

Budget Revisions and Executive Orders

These tools are used to make adjustments to appropriations. The following pages show some examples of scenarios when a Budget Revision (BR) or an Executive Order (EO) is used. First, the BR form (STD 26) is completed by the department and can be found on Finance's public website: Budget—Resources for Departments—Budget Forms—STD26 Budget Revision. The EO form is created by a Finance Budget Analyst using a macro in MS Word and will be described later.

Budget Revisions

A common BR scenario is when an adjustment to an existing appropriation is necessary because a department enters into an inter-agency agreement to reimburse another department for work done. This is a technical adjustment and is authorized by Control Section 1.50 of the Budget Act. No legislative notification is necessary unless the adjustment adds a new program or activity, is sensitive in nature, or involves a policy decision. In those cases, legislative notification is required along with a 30-day waiting period before the BR can be submitted for processing. Furthermore, for those adjustments, the proper authority is from Control Section 28.50, not Section 1.50. Form DF-91, available on Finance's public website under Budget Forms, should be completed and submitted with the Section 28.50 BR.

Example of a Control Section 1.50 Budget Revision:

0220 - GO-Biz	8,169,000	148,000
0225 - California Business Investment Services	1,842,000	
0230 - Office of the Small Business Advocate	21,412,000	
0235010 - California Film Commission	2,376,000	
0235019 - Tourism	818,000	
0235028 - CA Infrastructure & Econ. Development Bank	212,000	
0235037 - Small Business Expansion	492,000	
Reimbursement to 0220 - GO-Biz	-51,000	-148,000

Example of a Control Section 28.50 Budget Revision:

<u>LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:</u>		
2050 TRAFFIC MANAGEMENT	2,317,132,000	17,654,000
2055 REGULATION AND INSPECTION	192,525,000	565,000
2060 VEHICLE OWNERSHIP SECURITY	59,462,000	
REIMBURSEMENTS TO PROGRAM 2050	-116,682,000	-17,654,000
REIMBURSEMENTS TO PROGRAM 2055	-1,499,000	-565,000
REIMBURSEMENTS TO PROGRAM 2060	-1,159,000	

Another common type of BR is an intra-schedule transfer of spending authority between programs within a single item of appropriation authorized by Control Section 26.00. The transfer cannot establish or eliminate a program, project or function; transfers

over \$200,000 require legislative notification and a 30-day waiting period; and capital-outlay intra-schedule transfers are not permitted.

Examples of a Control Section 26.00 Budget Revisions:

<u>LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:</u>		
(1) 0150010-Support for Operation of Trial Courts	2,116,843,000	-4,858,000
(2) 0150019-Compensation of Superior Court Judges	417,104,000	4,858,000
<u>LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:</u>		
(1) 4140015-Operations	\$840,681,665	\$24,244,000
(2) 4140019 Purchase of Services	\$6,901,293,667	-\$24,244,000

Another common situation involves changes to federal funds. These scenarios often involve both Control Section 8.50 and Control Section 28.00, though not always together. For example, Control Section 8.50 provides authority to receive and expend unanticipated federal funds. Control Section 28.00 prescribes legislative notification requirements and pertains to situations when there is a decision whether or not to receive unanticipated federal funds and/or unanticipated non-state reimbursements. Form DF-90, available on the Finance public website under Budget Forms, is a guide to the decision process. Adjustments in excess of \$400,000 or 10 percent of the receiving program's budget require a 30-day waiting period after legislative notification before the BR can be submitted for processing.

Example of a Control Section 8.50 and 28.00 Budget Revision:

<u>LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:</u>		
Schedule:		
(1) 0380-Emergency Management Services	\$23,338,000	
(2) 0385-Special Programs and Grant Management	\$65,692,000	\$395,000 (AV)

Example of Control Section 8.50 and Provisional Language which exempts the BRs from the normal Control Section 28.00 legislative notification requirement:

<u>LIST OF PROGRAMS, CATEGORIES OR PROJECTS IN SCHEDULED APPROPRIATION:</u>		
Schedule:		
(1) 0385-Special Programs and Grant Management	309,400,000	4,155,000

Provisions:

1. Any federal funds that may become available in addition to the funds appropriated in this item for Program 0385 for disaster assistance are exempt from Section 28.00.

