

# BUDGET LETTER

		NUMBER: 15-22
SUBJECT: BUDGET POSITION TRANSPARENCY	DATE ISSUED: September 4, 2015	
REFERENCES: CONTROL SECTION 4.11	SUPERSEDES:	

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

FROM: DEPARTMENT OF FINANCE

**NOTE: Budget Officers are requested to forward a copy of this Budget Letter (BL) to Human Resources and Labor Relations Offices.**

The Department of Finance (Finance) is issuing this BL to assist departments with reallocating expenditures from salaries and wages to staff benefits and/or operating expenses and equipment (OE&E) to accurately reflect departmental operations.

**This process is for display purposes only and will not reduce existing position authority or overall departmental funding.**

<i>Deadlines and Deliverables</i>	
September 25, 2015	<b>Budget Position Transparency Workbook (Attachment 1) and supporting documentation due to Finance budget analysts.</b>

## A. Background

Pursuant to Chapter 28, Statutes of 2015 (Senate Bill 98) and Chapter 11, Statutes of 2015 (Senate Bill 97), Government Code section 12439 was abolished and Control Section 4.11 was amended to provide more transparency in departments' budgeting of positions and expenditures by category.

This BL provides direction for departments to calculate historically filled positions and adjust expenditures by category for their Governor's Budget display. In an effort to increase overall budget accuracy, transparency, and accountability, salaries and wages dollars associated with historically vacant positions will be reallocated to expenditure categories where resources are actually expended. This adjustment will be used to reconcile historically vacant positions and accurately display how salaries and wages, staff benefits, and OE&E resources are expended. As part of this adjustment, departmental budgets and the Salaries and Wages (7A) publication will be adjusted to display historically filled positions, funding associated with those positions, and the amount being reallocated to the appropriate budget category (e.g., staff benefits and/or OE&E). Departments will perform an analysis of historically vacant positions using Attachment 1 and determine the salaries and wages expenditures to be reallocated to other budget categories. This is expected to result in the reallocation of funding for positions historically vacant that have supported the operational needs of the department. **Note that this process is for display purposes only and will not result in a reduction to existing departmental budget or position authority.** This activity will be completed for inclusion in the 2016-17 Governor's Budget and the results may be considered during the analysis of other budgetary documents.

**B. General Instructions**

To reallocate expenditures to the appropriate budget category and accurately display how resources are expended on salaries and wages, staff benefits, and OE&E, departments must complete and submit the Budget Position Transparency Workbook (Attachment 1), two Baseline Budget Adjustment (BBA) Upload Templates (non Wave 1 & 2 departments), and related supporting documentation to their Finance budget analyst no later than **Friday, September 25, 2015**. Note that Wave 1 and 2 departments must input these adjustments directly in Hyperion or utilize the upload template for data input. Please refer to the following instructions to calculate the appropriate adjustments.

**C. Instructions—Budget Position Transparency Workbook (Attachment 1)**

This workbook is used to review past/prior year filled positions and funding associated with those positions. **Note that each example in this BL contains sample data to show how to complete Attachment 1 and the impact it will have on the Budget Galley and 2016-17 7A publication. (For instructions on completing the 2016-17 7A, please see BL 15-20).**

The “Positions” section of Attachment 1 is to calculate the departments “Baseline Budgeted Positions,” which is based on a 3-year rolling average of filled positions and actual expenditures from the current and prior 7A publications. To complete this section of the workbook, departments must refer to the past year filled position and actual expenditures columns in the 7A for each fiscal year indicated and enter the filled position data. Starting with the 2016-17 7A, locate the number of “Filled” positions and “Actual” expenditures for fiscal year 2014-15. This should be based on the TOTALS, AUTHORIZED POSITIONS line of the 7A. Once identified, enter the past year position and expenditure data into the “FY 2016-17” column of Attachment 1. Using this same methodology, use the appropriate past year filled position and actual expenditure data from the 2014-15 7A and 2015-16 7A to populate the “FY 2014-15” and “FY 2015-16” columns of Attachment 1. Please see the following example:

