

Department of Finance

Strategic Plan

2015 - 2019



*California's
Fiscal Policy Experts*

MESSAGE FROM THE DIRECTOR

Since fiscal year 2011-12, the state has recovered from budget deficits totaling \$26.6 billion and estimated annual shortfalls of roughly \$20 billion. The state has ushered in a new era of balanced, on-time state budgets that pay down debt, strengthen the state teachers' retirement system, build a solid "Rainy Day" reserve fund, and direct additional funding for local schools and health care. We have accomplished these objectives through difficult budgetary decisions and with the help of a recovering economy. Through the leadership of the Department of Finance (Finance), the state has an opportunity to remain on a path to long-term fiscal stability.



It is through the hard work and dedication of our workforce that we serve the Governor and people of California. Finance's mission is to serve as the Governor's chief fiscal policy advisor and to promote long-term economic sustainability and responsible resource allocation. Our employees serve this mission every day by exemplifying integrity, expertise, teamwork, respect, and problem solving.

This strategic plan will help Finance realize its mission by focusing on commitments in the following three areas:

- Leadership
- Workforce
- Accountability

The plan provides a road map for our organization so that we may better serve as the statewide leader for budget and fiscal policy and be the premier workforce destination for employees and candidates who would like to serve the Governor and the citizens of California. The plan also helps support Finance's business and program priorities, increase operational efficiencies, and further Finance's overall mission.

Critical to the success of our strategic plan is feedback from our employees and external stakeholders. This plan is a document that is subject to change based on the changing needs of our state and the people we serve. If you have any ideas, or suggested improvements to the plan, please e-mail us at strategicplan@dof.ca.gov.

Thank you,

A handwritten signature in black ink that reads "Michael Cohen". The signature is fluid and cursive, with a small dot above the "i" in "Michael".

MICHAEL COHEN

Director, California Department of Finance

The Department of Finance's mission is to serve as the Governor's chief fiscal policy advisor and to promote long-term economic sustainability and responsible resource allocation.

VALUES

- **INTEGRITY** - We consistently adhere to our duty to execute the mission and responsibilities of the Department of Finance while advancing the goals of the Administration.
- **EXPERTISE** - We are a reliable source of accurate information and sound fiscal and policy advice.
- **TEAMWORK** - We work together collaboratively and in recognition of the contribution each of us makes to the common purpose of serving Finance, the Administration, and the people of California.
- **RESPECT** - We recognize the validity of other points of view and treat others with civility.
- **PROBLEM SOLVING** - We strive to find practical and effective solutions to achieving desired goals.



OVERVIEW

The Department of Finance (Finance) is part of the Executive Branch of state government and the Governor's Administration. The Director of Finance is appointed by the Governor and serves as the Governor's chief fiscal policy advisor. The Director is a member of the Governor's cabinet and sits on numerous boards and commissions that make significant fiscal policy decisions.

Finance interacts with the Legislature in various capacities, including presenting and defending the Governor's Budget, and analyzing and testifying on legislation being heard in the Legislature.

Finance interacts with other state departments on a daily basis in terms of preparing, enacting, and administering the budget; reviewing fiscal proposals; analyzing legislation; establishing accounting systems; auditing department expenditures and operations; and communicating the Governor's fiscal policy.

Finance is a key source of information for rating agencies and major investors of the state. Finance provides thorough, prompt, and reliable disclosure information to ensure the state has the most affordable financing options and ready access to the financial markets.

The following are descriptions of Finance's key areas of responsibility.

