

# Introduction

The California Constitution requires that within the first 10 days of each calendar year, the Governor submit a proposed Budget to the Legislature and that the Budget be accompanied by a Budget Bill. The Department of Finance (Finance) prepares the Budget Bill utilizing the previous Budget Act as the starting point. Finance requests language sheets from the Office of State Publishing (OSP). These language sheets, which include every item and control section in the previous Budget Act, are distributed to various Finance budget units in November of each year for updating. Several updates are made in late November through late December, culminating in Senate and Assembly versions of the Budget Bill for introduction in the two houses by the chair of each house's budget committee. For a major portion of the items and sections, the update is merely a change of dollars and fiscal year references. However, there may be major changes which need to be made such as the restructuring of programs, adjustments for organizational changes, additions of new appropriations, and provisional language. Finance staff often need to work with departmental staff and the Legislative Counsel Bureau in developing language. The Legislative Counsel Bureau designates staff to work on budget language for both the budget development and enactment stages. In some situations, Finance staff may work with the staff of the Legislative Analyst's Office and the legislative fiscal committees in preparing language sheets. The following are standard guidelines applicable from year to year. Finance staff and departmental staff who assist in the preparation of the Budget Bill must be familiar with these guidelines.

## Guidelines

### Standard Language for an Appropriation Item

- An appropriation item typically consists of three basic parts:
  - An Item number, followed by text providing the department with authorization to make an expenditure, the fund from which the department can spend, and the total authorized amount in dollars. If the appropriation comes from the General Fund, it is not necessary to cite the fund
  - Schedules, providing the programs or projects and their spending limits
  - Provisions, providing any additional qualifiers for the item or the schedules within. However, provisions may not appear in all items
  - Please refer to [How to Read Budget Bill Language](#) for further details
- Note that the lead in language is different for each appropriation type/character. It is understood that if unstated, appropriations come from the General Fund. Other funds must be cited by their legal title.
- For Program numbers, please list in order, with appropriations listed before reimbursements. Program numbers may not be re-numbered in the spring. Although decimals may be used to assist in the insertion of new programs to the desired location in the schedules.
- For a list of Reference Numbers and Funds, please refer to [How to Read Budget Bill Language](#)

# Samples of the Three Main Types of Appropriations

## (State Operations, Local Assistance, and Capital Outlay):

- **State Operations example 1:**

0250-001-0159—For support of Judicial Branch, payable from the State Trial Court Improvement and Modernization Fund .....8,726,000

Schedule:

(1) 0130-Supreme Court .....8,726,000

Provisions:

1. Notwithstanding any other law, upon approval by the Administrative Director of the Courts, the Controller shall increase this item up to \$18,673,000 for recovery of costs for administrative services provided to the trial courts by the Judicial Council.

- **State Operations example 2:**

6100-001-0001—For support of the State Department of Education..... 117,478,000

Schedule:

(1) 5205010 – Curriculum Services..... 86,107,000

(1.5) 5210048 – After School Programs..... 1,717,000

(2) 5210066 – Special Program Support ..... 41,606,000

(3) 9900100 – Administration..... 60,017,000

(4) 9900200 – Administration— Distributed.....-60,017,000

(5) Reimbursements to 5205010 – Curriculum Services..... -8,621,000

(6) Reimbursements to 5210066 – Special Program Support...-3,331,000

Provisions:

1. Notwithstanding Section 33190 of the Education Code or any other law, the State Department of Education shall not expend funds to prepare a statewide summary of pupil performance on school district proficiency assessments or a compilation of information on private schools with five or fewer pupils.
2. Funds appropriated in this item may be expended or encumbered to make one or more payments under a personal services contract of a visiting educator pursuant to Section 19050.8 of the Government Code.
3. The funds appropriated in this item shall not be expended for the development or dissemination of program advisories, including, but not limited to, program advisories on the subject areas of reading, writing, and mathematics, unless explicitly authorized by the State Board of Education.