**2016-17 Schedule 7A Example**

ORGANIZATIONAL UNIT Classification	NUMBER OF POSITIONS			EXPENDITURES		
	Filled 2014-15	Authorized 2015-16	Proposed 2016-17	Actual 2014-15 (Salary Range)	Estimated 2015-16	Proposed 2016-17
<b>TOTALS, AUTHORIZED POSITIONS</b>	<b>153.4</b>	<b>189.8</b>	<b>189.8</b>	<b>\$10,128,124</b>	<b>\$12,636,723</b>	<b>\$12,928,797</b>
FISCAL Current Service Level Adjustment	-	-	-	-	13,277	-278,797
<b>BASELINE POSITIONS</b>	<b>153.4</b>	<b>189.8</b>	<b>189.8</b>	<b>\$10,128,124</b>	<b>\$12,650,000</b>	<b>\$12,650,000</b>
Regular/Ongoing Positions	150.3	189.8	189.8	9,909,798	12,350,000	12,350,000
Temporary Help	3.1	-	-	210,600	300,000	300,000
Overtime	-	-	-	7,726	-	-
Budget Position Transparency		-32.2	-32.2		-2,472,598	-2,472,598
<b>BASELINE BUDGETED POSITIONS</b>		<b>157.6</b>	<b>157.6</b>		<b>\$10,177,402</b>	<b>\$10,177,402</b>

**Attachment 1 Example**

	Positions			
	FY 2014-15	FY 2015-16	FY 2016-17	FY 2016-17
	Filled Positions (2012-13)	Filled Positions (2013-14)	Filled Positions (2014-15)	Baseline Budgeted Positions
Totals, Authorized Positions (Salaries and Wages)	162.2	157.3	153.4	157.6
Actual Expenditures	\$10,477,172	\$9,926,911	\$10,128,124	\$10,177,402

Once all of the past year filled position and expenditure data has been entered, the “Baseline Budgeted Positions” will automatically calculate. These values represent the level of positions and dollars the department has historically operated with. Note that these calculated numbers are a starting point and in certain situations adjustments are needed to the prescribed methodology. As part of this process, departments must work with their Finance budget analyst if the “Baseline Budgeted Positions” calculation requires an adjustment. Departments will be required to provide reasonable circumstances and supporting documentation to revise this number prior to making any adjustments to or submission of Attachment 1. It is anticipated that most departments will use the number calculated.

The “2016-17 Salaries and Wages Publication” section of Attachment 1 is used to calculate the departments “Budget Position Transparency” adjustment. To complete this section, departments must refer to the current year and budget year position and expenditure columns of the 2016-17 7A. Based on the BASELINE POSITIONS line of the 7A, the department must enter the position and expenditure data into the “CY 2015-16” and “BY 2016-17” columns of the workbook. Please see following example:

### 2016-17 Schedule 7A Example

ORGANIZATIONAL UNIT Classification	NUMBER OF POSITIONS			EXPENDITURES		
	Filled 2014-15	Authorized 2015-16	Proposed 2016-17	Actual 2014-15 (Salary Range)	Estimated 2015-16	Proposed 2016-17
<b>TOTALS, AUTHORIZED POSITIONS</b>	<b>153.4</b>	<b>189.8</b>	<b>189.8</b>	<b>\$10,128,124</b>	<b>\$12,636,723</b>	<b>\$12,928,797</b>
FISCAL Current Service Level Adjustment	-	-	-	-	13,277	-278,797
<b>BASELINE POSITIONS</b>	<b>153.4</b>	<b>189.8</b>	<b>189.8</b>	<b>\$10,128,124</b>	<b>\$12,650,000</b>	<b>\$12,650,000</b>
Regular/Ongoing Positions	150.3	189.8	189.8	9,909,798	12,350,000	12,500,000
Temporary Help	3.1	-	-	210,600	300,000	300,000
Overtime	-	-	-	7,726	-	-
<b>Budget Position Transparency</b>		<b>-32.2</b>	<b>-32.2</b>		<b>-2,472,598</b>	<b>-2,472,598</b>
<b>BASELINE BUDGETED POSITIONS</b>		<b>157.6</b>	<b>157.6</b>		<b>\$10,177,402</b>	<b>\$10,177,402</b>

