

# BUDGET LETTER

		<b>NUMBER:</b> 23-22
<b>SUBJECT:</b> 2024-25 PRICE LETTER	<b>DATE ISSUED:</b> September 20, 2023	
<b>REFERENCES:</b> BUDGET LETTERS 23-05, 23-06, AND 23-14 GOVERNMENT CODE SECTION 11019.10	<b>SUPERSEDES:</b> BL 22-22	

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

FROM: DEPARTMENT OF FINANCE

Chapter 12 of the 2009-10 Fourth Extraordinary Session added Section 11019.10 to the Government Code, specifying that "except as provided in the Budget Act and implementing statutes, no automatic increases shall be provided to the University of California, California State University, the state courts, or to state agency operations, including, but not limited to, annual price increases to state departments and agencies." Therefore, no automatic baseline adjustments for price increases will be made to departmental operating budgets.

Consistent with the 2024-25 Budget Policy (Budget Letter [BL] 23-14) and to improve budget accuracy, transparency, and accountability, each department is expected to adjust its budget to reflect the most realistic assessment of its own expenditures for personal services, staff benefits, and operating expenses and equipment. Departments should use information provided in this BL and knowledge of its own contractual commitments and cost drivers to estimate costs in 2024-25. If the adjusted line-item expenses cannot be funded with the total funding allowed, each department must make adjustments to its expenditure plans to bring them in line with available funding. This may involve creating efficiencies, negotiating price reductions, or reducing activities and operations, including changes in departmental program responsibilities and staffing. Instructions for baseline budget adjustments are provided in BL 23-06 and various employee compensation Budget Letters. Departments are responsible for creating effective plans to do this while achieving the department's most important core missions and documenting the plans as part of the base budget development process. The price adjustment factors included in Attachment 1 are provided for departments' planning and detailed budget-building purposes only. The population projections on Attachment 2 are based on May Revision estimates; updated population data will be available by January 2024.

The Price Letter does not cover the price of goods and services included in the Department of General Services' (DGS) annual Price Book and Directory of Services, which is available from the Office of Fiscal Services' [website](#). The Price Book and Directory of Services reflecting the rates for the current year and proposed rates for the budget year will be posted by DGS on its website once available. If you have questions regarding the Price Book, please contact DGS, Office of Fiscal Services, Budget and Planning Section, 707 3<sup>rd</sup> Street, West Sacramento, CA 95605, or email Madelynn McClain at [Madelynn.McClain@dgs.ca.gov](mailto:Madelynn.McClain@dgs.ca.gov).

/s/Erica Gonzales

Erica Gonzales  
Program Budget Manager  
Attachment

PRICE LETTER STANDARDS  
2024-25

PRICE ADJUSTMENT FACTOR SUMMARY  
(See following text for specific instructions)

Account Category (AC) Code	Line-Item Object	2023-24	2024-25
<b>Personal Services</b>			
5150500	OASDI	6.2% of wages. Ceiling of \$163,950 <sup>a</sup>	6.2% of wages. Ceiling of \$169,350 <sup>a</sup>
5150450	Medicare	1.45% of wages. No ceiling.	1.45% of wages. No ceiling.
5150350	Health Benefits-Public Employees	CalPERS average rates will increase by 10.77% on January 1, 2024.	
5150600	Retirement-Public Employees	<b>0.53%<sup>b</sup></b>	<b>0.53%<sup>b</sup></b>
<b>Operating Expenses</b>			
		<b>2023-24<sup>c</sup></b>	<b>2024-25<sup>c</sup></b>
5304700	Telephone	d, f	f
5306100	Postage	f	f
5320220	In-State Travel Per Diem	e	e
5326100	Electricity	f	f
5326400	Natural Gas <sup>g</sup>	-49.0%	-53.0%
5326300	Liquid Petroleum Gas <sup>g</sup>	-2.7%	-2.2%
5340310	Attorney General Services	f	f
5344000	Data Center Services	f	f
5390150	Clothing and Personal Supplies <sup>f</sup>	2.2%	3.1%
5340290	Medical Care <sup>f</sup>	3.0%	5.5%
5390250	Foodstuffs <sup>f</sup>	2.9%	5.1%

<sup>a</sup> The tax base for the calendar year 2023 is \$160,200 per information published on ssa.gov. Wage bases of \$167,700 and \$171,000 are used for calendar years 2024 and 2025, respectively, to determine an average maximum for planning purposes. These numbers reflect a fiscal year equivalent of calendar year estimates.