Example of Control Section 28.00 BR for non-state funds (reimbursements from locals):

LIST OF PROGRAMS, CATEGORIES OR PROJECTS
IN SCHEDULED APPROPRIATION:

(1) 0140-Judicial Council	147,233,000	500,000
(2) Reimbursement to 0140-Judicial Council	-9,000,000	-500,000

Executive Orders

The Executive Order is created by the Finance Budget Analyst with assistance from the department, as appropriate. The form is created by a macro in MS Word. This is the top half of the EO form:

EXECUTIVE ORDER NO. **E 20/21** -

ALLOCATION FROM:		ALLOCATION TO:	
Authority:		Department/Item/Fund:	
Amount:		Schedule/Project:	
\$			
Fund:			
Purpose:			

The left side shows the allocation from and the right side the allocation to parts of the transaction. The bottom half of the form includes the signature block.

It is appropriate to use an Executive Order whenever more than one item of appropriation is adjusted, such as in a loan, a transfer, or in a statewide adjustment involving several items such as employee compensation adjustments. The allocation from side includes the authority for the adjustments, such as provisional language in the budget act or existing statutory law. The allocation to side may include several items, in which case, an attachment is used to detail the various amounts for each item. Scheduling information should be provided in an attachment if numerous schedules are involved. The purpose section explains, for the benefit of the Controller's Office, the exact nature of the transaction to assist in processing the EO.

The bottom half of the form includes a signature block and designation of the number of attachments:

Approved in accordance with the authority cited above.

DEPARTMENT OF FINANCE
KEELY MARTIN BOSLER
Director

By: _____

Date: _____

Number of attachments:

Here is an example of an EO for a loan from the General Fund:

ALLOCATION FROM:	ALLOCATION TO:
<i>Authority:</i> 2240-011-0001, Budget Act of 2017	<i>Department/Item/Fund:</i> No Place Like Home Fund (6084)
<i>Amount:</i> \$1,576,000	<i>Schedule/Project:</i> N/A
<i>Fund:</i> General Fund (0001)	

The top part of the EO details the authority (a budget act item), the amount, and from and to funds. The purpose section explains the details of the loan.

Purpose:

A short-term loan from the General Fund to the No Place Like Home Fund for cashflow purposes to be repaid within 30 days after the deposit of bond proceeds into the No Place Like Home Fund. The loan may be used for the following purposes:

- To allow the Department of Housing and Community Development to complete program implementation activities, including drafting guidelines and regulations.
- To allow the State Treasurer's Office and the California Health Facilities Financing Authority to implement Section 5849.35 of the Welfare and Institutions Code and Section 15463 of the Government Code, including payment for financial advisory and legal services to prepare for any validation action.

Here is an example of a transfer EO. Note some differences from the previous example: 1) the authority is different (statute), the destination is a non-budget act item (not a fund), and 3) the source and destination both include program details.

ALLOCATION FROM:	ALLOCATION TO:
<p><i>Authority:</i> Pursuant to Public Resources Code 75200.3 and Health and Safety Code 39719(b)(1)(C) Item 0650-601-3228</p>	<p><i>Department/Item/Fund:</i> 2240-501-3228: \$3,063,000</p>
<p><i>Amount:</i> \$3,063,000</p>	<p><i>Schedule/Project:</i> 2240-501-3228: Program 1665 Finance Assistance Program</p>
<p><i>Fund:</i> Greenhouse Gas Reduction Fund (3228) Program 0370 – Strategic Growth Council</p>	

The purpose section explains more details and should include mention of exactly what is being transferred (cash, authority, or both):

Purpose:

This Executive Order authorizes the transfer of \$3,063,000 from Item 0650-601-3228 to Item 2240-501-3228 pursuant to Public Resources Code 75200.3 and a Health and Safety Code 39719.

Here's another example of a simple loan from the General Fund.

ALLOCATION FROM:	ALLOCATION TO:
<i>Authority:</i> 1111-011-0001, Budget Act of 2017	<i>Department/Item/Fund:</i> Cannabis Control Fund (3288)
<i>Amount:</i> \$48,300,000	<i>Schedule/Project:</i> N/A
<i>Fund:</i> General Fund (0001)	

Purpose:

This Executive Order authorizes a loan from the General Fund (0001) to the Cannabis Control Fund (3288) in the amount of \$48,300,000 pursuant to Item 1111-011-0001, Budget Act of 2017.

If you have any questions about BRs and EOs, please contact your Finance Budget Analyst.