### Attachment 1 Example

	2016-17 Salaries and Wages Publication			
	CY 2015-16		BY 2016-17	
	Authorized Positions	Estimated Expenditures	Proposed Positions	Proposed Expenditures
Baseline Positions (Salary and Wages)	189.8	\$12,650,000	189.8	\$12,650,000
Baseline Budgeted Positions	157.6	\$10,177,402	157.6	\$10,177,402
<b>Budget Position Transparency</b>	<b>-32.2</b>	<b>-\$2,472,598</b>	<b>-32.2</b>	<b>-\$2,472,598</b>
Staff Benefits Adjustment		\$250		\$250
Operating Expenses and Expenditures Adjustment		\$2,472,348		\$2,472,348
<b>TOTAL DETAIL CHANGES</b>	<b>0.0</b>	<b>\$0</b>	<b>0.0</b>	<b>\$0</b>
Position Cost Average		\$64,577		\$64,577

Once the necessary data has been entered, the “Budget Position Transparency” line will automatically calculate the department’s number of historically vacant positions for the current and budget years. This is calculated by taking the difference between BASELINE POSITIONS on the 2016-17 7A and “Baseline Budgeted Positions” on Attachment 1. The intent of this calculation is to identify the number

of positions that have historically been held vacant and the associated funding for those positions. Once identified, this displays the amount of funding that departments must reallocate to the expenditure categories where those funds are actually utilized. Based on the expenditures calculated on the “Budget Position Transparency” line, departments must identify where that funding is expended; either on staff benefits and/or OE&E. Departments must then enter the appropriate adjustment(s) to redistribute the funding to the appropriate expenditure category. Once salaries and wages and associated funding have been determined, that information must be entered into the “Staff Benefits Adjustment” and/or “Operating Expenses and Expenditures Adjustment” lines of the workbook, as shown above. **Note the negative salaries and wages expenditures identified on the “Budget Position Transparency” line must net to zero between the “Staff Benefits Adjustment” and/or “Operating Expenses and Expenditures Adjustment” line.**

#### D. Instructions—Baseline Budget Adjustment Upload Templates

##### **General Information**

After completing Attachment 1, departments are required to complete a Decision Package (DP) and two separate Budget Requests (BRs); one specifically for salaries and wages (negative adjustments) and another specifically for staff benefit and/or OE&E (positive adjustments). Adjustments within each BBA Upload Template should correspond to the expenditures being reallocated, as listed on Attachment 1, and must result in a net-zero expenditure adjustment. **Note that the position reduction adjustment must only occur in the Personal Services BR.** Please ensure adjustments are submitted on the latest BBA Upload Template <http://www.dof.ca.gov/budgeting/forms/view.php>.

Departments must complete the following in each BR Details Worksheet:

1. Use unique naming conventions to provide a DP and BR Name.
2. DP/BR description should have a meaningful title. For purposes of this BL, “**Budget Position Transparency**” must be used for the salaries and wages adjustments BR and “**Expenditure by Category Redistribution**” must be used for the staff benefit and/or OE&E adjustment BR.
3. Using the drop-down menu, select the appropriate BU.

##### **Baseline Adjustment Type**

Departments must select a BBA type from the drop-down menu in the Baseline Adjustment Type worksheet. For purposes of this BL, the only acceptable BBA types to select are “**Budget Position Transparency**” for salaries and wages and “**Other**” for staff benefit and OE&E.

##### **Baseline Adjustments (CY and BY0-4)**

Using the drop-down menus, specify the Reference, Fund, ENY, Program, and Category for each unique combination of funding being reallocated. For purposes of this BL, usable Category types to select are 510XXXX for salaries and wages (negative adjustment), 515XXXX for staff benefits (positive adjustment), and 53XXXXX for OE&E (positive adjustment). Departments should refer to Attachment 1 when determining the expenditures that should be reallocated in each fiscal year. Adjustments in the Baseline Adjustments Current Year and Budget Year Worksheets should be entered in whole dollars and rounded to thousands. **This exercise must result in a net-zero expenditure adjustment between both BRs.** All ongoing dollars in the Baseline Adjustments Budget Year Worksheet should be copied to the BY0-4 columns.