○ **Local Assistance example:**

0250-102-0932—For local assistance, Judicial Branch, payable from the Trial Court Trust Fund ..... 186,700,000

Schedule:

- (1) 0150011-Court Appointed Dependency Counsel.....252,700,000
- (2) Reimbursements to 0150011-Court Appointed Dependency Counsel..... -66,000,000

Provisions:

1. The amount appropriated in Schedule (1) shall be allocated by the Judicial Council using the methodology customarily used to distribute statewide court-appointed dependency counsel funding, which shall reflect annual updates to relevant variables based on the most recently available data.
2. Upon order of the Department of Finance, the Controller shall increase Schedule (1) by up to \$30,000,000 to address any shortfalls in federal reimbursements pursuant to Title IV-E of the federal Social Security Act (42 U.S.C. Sec. 670 et seq.) that supplement funding for court-appointed counsel for children, non-minor dependents, and parents in juvenile court dependency proceedings pursuant to subdivisions (b) and (c) of Section 317 of the Welfare and Institutions Code and paragraph (4) of subdivision (a) of Section 77003 of the Government Code.

○ **Capital Outlay example:**

8940-301-0001—For capital outlay, Military Department..... 171,129,000

Schedule:

- (1) 0000615-Sacramento: Consolidated Headquarters Complex.....168,909,000
  - (a) Design-Build.....168,909,000
- (2) 0000917-Eureka: Sustainable Armory Renovation Program .....233,000
  - (a) Design-Build ..... 233,000
- (3) 0002633-Los Alamitos: STARBASE Classroom Building ..... 1,987,000
  - (a) Design-Build Construction..... 1,987,000

Provisions:

1. Notwithstanding Section 15849.1 of the Government Code or any other law, the funds appropriated in Schedule (1) may be available for the repayment of loans made from the General Fund for the project identified in Schedule (1).

# Updating Language Sheets for Existing Items and Control Sections

Fall language sheets are based on the previous year's Budget Act and are provided as starting points for edits. Spring language sheets are based on the most relevant bill at the various point in time (typically after May Revision for Assembly and Senate edits, then a joint version for Conference edits.)

- Sample Language provided in this section is the standard boilerplate language and may need to be adjusted to fit the special circumstances of your appropriation. Finance staff should clear deviations from the standard language with Financial Operations prior to submission.
- Finance staff should refer to the Language Sheet Edit Instructions for a step-by-step guide on how to update existing language sheets, add new items and delete old items.
- If an item or control section is no longer required, select the whole item and press delete to reflect the entire item strikethrough in track changes. At the top of the language sheet notate "**Delete Item**". If you do not inform Finance that an item or control section should be deleted, that information will be included in the Budget Bill. Do not eliminate the language sheet file. OSP/LCB needs to refer to the existing item(s) contained in its computer file.
- If a new item or control section is required, create the new language in a Word document and at the top of the language sheet notate "**New Item**".
- Ensure new appropriation language is in the plural form even if it is only applied to a single item (i.e., provisions, schedules, etc.). That way the language never needs to be amended should the list grow.
- Update the following information when reviewing existing provisional language:
  - Dates contained in control language.
  - Code section references.
  - Cross references to other items.
  - Verify language is current and applicable.
  - Change references to bill numbers (e.g., AB 511) to Chapters, or codified sections as appropriate, usually after a year or so.

## Control Sections

Control Sections should be limited to general statewide provisions. Therefore, if a proposed new or existing section contains language pertaining to one or only a few items/departments, it should be included as control language within the appropriate item(s). As a general rule, appropriation items should be used instead of control sections for authorizing expenditures or transfers. (This provides for more consistency with other appropriation /transfer items.) If a new section is required, coordinate the assignment of a section number with your Finance Budget Analyst.

All control section language sheets need to be submitted to FO, similar to an appropriation item within the budget bill.

# Appropriations for Proposition 98

Proposition 98 funding must be appropriated in a separate item. Under no circumstances may an appropriation include expenditures for both Prop. 98 and non-Prop. 98 purposes. The following format should be used for Prop. 98 items:

- 4300-004-0001—For support of State Department of Developmental Services (Proposition 98), for State-Operated Residential and Community Services .....305,000  
Schedule:
  - (1) 4145010 - AB 1202 Contracts ..... 125,000
  - (2) 4145019 - Medi-Cal Eligible Services.....180,000

Section 12.32 of the Budget Act requires language stating appropriations subject to Article XVI of the California Constitution be designated with the wording “Proposition 98.” This ensures that appropriations can be properly identified and counted towards the minimum school funding guarantee.

