

How to Read Budget Bill Language

The Budget Bill is prepared by the Department of Finance and submitted to each house of the Legislature in January (accompanying the Governor's Budget) presenting the Governor's proposal for spending authorization for the next fiscal year. At this time identical Budget Bills are introduced in each house of the Legislature by the chairs of each budget committee. The Budget Bill is arranged in the same order as the Governor's budget and reflects the same proposals and requests.

The California Constitution requires the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. The Budget Bill becomes the Budget Act upon signature by the Governor, after any line-item vetoes.

Regarding format, the Budget Bill is a list of appropriations for the fiscal year, by department, fund source, and type that provides authority to spend money across an array of public services and systems for a single year. In addition, it is divided into sections. Some notable sections are as follows:

- Section 1.00 establishes a citation for the legislation.
- Section 1.50 provides a description of the format of the act.
- Section 1.51 states that citations to a Budget Act include all acts amending that Budget Act.
- Section 1.80 supplies completion dates for capital outlay items.
- Section 2.00 contains the itemized appropriations.
- Sections 3.00 through 99.50 are general sections, also referred to as Control Sections, which generally provide additional authorizations or place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

Most appropriations may be found in Section 2.00 and contain an Item of Appropriation. The structure of an Item follows:

Each appropriation is identified using a unique item number:

BU - REF - FD
↓ ↓ ↓
3990 - 001 - 0001

3990 **Business Unit (BU).** The four-digit code to identify the BU. BU is also known as entity or organization code. (Refer to the [Uniform Codes Manual Organization Codes](#) for a complete list of BUs.)

001 **Reference (REF).** The three-digit reference number identifies whether an item is characterized as state operations, local assistance, or a capital outlay appropriation or if an item is a language only, reappropriation, or reversion.

Reference Numbers:

Support—001 - 100

Local Assistance—101 - 294

State Mandates (LA)—295 - 300

Capital Outlay—301 - 400

Unassigned (language)—401 - 484

Reappropriations: Proposition 98 Reserve Account—485 - 489

Reappropriations—490 - 494

Reversions—495 - 500

0001 **Fund (FD).** The four-digit code to identify the fund. A fund is a fiscal and accounting entity with a self-balancing set of accounts. (Refer to the [Manual of State Funds](#) for a complete list of funds.)

Most items display the following: (1) an item number, (2) whether the item is support, local assistance, capital outlay, a reappropriation, or a reversion item, (3) the BU name (department name), (4) fund name, (5) dollars appropriated, (6) schedules and dollars broken out by schedule, and (7) provisional language.

Sample item:

(1)	(2)	(3)
0160-001-9740—	For support of Legislative Counsel Bureau, payable	
(4)	(5)	
from the Central Cost Recovery Fund.....	18,397,000	
(6)		

Schedule:

(1) 0120-Support.....	18,397,000
(7)	

Provisions:

1. Of the amount appropriated in this item, \$397,000 shall be provided to the California Law Revision Commission for reviewing the California Penal Code.

Items of appropriation typically provide expenditure authority at the program level for support, or project/phase level for capital outlay. Therefore, most items display schedules at the program or project/ phase level with the exception of transfer items.

See this sample transfer item and some other atypical items below:

0250-011-0001—For transfer by the Controller to the Court
Facilities Trust Fund.....8,044,000

Additionally, items provide provisional language. The purpose of provisional language is to place conditions on the use of a specific appropriation.

Reappropriation items are authorizations to extend the availability of an appropriation for expenditure beyond the currently authorized period, usually for the same purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time and can be either for support or capital outlay, or in rare instances, both. For samples of reappropriation and reversion language, please refer to the [Budget Bill Preparation Guidelines](#) on FAITH.

Sample reappropriation for support:

1111-490—Reappropriation, Department of Consumer Affairs. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2020:

0001—General Fund

(1) Item 1111-001-0001, Budget Act of 2018

Sample reappropriation item for Capital Outlay:

3340-490—California Conservation Corps. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2022:

0001—General Fund

(1) Item 3340-301-0001, Budget Act of 2018

(0.5) 0000692-Auburn Campus: Kitchen, Multipurpose
Room, and Dorm Replacement

(a) Construction

Sample reappropriation item with both Support and Capital Outlay:

3640-490—Reappropriation, Wildlife Conservation Board. The balances of the appropriations provided in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2022:

0001—General Fund

(1) Item 3640-101-0001, Budget Act of 2018

6029—California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund

(1) Item 3640-302-6029, Budget Act of 2016

Reversion items are used to reduce an appropriation's availability period making funds available for subsequent appropriation prior to their originally set expiration. The undisbursed portion of an appropriation typically reverts two years (four years for federal funds) after the last day of availability for encumbrance. The reversion items within the Budget Bill often provide for the reversion of unused portions of appropriations when such reversions are to be made prior to the statutory limit, aka reversion date. The reversion date is typically June 30 of the current fiscal year.

Sample reversion item:

3125-496—Reversion, California Tahoe Conservancy. As of June 30, 2019, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balances of the funds from which the appropriations were made.

0005—Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund

(1) Item 3125-301-0005, Budget Act of 2018

(1) 0001386-Upper Truckee River and Marsh Restoration

(a) Construction

For more information regarding appropriations, see the [Understanding Expenditure Authority](#) job aid.

Control Sections

The sections following Section 2.00 to the last section are generally referred to as the general control sections. The term "general" is used as the provisions usually apply to a number of agencies or on a statewide basis. The origin of the term "control" was likely due to the fact that many of these sections were for the purpose of legislative restrictions on the spending authorized by appropriations included in Section 2.00. However, these sections do more than restrict expenditures. In fact, they may provide for more flexibility by authorizing adjustments to appropriations. Other uses of control sections have been to: (1) provide explanatory information, (2) provide for transfers

between funds, (3) allow adjustments for retirement contributions, and (4) allow authority for actions to accomplish specified expenditures, savings, personnel adjustments, etc.

The following sections are of a statewide nature and the most commonly known/utilized.

- Sec 3.00—Provides definitions and purposes of appropriations
- Sec 3.50, 3.60, and 4.20—Staff Benefits
- Sec 5.25—Attorney's fees
- Sec 8.50—Appropriates additional Federal Funds
- Sec 26.00—Authorizes Intrасchedule transfers
- Sec 28.00—Authorizes adjustments for Non-State funds
- Sec 28.50—Authorizes adjustments for State reimbursements
- Sec 30.00—Extension of Sunsetting Continuous Appropriations
- Sec 31.00—Administrative Procedures for Salaries and Wages
- Sec 32.00—Prohibits Excess Expenditures
- Sec 33.00 and 34.00—Veto Severability Clauses
- Sec 99.00—Alphabetical organization Index
- Sec 99.50—Control Section Index