<sup>b</sup> This is the average change for all plans. Instructions for this item are provided in various employee compensation Budget Letters.

<sup>c</sup> Percentage change over 2022-23 unless specified otherwise.

<sup>d</sup> Budget at current rates.

<sup>e</sup> See the In-State Travel Per Diem section.

<sup>f</sup> See following text for detail.

<sup>g</sup> Prices do not include transportation charges, which are based on mileage. See following text for detail.

<b>AC Code</b>	<b>Line-Item Object</b>	<b>2023-24<sup>c</sup></b>	<b>2024-25<sup>c</sup></b>
5390350	Laundry <sup>g</sup>		
	All institutions except for CVSP, ISP, & PBSP.		
	Standard Laundry	\$0.75/lb	f
	Healthcare Laundry	\$0.91/lb	
	For CVSP, ISP, PBSP, and institutions using CALPIA as a backup laundry service.		
	Standard Laundry	\$0.79/lb	f
	Healthcare Laundry	\$0.95/lb	
California Consumer Price Index - All Urban Consumers		3.5%	6.5%

## **OPERATING EXPENSES**

### **TELEPHONE**

The California Department of Technology (CDT) provides a full range of telecommunications services at competitive rates through its CALNET Next Gen Master Service Agreement. Product descriptions and pricing information are available on the CALNET [website](#).

### **POSTAGE**

The latest postal rates, which went into effect on July 9, 2023, are available at most post office branches, as well as the United States Postal Service [website](#).

Current major postage rates, effective since July 9, 2023, are as follows:

First-Class letter:	
1 oz.	66 cents
Postcard	51 cents
Priority Mail (Flat Rate Envelope):	\$9.35
Priority Mail Express (Flat Rate Envelope):	\$28.75

## **IN-STATE TRAVEL PER DIEM**

<sup>c</sup> Percentage change over 2022-23, unless specified otherwise.

<sup>f</sup> See following text for detail.

<sup>g</sup> Prices do not include transportation charges, which are based on mileage. See following text for detail.

For 2023-24 and 2024-25, the reimbursement for lodging, meals and incidentals, and mileage for Rank and File and all non-represented employees should be budgeted as follows:

### **Short Term Lodging Rate**

- **All counties/cities located in California** (except noted below):  
Actual lodging expense, supported by a receipt, up to **\$90/night**, plus tax.
- **Napa, Riverside, and Sacramento Counties**  
Actual lodging expense, supported by a receipt, up to **\$95/night**, plus tax.
- **Marin County**  
Actual lodging expense, supported by a receipt, up to **\$110/night**, plus tax.
- **Los Angeles, Orange, and Ventura Counties and Edwards Air Force Base**, excluding the city of Santa Monica. Actual lodging expense, supported by a receipt, up to **\$120/night**, plus tax.
- **San Diego and Monterey Counties**  
Actual lodging expense, supported by a receipt, up to **\$125/night**, plus tax.
- **Alameda, San Mateo, and Santa Clara Counties**  
Actual lodging expense, supported by a receipt, up to **\$140/night**, plus tax.
- **City of Santa Monica**  
Actual lodging expense, supported by a receipt, up to **\$150/night**, plus tax.
- **San Francisco City and County**  
Actual lodging expense, supported by a receipt, up to **\$250/night**, plus tax.

### **Meals and Incidentals**

- up to \$7.00 for breakfast
- up to \$11.00 for lunch
- up to \$23.00 for dinner
- up to \$5.00 for incidentals

**Mileage**      65.5 cents per mile (Calendar year 2023)

Actual rates are determined by collective bargaining agreements and may vary by bargaining unit. Departments are advised to use the above rates for budgeting purposes but should also monitor related notifications from the California Department of Human Resources for changes resulting from collective bargaining.

### **ELECTRICITY**

All the major electric utilities have several rate schedules, which are based upon the customer's maximum kilowatt demand and tend to increase costs to the customer as maximum demand increases. Departments should verify that they are being billed on the correct schedule and

make every reasonable effort to reduce its maximum demand. The utilities are willing and able to offer advice in this area.

