

(1987)

The following terms are used frequently throughout the Governor's budget, the Governor's budget summary and the annual budget (appropriations) bill.

Other budget-related terms are defined in SAM and in the annual budget bill.

- Administration Program** An accounting for departmental central management costs, including such costs as those for the Director's office, legal office, personnel office, accounting, and business services functions that generally serve the whole department.
- Allocation** A distribution of funds; also, an expenditure limit established for an organizational unit.
- Allotment** A part of an appropriation to be expended for a particular purpose during a specified time period. Allotments are generally authorized on a line-item expenditure basis.
- Appropriation** An amount authorized for expenditures and obligations for a specific purpose and period of time. The Budget Act contains many appropriations (also called items) which are usually limited to one year. The Legislature makes appropriations in the annual Budget Act and other legislation. Continuing appropriations (which require no separate legislative action) are provided by the California Constitution.
- The level of certain appropriations from tax proceeds is generally limited to the level of the prior year's appropriation limit, as adjusted for changes in cost of living and population. However, other adjustments may be made for the transfer of services from one government entity to another, etc.
- Augmentation** An increase in an allotment. A control section of the Budget Act authorizes the increase in expenditures for a category or project by transfer from any other category or project within the same schedule. A separate section of the Budget Act authorizes the augmentation of scheduled amounts from other departments and from the federal government to the

extent such funds have not been taken into consideration in the appropriation schedules. Both control sections require the reporting of specified augmentations to the chairperson of the committee in each house which considers appropriations and to the chairperson of the Joint Legislative Budget Committee.

Authorized Positions	Those ongoing jobs approved in the final budget of the preceding year less positions abolished because of continued, extended vacancy. The detail of authorized positions by classification is published in the salaries and wages supplement for each agency. Changes in authorized positions are listed following each agency's budget presentation in the Governor's budget.
Balance Available	The unobligated amount left in fund which may be encumbered or appropriated (i.e., the excess assets of a fund over its liabilities and reserves).
Blanket Approval	An amount of funds set aside in the budget to cover a certain type of expense such as overtime, out-of-state travel, or seasonal firefighters' pay.
Budget Baseline	A plan of financial operation reflecting the anticipated costs of carrying out the current level of service or activities as authorized by the Legislature. It includes adjustment of cost increases but does not include changes in level of service over that authorized by the Legislature.
Budget, Program and Traditional	<p>A plan of financial operation for a specific period of time. A program budget expresses the plan in terms of the costs of activities undertaken to achieve specific goals and objectives.</p> <p>A traditional budget expresses the plan in terms of the costs of the goods or services used to perform specific functions.</p>
Budget Bill/Act	The bill prepared by the Department of Finance and submitted to the Legislature in January and accompanied by

the Governor's budget. The budget bill is the Governor's request for subsequent fiscal year spending authorizing ongoing programs authorized by the Legislature to pass the Budget Bill and send it by June 15 each year to the Governor for signature. After the Governor signs it, the budget bill becomes the Budget Act.

Budget Change Proposal (BCP)

A request to change or add to the level of service or funding sources for program activities authorized by the Legislature.

Budget Schedule

Tables which display information about a particular aspect of CDF's budget. Budget schedules must be prepared annually. Each schedule typically displays past year, current year, and budget year data. (See individual glossary entries listed by schedule number.)

Budget Year (BY)

The upcoming fiscal year beginning July 1 and ending June 30 for which the governor's budget is submitted: the year following the current fiscal year.

Capital Outlay

Expenditures which result in the acquisition of or addition to major fixed assets (e.g., land, buildings and equipment related to construction).

Carryover Appropriations

Appropriations with balances available for expenditure in years subsequent to the year of enactment.

Category

A grouping of related objects of expenditure (goods or services). Such groupings are primarily personal services, operating expenses and equipment, and special items of expense.

Category Transfer

The moving of funds from one category to another (augmentation) within the same appropriation schedule.

