| Deadlines and Deliverables | |
|----------------------------|---|
| December 21, 2009 | Specified departments submit completed Excel spreadsheets to the Department of Finance (Finance) showing all eligible expenditures by county for the period between July 1, 2009 and December 14, 2009. |
| May 17, 2010 | Specified departments submit completed Excel spreadsheets to Finance showing all eligible expenditures by county for the period between December 15, 2009 and May 10, 2010. |

As noted in Budget Letter 09-27, Section 15.45 of the 2009 Budget Act requires the State Controller to offset certain General Fund expenditures for health care, trial courts, corrections, K-12 school bonds, and other state-funded services by the corresponding amounts placed in the county-level Supplemental Revenue Augmentation Funds created by Assembly Bill 15, Fourth Extraordinary Session (Chapter 14, Statutes of 2009).

Departments (see below) are required to provide expenditure information to Finance on expenditures by county for each program. This Budget Letter provides instructions for reporting the required information to Finance. The departments likely affected by Section 15.45 are:

Administrative Office of the Courts
Department of Child Support Services
Department of Corrections and Rehabilitation
Department of Developmental Services
Department of Fish and Game
Department of Forestry and Fire Protection
Department of Health Care Services
Department of Mental Health
Department of Parks and Recreation
Department of Public Health
Department of Rehabilitation
Department of Social Services
Department of Veterans Affairs
Department of Water Resources
Emergency Management Agency
School Finance Authority

Note: Other departments also may be affected by Control Section 15.45 to the extent that their expenditures meet the criteria outlined in the "Eligible Expenditures" section detailed below.

Procedures for Reporting Required Information

Departments should use the attached Excel form to report the required information and submit the forms to their Finance Budget Analyst.

Forms are due to Finance on December 21, 2009, and May 17, 2010.

The forms submitted on December 21, 2009 should show all eligible expenditures by county for the period between July 1, 2009 and December 14, 2009. The forms submitted on May 17, 2010 should show all eligible expenditures by county for the period between December 15, 2009 and May 10, 2010.

Departments are to submit one form for each county in which eligible expenditures were incurred.

Eligible Expenditures

Eligible expenditures shall include all General Fund Local Assistance expenditures and all General Fund State Operations expenditures that represent costs incurred for the direct provision of a service to the public. Eligible State Operation expenditures include, but are not limited to, the following activities:

- CDCR prison and parole operations (both juvenile and adult)
- Funding for K-12 school bonds
- Fire protection and suppression operations
- County trial court activities
- Veterans home operations
- Delivery of health care services, including mental health care services
- Delivery of welfare services
- Delivery of child support services
- Delivery of developmental services
- Delivery of rehabilitation services
- Food and drug safety laws - enforcement and investigations
- Operation of state parks
- Management of state lands
- Enforcement of state game laws
- Operation and management of state water projects
- Assisting local governments with emergency management activities

Eligible expenditures shall not include non-General Fund expenditures.

If you have questions regarding this Budget Letter, including whether a specific expenditure is eligible, please contact your Finance Budget Analyst.

/s/ John Lloyd

Mark Hill
Program Budget Manager

Attachment