The overall electrical rates charged by major investor-owned and municipal utilities are expected to change from 2022-23 as follows:

	<b>2023-24</b>	<b>2024-25</b>
Pacific Gas & Electric Company	13.1%	8.0%
Southern California Edison	-1.8%	0.5%
San Diego Gas and Electric Company	1.2%	6.0%
Los Angeles Dept. of Water & Power	1.1%	6.5%
Sacramento Municipal Utility District	5.0%	11.0%

## **NATURAL GAS**

Natural gas should be budgeted for 2023-24 and 2024-25 assuming price changes of -49.0 percent and -53.0 percent, respectively, below 2022-23 actual prices. Prices for 2022-23 increased by 73.8 percent from 2021-22 levels, following a 97.7-percent increase in 2021-22 from 2020-21 levels.

## **LIQUID PETROLEUM GAS**

Departments are advised to budget liquefied petroleum gas in 2023-24 and 2024-25 assuming a price change of -2.7 percent and -2.2 percent from 2022-23 actual prices, respectively. Departments should budget fuel oil at current market rates. Prices for 2022-23 decreased by 4.2 percent from 2021-22 levels, following a 76.2-percent increase in 2021-22 from 2020-21 levels.

## **ATTORNEY GENERAL SERVICES**

State departments receiving legal services from the Department of Justice are advised to budget \$220 per hour for attorney services, \$205 per hour for paralegal services, and \$195 per hour for analyst services (auditor and research analyst) for 2023-24. If rate changes are needed for future fiscal years, departments will be notified of the change in a subsequent BL.

## **CALIFORNIA DEPARTMENT OF TECHNOLOGY (CDT)**

The CDT billing rate schedule can be found on the department's [website](#).

In addition, the Rates and Cost Recovery Branch personnel are available to assist with cost estimates associated with CDT services. For more information, departments may contact Rates and Cost Recovery at (916) 431-3617 or [ciobilling@state.ca.gov](mailto:ciobilling@state.ca.gov). Please note: Departments that have significant changes in the utilization of CDT services need to submit budget change proposals to address its needs.

As a result of Chapter 404, Statutes of 2010 (AB 2408), which became effective January 1, 2011, the CDT no longer requires an executed Inter-Agency Agreement (IAA) from state entities to process the direct transfer payment for services rendered. All other invoicing processes will remain the same. Electronic invoices through CalTABS will be published online 10 business days after the end of each billing period, and an electronic file to the State Controller's Office (SCO) for the direct transfer process will occur 1-3 business days following the release of the invoices.

SCO will provide departmental accounting units with a journal entry upon completion of the direct transfer transaction. Departments electing to continue to process an IAA for the purpose of encumbering funds may do so. For additional information regarding IAAs, departments may contact the IAA Processing Analyst at (916) 857-9656, or by email at [iaaprocessinganalyst@state.ca.gov](mailto:iaaprocessinganalyst@state.ca.gov).

### **CLOTHING AND PERSONAL SUPPLIES**

Clothing and personal supplies should be budgeted for 2023-24 and 2024-25 at 2.2 percent above and 3.1 percent above 2022-23 actual expenditures, respectively.

### **MEDICAL CARE**

Departments should budget contract items at current prices. Budget the remaining items for 2023-24 and 2024-25 at 3.0 percent and 5.5 percent, respectively, above 2022-23 actual expenditures.

### **FOODSTUFFS**

Budget feeding costs for 2023-24 and 2024-25 at 2.9 percent and 5.1 percent, respectively, above 2022-23 actual expenditures.

### **LAUNDRY**

Laundry prices for departments served by state correctional institutions should be budgeted as follows:

<b>Service</b>	<b>2023-24</b>
All institutions except for CVSP, ISP, & PBSP.	
Standard Laundry	\$0.75/lb
Healthcare Laundry	\$0.91/lb
For CVSP, ISP, PBSP, and institutions using CALPIA as a backup laundry service.	
Standard Laundry	\$0.79/lb
Healthcare Laundry	\$0.95/lb

These prices do not include mileage-based transportation costs and stop fees, which are as follows:

- Transportation rates:
  - 1 to 5 full carts \$7.90 (Applies to round trip mileage)
  - 6 to 15 full carts \$6.35 (Applies to round trip mileage)
  - 16 full carts to full trailer \$3.25 (Applies to round trip mileage)
  
- Stop fees: \$60 for each stop point.