Total augmentation of personal services, operating expenses and equipment categories cannot generally exceed 20 percent of the amount scheduled. Lower limits exist for support appropriations which exceed \$2,000,000.

**Changes in
Authorized Positions**

A statement included in each budget presentation in the Governor's budget which reflects personnel staffing changes (transfers, newly established positions and reclassification) made after the adoption of the current year's budget. It also includes proposed positions for the budget year.

**Character of
Expenditure**

A classification of expenditures (i.e., state operations, local assistance of capital outlay).

Code, Uniform

A designation system used in all major fiscal systems of California state government identifying organizations, programs, funds, appropriation structures, receipts and line-item objects of expenditure (see the Uniform Codes Manual published by the Department of Finance for a complete listing.)

**Continuing
Appropriation**

Amount, actual or estimated, available each year under a permanent constitutional or statutory expenditure authorization, automatically renewed each year without further legislative action. The amount available may be a specific sum recurring each year or a specified portion of the proceeds of revenues which have been permanently dedicated to a certain purpose--such as school apportionments.

Control Sections, Budget Act	The Budget Act is divided into sections: Section 1.00 establishes a citation for the legislation; Section 1.50 provides a description of the format of the act; Section 2.00 contains the itemized appropriations for support of the State of California; sections 4.00 through 36.00 are general sections which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.
Cost of Living Adjustments (COLAs) Statutory/Discretionary	Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), (e.g., K-12 education apportionments), and adjustments which may be established at optional levels (discretionary) by the Legislature each year (e.g., Urban Impact Aid).
Current Year (CY)	The fiscal year beginning July 1 and ending June 30, i.e., the time period in which we are now.
Encumbrance	A limitation or reserve placed on an appropriation to pay for goods or services which have been ordered by means of contracts, salary commitments, etc., but not yet received.
Expenditures	<p>All costs for salaries and wages, operating expenses and equipment for each major departmental organizational unit. Where accounts are kept on a cash basis, the term designates only actual cash disbursements.</p> <p>Also, a section of the budget presenting a list of expenditures, summarizing each of the categories of expense, and reconciling them with appropriations for the past, current, and proposed budget years. Budgeted allocations are available for expenditure only within the budget year and are not allowed to be carried over into the following year.</p>
Federal Funds	All funds received directly from agencies of the federal government. State agencies must initially deposit such federal funds in the Federal Trust Fund, a fund in the state treasury.

Final Budget	The Governor's budget as amended by action taken on the budget bill. A final change book is published by the Department of Finance after enactment of the Budget Act to reflect the changes made by the Legislature in their review of the budget bill and by the Governor by power of item veto. It includes a detailed list of changes by item number.
Finance Letters	Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the budget bill and governor's budget from that submitted January 10 to reflect a revised plan of expenditure for the budget year.
Fiscal Year (FY)	The 12-month accounting period which varies from the calendar year. In California government, the fiscal year runs from July 1 through the following June 30.
Fund Balance	The amount of money available in a fund, less its liabilities and reserves.
Fund Condition Statements	Declarations in the Governor's budget for each special fund, special accounts in the general fund, selected bond funds, and governmental cost funds disclosing fund assets, liabilities, reserves, and surplus.

Fund Source	A legal entity that provides for the segregation of moneys or other resources in the state treasury for specific activities or obligations in accordance with specific restrictions or limitations. A separate set of accounts must be maintained each fund to show its assets, liabilities, reserves and surplus (fund balance), as well as its income and expenditures. The assets of a fund may also be placed into separate accounts to provide for limitations on specific fund income or expenditures.
General Fund	The predominant fund for financing state operations. It is used to account for revenues which are not specifically designated to be accounted for by another fund. The primary sources of revenue for the general fund are personal income, sales and bank corporate taxes.
Income	Income includes all monies which the department expects to collect during the fiscal year; it is divided into three categories: reimbursements, revenues, and abatements.
Index Code	Identifies the organizational unit and location of expenditure.
Item	See Appropriation.
Limited-Term Positions	Any position which has been authorized for a specific length of time with a set termination date. Limited-term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.
Line Item	See Objects.
Local Assistance	Expenditures made for the support of local government activities.
Local Mandates	See state-mandated local program.
Merit Salary	A pay increase generally given to employees to (MSA)

