

BUDGET LETTER

		NUMBER:	25-16
SUBJECT:	2026-27 BUDGET POLICY	DATE ISSUED:	August 1, 2025
REFERENCES:	BL 25-04	SUPERSEDES:	24-21

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

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) sets forth the Department of Finance's policy guidelines for preparation of the proposed 2026-27 Governor's Budget. As a reminder, [BL 25-04](#), which Finance issued on June 4, 2025, outlines the technical and procedural requirements for preparation of the 2026-27 Governor's Budget.

Priorities

California's economic outlook continues to face uncertainty with elevated risks primarily due to recent federal policy changes and potential cuts in federal spending that could significantly impact core programs. Furthermore, the 2025 enacted budget projected multibillion-dollar structural deficits in the forecast period which will require difficult but necessary decisions in the upcoming budget.

The Administration's primary budget focus is to maintain budget resilience and long-term stability while protecting core programs, such as public health care, public safety, and public education to the maximum extent possible.

The state faces ongoing economic uncertainty. In light of this uncertainty, the budget must continue the state's prudent fiscal approach, prioritize and support core programs, and restrain from significantly expanding and/or creating new ongoing commitments that could negatively impact the state's fiscal outlook. It is imperative that state government be efficient, effective, and conducted in the most economical manner possible.

Budget Change Proposals (BCP) and Enrollment/Caseload/Population (ECP)

Finance will consider proposals for existing or ongoing information technology and capital outlay projects, technical requests, and a limited number of workload budget proposals necessary to maintain current service levels for existing authorized services. Workload budget proposals will only be considered based on current law, the merits and criticality of the proposal, and the availability of funding, regardless of fund source. This criteria applies to all departments, including those not under the Governor's direct authority.

Departments should contact their Finance Program Budget Manager well before the BCP or ECP due date to identify workload budget and technical requests that may be submitted. It is strongly encouraged that departments work collaboratively with their Finance Program Budget Manager on an ongoing basis to prioritize budget requests prior to submitting any proposals and provide explicit prioritization of budget requests upon submission.

Requests not meeting the criteria above, and/or that were not discussed with your Finance Program Budget Manager prior to submission, may not be considered for inclusion in the 2026-27 Governor's Budget and may be returned without review.

Workload budget and technical requests, including Budget Bill and Trailer Bill language changes, are due to Finance no later than Wednesday, September 3, 2025. (Exception: BCPs for chaptered legislation). Contact your Finance Budget Analyst for fall ECP due dates. Detailed instructions for submitting BCPs will be provided in a subsequent BL.

Departments must use the current ADA-compliant BCP forms which are available on the [Budget Forms](#) page of Finance's website. BCP's approved for inclusion in the Governor's Budget should be finalized in collaboration with your Finance Budget Analyst and submitted to Finance in an ADA-compliant format.

Budget Confidentiality

Information contained in BCP and ECP proposals is an integral part of the Governor's deliberative process. Accordingly, departments must treat proposals as privileged and confidential until and unless the proposal is released to the Legislature as part of the Governor's Budget, the April 1 Finance Letter process, or the May Revision. **Disapproved, unapproved, and draft BCPs or ECP changes (i.e., proposals not released to the Legislature) remain confidential indefinitely and may not be released.** Final BCPs approved by the Administration will be posted on [Finance's website](#).

Questions about the Public Records Act or litigation discovery requests for budget documents should be directed to department legal staff and, if necessary, to Finance legal staff.

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

/s/ Jennifer Whitaker

JENNIFER WHITAKER
Chief Operating Officer