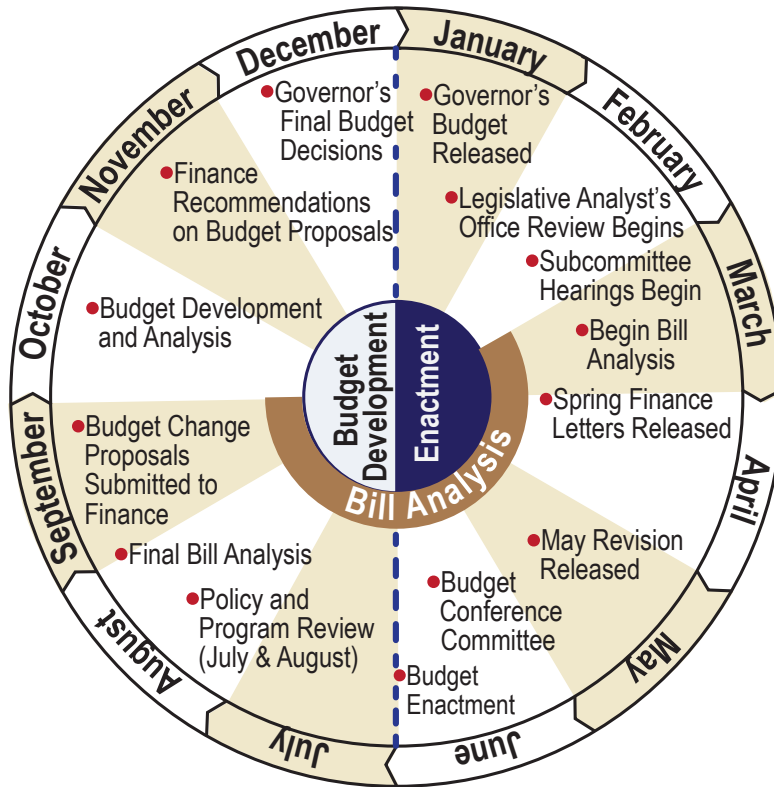
BUDGET AND POLICY UNITS

Budget and Policy units have a wide range of fiscal policy responsibilities, including the preparation, enactment, and administration of the Governor's Budget. Analysts must be aware of Administration policy, legislative intent, and be thoroughly familiar with the goals, programs, and funding issues with respect to their assignment. During the enactment phase of the budget, analysts appear before legislative committees to testify on behalf of the Governor's proposed Budget. After enactment, staff assists in the administration of the budget, including administrative oversight of state infrastructure projects and local assistance items. Throughout the process, staff work with the top management of state government and legislative staff regarding fiscal and programmatic policies of the Administration.



Budget and policy staff provide analyses of bills introduced in the Legislature and make recommendations to the Governor’s Office. These analyses inform both the Governor and the Legislature of the fiscal and programmatic implications of the bills, including mandated costs to local governments. Finance also appears before the fiscal and revenue committees of the Legislature to provide testimony regarding the Administration’s position on bills being considered.

FINANCE’S BUDGET AND BILL REVIEW CYCLE



ACCOUNTING POLICIES AND SYSTEMS SUPPORT

The **Fiscal Systems and Consulting Unit (FSCU)** sets statewide fiscal and accounting policies and procedures. FSCU provides fiscal consulting services and training to departments to help ensure that the state’s assets are protected and accurate, and timely financial information is maintained. FSCU represents and advocates on behalf of the state for various accounting and federal issues.

The **California State Accounting and Reporting System (CALSTARS)** has been the primary accounting system used by state departments for over 30 years. CALSTARS was developed to accurately and systematically account for all revenues, expenditures, receipts, and disbursements of state departments. CALSTARS supports the business functions of each client department. CALSTARS staff continue to maintain the system and provide system and accounting training to departments as the state transitions to the Financial Information System for California (FI\$Cal).

AUDITS AND PROGRAM EVALUATIONS

The **Office of State Audits and Evaluations (OSAE)** supports Finance in supervising the state's financial and business policies and in conserving the state's rights, interests, and resources through financial, performance, and compliance audits, quality assurance reviews, budgetary reviews, and consulting services. Consistent with Finance's leadership and oversight responsibilities, OSAE monitors and coordinates the Financial Integrity and State Manager's Accountability Act, issues Audit Memos to provide instruction to departments and internal audit organizations, promotes bond accountability through ongoing oversight activities, and coordinates and carries out the state's responsibilities related to the federal Single Audit Act.



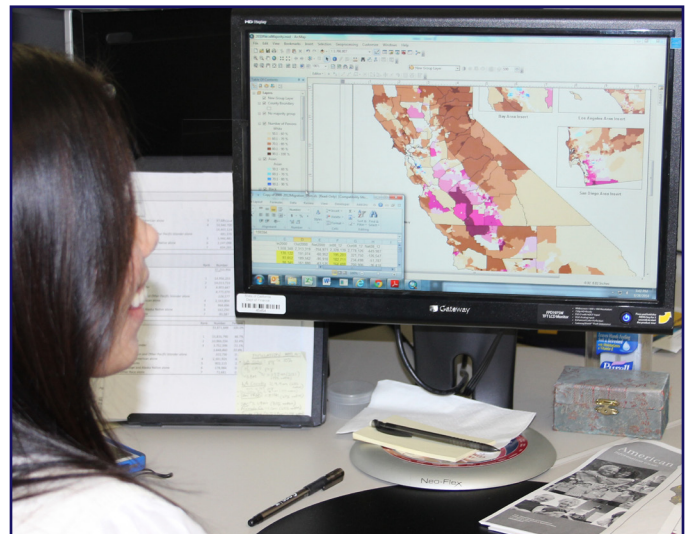
DEMOGRAPHIC, ECONOMIC, AND FINANCIAL RESEARCH

The **Demographic, Economic, and Financial Research Units** are responsible for monitoring and forecasting the state's population, economic, and tax revenue trends. Staff in the research units are the state's recognized experts in these areas, and their work supports all fiscal and policy decisions.