At the time this letter was prepared, the Prison Industry Authority did not have the estimated increases for 2024-25 available.

### **CONSUMER PRICE INFLATION**

The Economic Research Unit of the Department of Finance forecasts the California Consumer Price Index for all urban consumers (CPI-U) and several other price indexes in May and January. The most current California CPI-U forecast predicts that overall consumer prices will rise by 3.5 percent and 6.5 percent in 2023-24 and 2024-25, respectively, over 2022-23. However, departments are advised that while the CPI-U is believed to represent overall consumer prices, this index may be inappropriate for use in predicting the inflation trends for certain types of purchases. As an alternative, the U.S. state and local government implicit deflator may be used. This index is estimated to increase by 3.9 percent in 2023-24 and 3.3 percent year-over-year in 2024-25. Furthermore, it is suggested that departments wishing to use CPIs to help forecast their expenditures contact the Economic Research Unit by emailing Somjita Mitra at [Somjita.Mitra@dof.ca.gov](mailto:Somjita.Mitra@dof.ca.gov) for the most recent available forecast.

**POPULATION**

California's total population on July 1, 2023, is projected at 39,026,900—a decrease of 38,100 over the number residing in the state on the same date in the previous year. The civilian population on July 1, 2023—the essential figure for most budget computations—is projected to reach 38,868,240. Current projections for mid-year 2024 anticipate the civilian population to be roughly flat with the prior year. The total population as of July 1, 2024, is expected to be 39,028,100, of which 38,869,470 are civilians. These data are summarized in Table 1.

Table 1. ESTIMATED POPULATION OF CALIFORNIA: 2018-25 (in thousands)				
1-Jul	Total Population	Civilian Population	One Year Change	
			Total	Civilian
2018	39,476	39,320		
2019	39,530	39,376	54	56
2020	39,529	39,370	0	-7
2021	39,243	39,079	-286	-291
2022	39,065	38,906	-178	-173
2023	39,027	38,868	-38	-38
2024	39,028	38,869	1	1
2025	39,061	38,902	32	32



Table 2 shows the civilian population for the years 2018-25 distributed by five-year age groups. This distribution is based upon the results of the April 1, 2020, decennial census and the most recent Department of Finance estimates and projection series. For more information, departments may contact the Demographic Research Unit by emailing Walter Schwarm at [Walter.Schwarm@dof.ca.gov](mailto:Walter.Schwarm@dof.ca.gov).

Table 2. ESTIMATES OF CALIFORNIA'S CIVILIAN POPULATION BY AGE (in thousands)								
Age in Years	7/1/2018	7/1/2019	7/1/2020	7/1/2021	7/1/2022	7/1/2023	7/1/2024	7/1/2025
0-4	2,426	2,370	2,359	2,284	2,236	2,189	2,149	2,133
5-9	2,542	2,530	2,574	2,547	2,528	2,475	2,408	2,321
10-14	2,607	2,603	2,642	2,636	2,612	2,596	2,595	2,600
15-19	2,746	2,746	2,666	2,642	2,626	2,635	2,626	2,611
20-24	2,947	2,917	2,938	2,871	2,794	2,804	2,819	2,831
25-29	2,548	2,597	2,811	2,808	2,787	2,708	2,643	2,594
30-34	2,554	2,484	2,446	2,448	2,495	2,608	2,710	2,791
35-39	2,682	2,700	2,512	2,441	2,377	2,322	2,288	2,280
40-44	2,484	2,486	2,397	2,393	2,400	2,409	2,408	2,375
45-49	2,600	2,555	2,404	2,326	2,282	2,260	2,253	2,267
50-54	2,526	2,500	2,422	2,415	2,397	2,369	2,328	2,276
55-59	2,547	2,542	2,452	2,381	2,322	2,282	2,260	2,269
60-64	2,308	2,334	2,398	2,385	2,361	2,332	2,309	2,267
65+	5,802	6,011	6,349	6,502	6,689	6,879	7,073	7,286
Total	39,320	39,376	39,370	39,079	8,906	38,868	38,869	38,902