## Reappropriation and Reversion Language

**Reappropriation** — The following sample language should be used for a reappropriation when the availability for expenditure is to be extended for an additional period of time (usually one fiscal year). In this case, do not use the words “**unencumbered**,” “**unexpended**,” “**undisbursed**,” or “**unspent**” to describe the balance to be reappropriated. In addition, it is not necessary to add “Notwithstanding...” language.

- For assistance on correct Budget Act chapter citations, please consult the [Listing of Budget Act Amendments and Citations](#) chart.

## Sample for Standard Reappropriation:

4300-491 – Reappropriation, Department of Developmental Services. 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, 20XX:  
0001 – General Fund

(1) Item 4300-001-0001, Budget Act of 20XX (Chs. AA, BB, and CCC)

- When entering citations in a reappropriation or reversion item, cite both the funds and the item numbers within those funds in numerical order.
- The citation for the specific appropriation extended or shortened must detail the entire history of the dollars. This may not necessarily include the entire history of the item, just the history of the amount being reappropriated or reverted.

0540-491—Reappropriation, Secretary of the Natural Resources Agency. 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, 2027:  
0001—General Fund

(1) Item 0540-101-0001, Budget Act of 2019 (Chs. 23 and 55, Stats. 2019), as reappropriated by Item 0540-491, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020).

(2) Item 0540-101-0001, Budget Act of 2021 (Chs. 21, 69, and 240, Stats. 2021).

0183—Environmental Enhancement and Mitigation Program Fund

(1) Item 0540-101-0183, Budget Act of 2013 (Chs. 20 and 354, Stats. 2013), as reappropriated by Item 0540-490, Budget Act of 2017 (Chs. 14, 22, and 54, Stats. 2017) and as reappropriated by Item 0540-490, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020).

(2) Item 0540-101-3228, Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022)

3228—Greenhouse Gas Reduction Fund

- (1) Section 19.58(c)(3)(A), Budget Act of 2022 (Chs. 43, 45, and 249, Stats. 2022), including, but not limited to, the funding transferred for administrative costs per Provision (a)(5) of Section 19.58, Budget Act of 2022.

## Sample for Standard Reappropriation for Capital Outlay:

3860-490 – Reappropriation, Department of Water Resources. 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, 20XX:

0001 – General Fund

- (1) Item 3860-301-0001, Budget Act of 2014 (Chs. 25 and 663, Stats. 2014), as reappropriated by Item 3860-490, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015), and Item 3860-490, Budget Act of 2016

6007 – Urban Stream Restoration Subaccount

- (1) Item 3860-301-6007, Budget Act of 2015 (Chs. 10 and 11, Stats. 2015), as reappropriated by Item 3860-491, Budget Act of 2016 (Ch. 23, Stats. 2016), and as partially reverted by Item 3860-495, Budget Act of 2016 (Ch. 23, Stats. 2016)

3540-490—Reappropriation, Department of Forestry and Fire Protection. 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, 2023:

0001—General Fund

- (1) 3540-301-0001, Budget Act of 2018 (Chs. 29 and 30, Stats. 2018) as reappropriated by Item 3540-490, Budget Act of 2019 (Chs. 23 and 363, Stats. 2019)

- (7) 0003212-Ishi Conservation Camp: Replace Kitchen

- (b) Working drawings

- (2) Item 3540-301-0001, Budget Act of 2019 (Chs. 23 and 363, Stats. 2019)

- (5) 0001378-Butte Fire Center: Replace Facility

- (a) Preliminary Plans

- (6) 0003210-Perris Emergency Command Center: Remodel Facility

- (b) Working Drawings

- (13) 0005020-Hemet-Ryan Air Attack Base: Replace Facility

- (a) Preliminary Plans

Other circumstances may require the use of wording other than this standard language.

