

BUDGET LETTER

	NUMBER: 15-01
SUBJECT: 2015-16 BUDGET CHANGE LETTERS (SPRING FINANCE LETTERS)	DATE ISSUED: February 3, 2015
REFERENCES: BL 14-12	SUPERSEDES: BL 14-02

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

FROM: DEPARTMENT OF FINANCE

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

This Budget Letter sets forth the Governor's policy direction for spring Finance Letter changes to his proposed 2015-16 budget.

The 2015-16 Governor's Budget maintains a structurally balanced budget that preserves critical state services and pays down debts and liabilities. Departments must continue to control costs, increase efficiencies, and refrain from creating new—or expanding existing—programs to maintain the state's fiscal stability. The restrictions specified in BL 14-12 remain in effect.

FINANCE LETTERS

All proposed spring Finance Letters, regardless of funding source, must be submitted to the Department of Finance (Finance) no later than Thursday, **February 12, 2015**. Unless previously approved by Finance, proposed spring Finance Letters are limited to (1) making any technical changes to Capital Outlay projects, and (2) cutting costs or authorizing efficiencies to offset unavoidable costs. In the event there is a critical need that does not fit the criteria above and an agency secretary believes a Finance Letter is needed to prevent adverse consequences, please contact the appropriate Finance Program Budget Manager before the due date. All other Finance Letter requests that do not fit into the categories described will be returned without review.

Compliance with the February 12 deadline is critical to allow Finance to submit budget modifications to the Legislature in a timely manner, consistent with Section 13308 of the Government Code. This statute requires Finance to provide to the Legislature, by April 1, all proposed policy adjustments with the exception of enrollment, caseload, and population (ECP) changes in the May Revision and Capital Outlay adjustments.

Departments are to use form DF-46 to prepare the narrative portion of non-Capital Outlay Finance Letters. The latest version (September 2014) of the narrative portion of the Budget Change Proposal (BCP) form is available in a Word document. The fiscal detail should be submitted via an upload template in an Excel workbook (similar to the fall process). The Hyperion portion of FISCAL is undergoing further changes to enhance system performance and efficiency, and it will not be available for Wave 1 departments to use until late February/early March. Both FISCAL Wave 1 and non-Wave 1 departments will submit the DF-46 form and the Excel template electronically to Finance budget analysts. Once the system is available for input or

upload, departments will be provided with further instructions. Departments may obtain BCP forms, instructions, and BCP templates from the Finance website at: <http://www.dof.ca.gov/budgeting/forms/view.php>. Departments will continue to be required to submit Finance Letters in hard copy form with appropriate signatures.

INFORMATION TECHNOLOGY FINANCE LETTERS

Finance Letters requesting funding for critical information technology (IT) projects previously approved for submittal, require California Department of Technology (Department of Technology) approval of a Feasibility Study Report (FSR), Special Project Report (SPR), or equivalent document. Departments were required to submit such documents to the Department of Technology no later than **January 12, 2015** (unless otherwise exempted by the Department of Technology), for Finance to consider the associated IT Finance Letter requests.

Comprehensive information for IT project reporting, including instructions to assist departments in meeting Department of Technology reporting requirements, can be found in the Statewide Information Management Manual located at: http://www.cio.ca.gov/Government/IT_Policy/SIMM.html. Similar to past years, all Finance Letter requests with IT components require your department's Chief Information Officer's review and signature prior to submission to Finance.

CAPITAL OUTLAY FINANCE LETTERS

Capital Outlay Finance Letter requests for 2015-16 must include fiscal impact worksheets (FIW) DF-150 form and must be provided in both hard copy and electronically via e-mail. All fiscal detail related to Capital Outlay Finance Letter requests that are not technical in nature must be entered in column F (April 1 Action) in the FIW (Excel spreadsheet). The FIW and Capital Outlay BCP forms can be found at: <http://www.dof.ca.gov/budgeting/forms/view.php>.

Section 13308 of the Government Code requires that all proposed adjustments to the Governor's Budget for capital outlay be submitted to the Legislature by May 1. Traditionally, the May Technical Letter includes updates to reflect new budget package information, reversions associated with project terminations, and reappropriations to reflect unanticipated changes in project schedules. Departments must submit May Technical Letter requests to Finance by **March 9, 2015**. All fiscal detail related to Capital Outlay Technical Finance Letter requests must be entered in column G (May 1 Action) in the FIW (Excel spreadsheet).

MAY REVISION

Section 13308 of the Government Code requires submission of the traditional May Revision to the Legislature by May 14. The traditional May Revision includes updated estimates of revenues, proposals to adjust expenditures to reflect updated revenue estimates, if necessary, and proposals to adjust Proposition 98 and ECP programs. Departments traditionally affected by ECP changes should discuss appropriate submission dates with their Finance budget analyst to ensure compliance with the May Revision deadline.

If you have any general questions, please contact your Finance budget analyst. Contact your Department of Technology manager or Capital Outlay analyst for questions related to IT or capital outlay requests, respectively.

/s/ Michael Cohen

MICHAEL COHEN
Director