

# BUDGET LETTER

	<b>NUMBER:</b> 24-21
<b>SUBJECT:</b> 2025-26 BUDGET POLICY	<b>DATE ISSUED:</b> July 29, 2024
<b>REFERENCES:</b> <a href="#">BL 24-08</a> , <a href="#">24-10</a>	<b>SUPERSEDES:</b> 23-14

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 2025-26 Governor's Budget. As a reminder, [BL 24-08](#), which Finance issued on June 12, 2024, outlines the technical and procedural requirements for preparation of the 2025-26 Governor's Budget.

## Priorities

California historically experiences significant revenue volatility. While recent statewide forecasts reflect revenue growth on par with long-term historic trends and California's economic outlook remains stable, inflation deceleration has slowed and interest rates are still elevated, creating ongoing economic uncertainty. Moreover, the state continues to project a structural deficit over the multiyear period.

The Administration's primary budget focus is to develop and maintain a long-term fiscally responsible budget that preserves vital programs, promotes economic growth, equity, project streamlining, job growth and affordability, and protects public health care programs, public safety, and public education, while at the same time making state government more efficient. Please refer to [BL 24-10](#) related to government efficiencies.

The budget must continue to prioritize and protect critical state services against future risks and restrain from significantly expanding and/or creating new ongoing commitments that could further impact the state's fiscal outlook.

## 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, the availability of funding, regardless of fund source, and consistency with the government efficiency requirements of BL 24-10. This criteria applies to all departments, including those not under the Governor's direct authority.

In addition, Finance will consider proposals for one-time investments, **subject to the availability of General Fund or a respective other fund source**, that prioritize investments that leverage federal funding opportunities and/or align with the Administration's priorities as they relate to core services and programs or infrastructure and project streamlining objectives.

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.

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 2025-26 Governor's Budget, and may be returned without review.

**Workload budget and technical requests, including Budget Bill language changes, are due to Finance no later than Tuesday, September 3, 2024. (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.

### **Budget Confidentiality**

Information contained in BCP and ECP proposals is an integral part of the Governor's deliberation 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 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/ Richard Gillihan

RICHARD GILLIHAN  
Chief Operating Officer