## Sample for Reappropriation for change of purpose:

2660-490 – Reappropriation, Department of Transportation. \$4,750,000 of the appropriation provided in Item 2660-101-0001, Budget Act of 20XX (Chs. X, Stats 20XX) is reappropriated for acquiring ferry boats until December 31, 20XX.

## Sample for Reappropriation with dollars:

3340-491 – Reappropriation, California Conservation Corps. The amounts specified 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, 20XX:

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

- (1) Up to \$590,000 in Item 3340-101-0005, Budget Act of 20XX (Chs X, Stats 20XX).

## Sample for Reappropriation of Chaptered Legislation:

8855-490 – Reappropriation, Office of the State Auditor. 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, 20XX:

0001 – General Fund

(1) Section 6(d), Chapter 875, Stats. 20XX

## Sample for Reappropriation for extension of liquidation period:

2660-491 – Reappropriation, Department of Transportation. Notwithstanding any other law, the period to liquidate encumbrances of the following citations is extended to June 30, 20XX.

0001 – General Fund

(1) Item 2660-101-0001, Budget Act of 20XX (Chs X, Stats X)

**Reversion** — The following sample language should be used for a reversion when the unencumbered balance of an appropriation is to be reverted before the existing reversion date of the existing appropriation. In addition, it is not necessary to add “Notwithstanding...” language.

## Sample for Reappropriating an Item with Administrative Costs

3825-490—Reappropriation, San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy. 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 through June 30, 2025:

0001—General Fund

- (1) Item 3825-102-0001, Budget Act of 2020 (Chs. 6 and 7, Stats. 2020), including, but not limited to, the funding transferred for administrative costs per Provision 2.

## Sample for Standard Reversion with no amounts specified:

4260-495 – Reversion, Department of Health Services. As of June 30, 20XX, 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.

0001 – General Fund

(1) Chapter 973 of the Statutes of 20XX

3085 – Mental Health Services Fund

(1) Item 4260-101-3085, Budget Act of 20XX (Chs. X, Stats. 20XX). \$X appropriated in Program XXXXXXXX

Other circumstances may require the use of wording other than this standard language.

## Sample for Reversion with dollar amount specified:

2660-495 – Reversion, Department of Transportation. As of June 30, 20XX, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0046 – Public Transportation Account

(1) Item 2660-001-0046, Budget Act of 20XX (Chs x, Stats 20XX). Up to \$1,380,000 appropriated in Program 1830019- Aeronautics.

## Sample for Reversion with dollar amount specified for Capital Outlay:

3340-495 – Reversion, California Conservation Corps. As of June 30, 20XX, the balances specified below, of the appropriations provided in the following citations shall revert to the balances in the funds from which the appropriations were made.

0660 – Public Buildings Construction Fund

(1) Item 3340-301-0660, Budget Act of 2015, as reappropriated by Item 3340-490, Budget Act of 2016 (Ch. 23, Stats. 2016). \$7,444,000 appropriated in Project 0000693-Tahoe Base Center: Equipment Storage Relocation – Construction.

## Transfer Items

To alleviate problems that arise from the timing of transfers, transfer items generally should include the language “upon order of the Director of Finance.” This requires an EO from Finance to order the SCO to make this transfer and provides control of timing of transfers to Finance.

## Samples for Transfer Items

Expenditure Transfer from General Fund

0820-011-0001 – For transfer by the Controller, upon order of the Director of Finance, to the False Claims Act Fund ..... 20,000,000

- Note that if the contributing fund is not the General Fund, that fund’s legal title must be cited.

Expenditure Transfer from non-General Fund:

5180-011-0890—For transfer by the Controller from the Federal Trust Fund to the Foster Family Home and Small Family Home Insurance Fund ..... 996,000

Revenue Transfer

- Revenue Transfers are tracked within the revenue side of the budget system and receive parentheses around the transfer amount to denote that this is not an expenditure.

0820-011-0378 – For transfer by the Controller, upon order of the Director of Finance, from the False Claims Act Fund to the General Fund .....(20,000,000)

Other circumstances may require the use of wording other than this standard language.



# Sample of Loan Language

## Loan Language with Specific Repayment Date

The loan amount in this type of item receives parentheses to signal that this is not an expenditure.