#### E. Budget Galley and 7A Publication Display Changes

Once reallocation of expenditures by category (salaries and wages, staff benefits, and/or OE&E) has been calculated and the necessary BRs have been uploaded into Hyperion, the adjustments will be displayed in the Detailed Budget Adjustments, Expenditures by Category, and Changes in Authorized

Positions sections of the 2016-17 Governor's Budget publication. Additionally, as part of this new process, the 2016-17 7A display will include the information calculated on Attachment 1. Please refer to the following examples:

**Detailed Budget Adjustments**

For transparency, two new adjustment types (highlighted yellow below) will be used to display the reallocation from salaries and wages to staff benefits and/or OE&E within the Detailed Budget Adjustments section. These adjustments are based on calculations from Attachment 1 and the adjustments scheduled in the BBA upload templates. **Note the negative position adjustment displayed in the “Budget Position Transparency” line is for display purposes only and will not result in a reduction of a departments position authority. Departments will be not required to submit 607s to the State Controller’s Office to abolish positions calculated on Attachment 1 and will retain the ability to hire up to their Total Authorized Positions reflected on the 2016-17 7A.**

	2015-16			2016-17		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>Workload Budget Adjustments</b>						
<b>Other Workload Budget Adjustments</b>						
Budget Position Transparency	-\$1,978	-495	-32.2	-\$1,978	-495	-32.2
Retirement Rate Adjustments	316	72	-	316	72	-
Salary Adjustments	200	47	-	200	47	-
Benefit Adjustments	88	21	-	102	24	-
SWCAP	-	-	-	-	17	-
Expenditure by Category Redistribution	1,978	495	-	1,978	495	-
Miscellaneous Baseline Adjustments	-	-	-	-	-	-
<b>Totals, Other Workload Budget Adjustments</b>	<b>\$604</b>	<b>\$140</b>	<b>-32.2</b>	<b>\$618</b>	<b>\$160</b>	<b>-32.2</b>
<b>Totals, Workload Budget Adjustments</b>	<b>\$604</b>	<b>\$140</b>	<b>-32.2</b>	<b>\$618</b>	<b>\$160</b>	<b>-32.2</b>
<b>Totals, Budget Adjustments</b>	<b>\$604</b>	<b>\$140</b>	<b>-32.2</b>	<b>\$618</b>	<b>\$160</b>	<b>-32.2</b>

**Expenditures by Category**

An additional line has been added to separately display the “Budget Position Transparency” adjustment calculated on Attachment 1. That amount will then be distributed between staff benefits and/or OE&E. **Note that TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS remains the same after expenditures have been reallocated between the appropriate budget categories.**

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
<b>1 STATE OPERATIONS</b>						
<b>PERSONAL SERVICES</b>						
Baseline Positions	153.4	189.8	189.8	\$10,128	\$12,650	\$12,650
Budget Position Transparency	-	-32.2	-32.2	-	-2,473	-2,473
Total Adjustments	-	-	-	-	247	247
<b>Net Totals, Salaries and Wages</b>	<b>153.4</b>	<b>157.6</b>	<b>157.6</b>	<b>\$10,128</b>	<b>\$10,424</b>	<b>\$10,424</b>
Staff Benefits	-	-	-	4,572	6,481	6,498
<b>Totals, Personal Services</b>	<b>153.4</b>	<b>157.6</b>	<b>157.6</b>	<b>\$14,700</b>	<b>\$16,905</b>	<b>\$16,922</b>
<b>OPERATING EXPENSES AND EQUIPMENT</b>				<b>4,998</b>	<b>5,780</b>	<b>5,797</b>
<b>TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)</b>				<b>\$19,698</b>	<b>\$22,685</b>	<b>\$22,719</b>

**Changes in Authorized Positions**

“Budget Position Transparency” has been added to the display to separate the amount being reallocated by this new process from all other baseline adjustments.