Demographic Research is the single official source of demographic data and enrollment and population projections for state planning and budgeting. Additionally, it provides demographic research, analysis, and consultation on how changes in population and population structure will influence the requirements for governmental policies and services.

Economic Research develops and maintains California economic data, prepares economic forecasts, and provides advice on economic policy issues. In addition, the unit reviews the financial and economic impact assessments prepared by departments proposing new major regulations.

Financial Research builds and maintains revenue forecasting models, provides revenue forecasts to assist the Executive Branch in preparing the state budget, provides analyses of legislation and regulations affecting tax law, and evaluates revenue and tax law developments of importance to state government.





INFORMATION TECHNOLOGY

Information Services designs, develops, implements, and supports the numerous information technology systems and applications that make up the backbone of Finance’s technical infrastructure. Whether they are designed for a particular unit or are utilized department-wide, these systems and applications allow staff to meet daily operational needs and support the development of significant work products, the most vital being the annual Governor’s Budget, the May Revision to the Budget, and the final Budget Act. In addition, these systems provide stakeholders, including the Governor, the Legislature, and the public, access to a wealth of state budget data and policy analyses. Greater access to such information helps develop transparency in government and allows for more informed budget and policy decisions that ultimately promote the economic sustainability of the state.

The **Information Technology Consulting Unit** serves as Finance’s primary liaison to the California Department of Technology, conducts fiscal analyses of proposed statewide information technology (IT) policies and enterprise initiatives, performs oversight of critical IT projects, and provides IT-related consulting services to budget analysts.

FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA (FI\$Cal)

To serve the best interest of the state by optimizing the financial business management of the state, Finance, along with the Controller, the Treasurer, and the Department of General Services collaboratively develop, implement, utilize, and maintain the FI\$Cal system. This effort will promote best business practices by embracing opportunities to reengineer the state’s business processes and will encompass the management of resources and funds in the areas of budgeting, accounting, procurement, cash management, financial management, and financial reporting.



COMMITMENTS AND STRATEGIES

LEADERSHIP: *Serve as the statewide leader for fiscal and budget policies.*

Strategies:

- 1.1. Work collaboratively with other state departments and external stakeholders to meet the priorities of the Governor and the State of California.
- 1.2. Exercise a statewide leadership role throughout FI\$Cal system development and implementation to promote its successful use as the state's budgeting, accounting, cash management, and procurement system.
- 1.3. Align budget and policy initiatives with priorities of the state and long-term economic sustainability.

WORKFORCE: *Recruit, develop, and maintain a premier workforce, consistent with Finance’s fiscal and budget policy leadership role.*

Strategies:

- 2.1. Employ experienced, flexible, and knowledgeable staff that can adjust to a dynamic environment, and continually provide relevant and practical training to staff.
- 2.2. Continuously develop and implement comprehensive succession and mentoring plans to prepare staff to fill key positions.
- 2.3. Enhance outreach activities, streamline and simplify the hiring process, and develop effective interviewing tools.

ACCOUNTABILITY: *Promote transparency and trust by developing efficient processes and systems that allow easy access to state data and information.*

Strategies:

- 3.1. Continuously review business workflows and develop and/or upgrade systems, applications, and processes to achieve greater efficiencies within Finance and statewide.
- 3.2. Examine critical fiscal policies to identify and implement opportunities to improve accuracy, effectiveness, and transparency.
- 3.3. Leverage emerging technologies to make data and information easily accessible to policymakers and the public.

DEPARTMENT OF FINANCE
California's Fiscal Policy Experts

Our Mission

*To serve as the Governor's chief
fiscal policy advisor and to
promote long-term economic sustainability and
responsible resource allocation*

Leadership

Workforce

Accountability

Core Values

Integrity • Expertise • Teamwork
Respect • Problem Solving