3340-011-0318 – For transfer by the Controller, upon order of the Director of Finance, from the Collins-Dugan California Conservation Corps Reimbursement Account to the General Fund as a loan .....(10,000,000)

Provisions:

1. The Director of Finance may transfer up to \$10,000,000 as a loan to the General Fund, which shall be repaid by June XX, 20XX. The Director shall order the repayment of all or a portion of the loan if they determine that either of the following circumstances exists: (a) the account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.

## Extension of Loan Language (Specific Loan Repayment Date)

3790-401 – Notwithstanding Provision 1 of Item 3790-011-0263, Budget Act of 20XX the \$90,000,000 loan to the General Fund will be repaid no later than June 30, 20XX, upon order of the Director of Finance.

## Loan Language with Silent Repayment Date

1111-011-0264 – For transfer by the Controller, upon order of the Director of Finance, from the Osteopathic Medical Board of California Contingent Fund to the General Fund as a loan .....(1,500,000)

Provisions:

1. The Director of Finance may transfer up to \$1,500,000 as a loan to the General Fund. The Director shall order the repayment of all or a portion of the loan if they determine that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with the interest calculated at the rate earned by the Pooled Money Investment Account at that time of transfer.

## Extension of Loan Language (Silent Repayment Date)

1110-40X – Notwithstanding Provision 1 of Item 1110-011-0704, Budget Act of 20XX, the \$10,000,000 loan from the Accountancy Fund to the General Fund will be repaid upon order of the Director of Finance, subject to provisions of Item 1110-011-0704, Budget Act of 20XX, excluding the specified repayment date. The Director shall order the repayment of all or a portion of the loan if they determine that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan.

## Appropriation Authority for Expending Revenues from Fines and Penalties, Chapter 654, Statutes of 1995

Section 13332.18 of the Government Code states that revenues (including interest accrued) derived from the assessment of fines and penalties by any state department shall not be expended unless the Legislature specifically provides authority for the expenditure of these funds in the annual Budget Act. A fine or penalty is defined as a charge imposed for wrong-doing **and in excess of the cost of investigating, processing, or prosecuting the conduct for which the charge is assessed, or the cost of collecting it.** A charge reasonably related to a service provided by a department is not a fine or penalty for purposes of this law

Departments should periodically review their revenues derived from the assessment of fines and penalties and the charges which are imposed for the costs of investigating, processing, prosecuting, and collecting. If there is an excessive charge above a reasonable assessment, the following standard provisional language needs to be included in Budget Bill appropriations.

The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.”

Finance budget analysts need to ensure that departments are aware of these requirements and the Budget Bill language is included when appropriate.

The following is a list of specific exemptions<sup>1/</sup> from Government Code section 13332.18:

- Late charges collected by state agencies.
- Funds collected by a state agency that are required to be maintained by that agency for purposes of administration of a federal program.
- A fund established for restitution to victims of the conduct for which the fine or penalty was imposed or for repairing damage to the environment caused by the conduct for which the fine or penalty was imposed.
- The following funds:
  - Fish and Game Preservation Fund
  - Restitution Fund
  - Peace Officers' Training Fund
  - Driver Training Penalty Assessment Fund
  - Corrections Training Fund
  - Local Public Prosecutors and Public Defenders Training Fund
  - Victim-Witness Injury Fund
  - Traumatic Brain Injury Fund
  - Industrial Relations Construction Industry Enforcement Fund
  - Workplace Health and Safety Revolving Fund
  - Oil Spill Response Trust Fund
  - Oil Spill Prevention and Administration Fund
  - Environmental Enhancement Fund
  - Recovery Account of the Real Estate Fund
  - Motor Vehicle Account in the State Transportation Fund
  - State Highway Account in the State Transportation Fund
  - Motor Vehicle License Fee Account in the Transportation Tax Fund
  - Funds for programs established pursuant to the Food and Agricultural Code that can be terminated through an industry referendum vote

*1/ An additional exemption contained in Government Code section 13332.18 is omitted as it related to a prior version of the bill and has no application to the chaptered version per the author's office.*