	Positions			Expenditures		
	2014-15	2015-16	2016-17	2014-15	2015-16	2016-17
Baseline Positions	153.4	189.8	189.8	\$10,128	\$12,650	\$12,650
Budget Position Transparency	-	-32.2	-32.2	-	-2,473	-2,473
Salary and Other Adjustments	-	-	-	-	247	247
Totals, Adjustments	-	-32.2	-32.2	\$0	-\$2,226	-\$2,226
<b>TOTALS, SALARIES AND WAGES</b>	<b>153.4</b>	<b>157.6</b>	<b>157.6</b>	<b>\$10,128</b>	<b>\$10,424</b>	<b>\$10,424</b>

**2016-17 7A**

The 2016-17 7A statewide has been modified to include the additional information calculated in Attachment 1. Departments will continue to utilize the Schedule 8 to display total authorized salaries and wages on the TOTALS, AUTHORIZED POSITIONS line. The “BASELINE POSITIONS” displays the positions and salaries and wages associated with those positions that have been rolled over in Hyperion from the 2015 Budget Act. The “Budget Position Transparency” line is based on the calculation from Attachment 1 and shows the number of historically vacant positions/dollars and represents the amount the department will be reallocating from salaries and wages to staff benefits and/or OE&E. Finally, the “BASELINE BUDGETED POSITIONS” line represents the number of positions and associated expenditures the department has historically had vacant and have been used to meet operational needs.

ORGANIZATIONAL UNIT  Classification	NUMBER OF POSITIONS			EXPENDITURES		
	Filled 2014-15	Authorized 2015-16	Proposed 2016-17	Actual 2014-15  (Salary Range)	Estimated 2015-16	Proposed 2016-17
<b>TOTALS, AUTHORIZED POSITIONS</b>	<b>153.4</b>	<b>189.8</b>	<b>189.8</b>	<b>\$10,128,124</b>	<b>\$12,636,723</b>	<b>\$12,928,797</b>
FI\$Cal Current Service Level Adjustment	-	-	-	-	13,277	-278,797
<b>BASELINE POSITIONS</b>	<b>153.4</b>	<b>189.8</b>	<b>189.8</b>	<b>\$10,128,124</b>	<b>\$12,650,000</b>	<b>\$12,650,000</b>
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Temporary Help	3.1	-	-	210,600	300,000	300,000
Overtime	-	-	-	7,726	-	-
Budget Position Transparency		-32.2	-32.2		-2,472,598	-2,472,598
<b>BASELINE BUDGETED POSITIONS</b>		<b>157.6</b>	<b>157.6</b>		<b>\$10,177,402</b>	<b>\$10,177,402</b>

**Note the adjustments shown on the 2016-17 7A must tie to the adjustments calculated in Attachment 1.**

## **F. Limited-Term Positions Policy**

As a policy, beginning with the development of the 2016-17 Governor's Budget, Finance will no longer approve limited-term position authority to meet short-term workload efforts. If an increase in temporary resources is necessary to support short-term workload, limited-term expenditure authority, without authorized positions, will be considered to meet operational needs. Although limited-term position authority will no longer be provided, departments will continue to have the following tools available to complete short-term work efforts:

- Filling existing vacant positions using limited-term funding provided.
- Hiring positions into the Temporary Help Blanket. Through natural attrition, the department can transfer employees to vacant authorized positions when the temporary funding is eliminated.
- Hiring a limited-term appointment. Statutes governing limited-term appointments have not been amended. Using the limited-term funding, departments may hire employees on a limited-term basis (see Government Code sections 19080 thru 19083).

**Note that limited-term positions previously approved will remain in effect until their expiration date and will continue to be footnoted on the 7A spreadsheet until expired.**

## **G. Questions**

Please direct questions related to this new process or completing Attachment 1 to your Finance budget analyst.

/s/ Justyn Howard

Justyn Howard  
Program Budget Manager

Attachment