

BUDGET LETTER

SUBJECT: 2022-23 BUDGET CHANGE LETTERS (SPRING FINANCE LETTERS)	NUMBER: 22-03
REFERENCES: BL 21-22	DATE ISSUED: February 2, 2022
	SUPERSEDES: BL 21-01

TO: Agency Secretaries
Agency Information Officers
Department Directors
Department Budget Officers
Department Chief Information Officers
Department of Finance Budget Staff

FROM: DEPARTMENT OF FINANCE

NOTE: Each department with a Capital Outlay program should provide a copy of this Budget Letter (BL) to its facility manager.

This Budget Letter sets forth the Governor's policy direction for spring Finance Letter changes to the proposed 2022-23 budget.

The 2022-23 Governor's Budget continues to build reserves, prioritizes critical state services, promotes economic recovery, job growth, and affordability, and protects public health, public safety, and public education. The proposed Budget also makes payments to reduce the state's unfunded retirement liabilities, fully funds the state's rainy-day fund, and makes critical investments to improve California's emergency readiness, response, and recovery capabilities. As the state continues to face uncertainty given the length of the ongoing pandemic, departments must continue to control costs, increase efficiencies, and refrain from creating new—or expanding existing—programs to preserve the state's fiscal stability. The guidelines specified in [BL 21-22](#) remain in effect.

FINANCE LETTERS

To maintain a structurally balanced budget and to prepare for the significant uncertainties, departments' ability to submit Budget Change Proposals (BCP) or enrollment, caseload, and population (ECP) policy changes for the 2022-23 Budget remains limited. Unless previously approved by your Finance Program Budget Manager, proposed spring Finance Letters are limited to (1) proposals to maximize federal infrastructure funding to the state from the Infrastructure Investment and Jobs Act, including reviewing recent General Fund supported projects that could be supported by federal funds; (2) technical corrections to existing proposals; and (3) proposals focused on improving accountability and tracking outcomes of recent and proposed investments. **This applies to all funds and all departments (including those not under the Governor's direct authority).**

Departments must contact their Finance Program Budget Manager **before** the spring Finance Letter due date if there is a critical need that does not meet the criteria outlined above.

Similar to the fall budget development process, it is expected that departments work collaboratively with their Finance Program Budget Manager on an ongoing basis to prioritize budget requests prior to submitting any proposals.

All proposed spring Finance Letters, regardless of funding source, must be submitted to Finance no later than **Tuesday, February 8, 2022**. Compliance with the February 8 deadline is critical to allow Finance to submit budget modifications to the Legislature in a timely manner, consistent with Section 13308 of the Government Code. This statute requires Finance to provide to the Legislature, by April 1, all proposed adjustments with the exception of ECP changes in the May Revision and Capital Outlay adjustments.

Departments are to use the Budget Change Proposal [DF-46](#) form to prepare the narrative portion of non-Capital Outlay Finance Letter requests, and are required to submit such requests electronically via email. For the most current information, use BCP forms and instructions from the Finance [website](#).

Departments using FI\$Cal/Hyperion should provide all necessary budget information in Hyperion either by keying data in the system directly or by utilizing upload templates for data input. To reduce errors and ensure the latest program or chart of account information is current, always use the most current template available on the Finance [website](#), which includes the latest chart of accounts and other technical corrections. The appropriate BCP Fiscal Detail Sheet should be printed from Hyperion and attached to the spring Finance Letter with the February 8 submission. Contact your Finance Budget Analyst for assistance, if necessary.

CAPITAL OUTLAY FINANCE LETTERS

Capital Outlay Finance Letter requests for 2022-23 must include a Capital Outlay BCP Cover Sheet and Narrative Form ([DF-151](#)), three-page estimates (if applicable), and Fiscal Impact Worksheets (FIW) ([DF-150](#)) and must be provided electronically via email as PDFs with the appropriate signatures. All fiscal detail related to Capital Outlay Finance Letter requests must be entered in the FIW (Excel spreadsheet). The FIW and Capital Outlay BCP forms are available on the Finance [website](#).

Section 13308 of the Government Code requires that all proposed adjustments to the Governor's Budget for Capital Outlay be submitted to the Legislature by May 1. However, it is anticipated all such adjustments will be submitted to the Legislature by April 1. Traditionally, these adjustments include updates to reflect new budget package information, reversions associated with project terminations, and reappropriations to reflect unanticipated changes in project schedules. Departments must submit Capital Outlay Finance Letter requests to Finance by **Monday, February 14, 2022**.

MAY REVISION

Section 13308 of the Government Code also requires submission of the May Revision to the Legislature by May 14. The May Revision includes updated estimates of revenues, proposals to adjust expenditures to reflect updated revenue estimates, if necessary, and proposals to adjust Proposition 98 and ECP-driven programs. Departments traditionally affected by ECP changes should discuss appropriate submission dates with their Finance Budget Analyst to ensure compliance with the May Revision deadline.

/s/ Keely Martin Bosler

KEELY MARTIN BOSLER
Director