

BUDGET LETTER

NUMBER: 06-26

SUBJECT: ADJUSTMENTS TO STATEWIDE SURCHARGE

DATE ISSUED: September 7, 2006

REFERENCES: CONTROL SECTION 4.75, BUDGET ACT OF 2006

SUPERSEDES:

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

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) addresses changes in the allocation of the Department of General Services Statewide Surcharge.

Control Section 4.75 of the 2006 Budget Act authorizes the Department of Finance (Finance) to adjust items of appropriation for the purpose of reimbursing the Department of General Services (DGS) for centralized costs billed through the Statewide Surcharge. The Statewide Surcharge was implemented in 2005-06 in order to provide a more equitable method of recovering DGS costs, which are not tied to specific service offerings. Departments received budget adjustments based on authorized personnel years as a part of the 2005-06 Governor's Budget development process.

Since the initial allocation of funds, it has been determined that federal funds, and reimbursements derived from federal funds, should not be used to pay for these costs. Additionally, there were some departments that underwent reorganizations or other changes that resulted in a significant under- or over- allocation of funding to pay this surcharge.

As a result of these changes, it will be necessary to adjust a number of departmental allocations for 2006-07 and ongoing. Attachment I will be used to reallocate expenditure authority so that the funds to pay the surcharge can be realigned to reflect these changes. To complete the worksheet, please list every item of appropriation that contributes to departmental support costs, as well as the percentage of total support costs to which the item contributes. **Federal funds, and reimbursements derived from federal funds, must be excluded from this exercise.** See Attachment II for examples of departments whose support costs are partially or totally funded by these excluded funding sources. It is necessary for all departments to complete Attachment I, even though not every department will have an adjustment.

Departments are required to return the completed worksheet to their respective Finance Budget Analyst as soon as possible, but no later than September 18, 2006.

Any questions regarding this BL should be directed to your Finance Budget Analyst, or Jay Sturges, Staff Finance Budget Analyst, at (916) 445-8913.

/s/ Todd Jerue

TODD JERUE
Program Budget Manager

Attachment