Adjustment	recognize their proficiency in the work performed--usually up to five percent per year up to the upper salary limit of the work classification. In addition, MSAs are a cost factor in budgeting.
Minor Capital Outlay	Construction projects or equipment acquired to complete a construction project estimated to cost less than \$150,000.
Objects (line items)	A subclassification of expenditures based on types of goods or services. For example, the personal services category includes the objects salaries, wages, and staff benefits. These may be further subdivided into line items such as state (line items) retirement, workers' compensation, etc. Objects do not reflect a function or purpose to be served by the expenditure. A summary by object is provided for each department's budget in the Governor's budget for state operations, local assistance, and capital outlay expenditures. The Department of Finance publishes a Uniform Codes Manual which reflects the standard line-item objects of expenditure.
Past Year	The fiscal year just completed.
Personnel Years (PY)	The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half of a year would result in an expenditure of 0.5 personnel years.
Program Cost Accounting	Identifies the cost of each program (PCA) codes.

Programs	The activities of an organization grouped on the basis of common objectives. Programs are comprised of elements, components, and tasks (the lowest defined program activity).
Proposed New Positions (PNPs)	Requests for an authorization to expend funds for the employment of additional people to perform work. Proposed new positions may be for limited-time periods and for full- or part-time. Proposed new positions may request an authorization sufficient to employ one person, or for a sum of funds (blanket) from which several people may be employed.
Reappropriation	The extension of the availability of an appropriation for expenditure either beyond its set termination date or for a new purpose. Reappropriation extensions are usually authorized by the Legislature for one year at a time.
Receipts	Increases in fund assets including revenues as well as transfers from other funds, federal funds, and fund reimbursements.
Reconciliation With Appropriations	A statement in each budget presentation which sets forth the source and amount of appropriations, by fund, available to the department as well as the disposition of such appropriated funds. Statements are presented by fund for each character of expenditure, i.e., state operations, local assistance, and capital outlay.
Reimbursements	Amount repaid for the cost of work, service performed, or of other expenditures made for or on behalf of another governmental unit or department--recovery of an expenditure. Reimbursements are available for expenditure in accordance with the budgeted amount (scheduled in an appropriation).
Reserve	An amount set aside in a fund to provide for expenditures from the unencumbered balances of continuing appropriations, economic uncertainties, future apportionments for pending salary or price increase appropriations, and appropriations for capital outlay projects.

Revenues	Addition to current assets of governmental funds (receipts) which do not increase any liability or reserve and do not represent the recovery of an expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licensing and other fees, and investment earnings.
Reversion	The return of the unused portion of an appropriation to the fund from which it was made. The undisbursed portion of an appropriation reverts two years after the last day of availability for encumbrance. The Budget Act often reverses unused portions of appropriations prior to the statutory limit.
Salary Savings	Personnel cost savings resulting from vacancies and downward reclassifications resulting from employee turnover. Budgeted salary savings are generally estimated on the prior year's experience.
Schedule 2 "Changes in Authorized Positions"	<p data-bbox="552 1008 1438 1186">Displayed just before capital outlay in the CDF section of the Governor's budget, the Schedule 2 reflects any changes in authorized positions not reflected in the Schedule 8 and Schedule 7A. These changes include but are not limited to the following:</p> <ul data-bbox="552 1228 1438 1591" style="list-style-type: none"> <li data-bbox="552 1228 1438 1270">• Chaptered legislation <li data-bbox="552 1302 1438 1344">• Budget revisions establishing positions <li data-bbox="552 1375 1438 1417">• Reorganizations effective current year <li data-bbox="552 1449 1438 1491">• Positive and negative BCPs for the next fiscal year <li data-bbox="552 1522 1438 1591">• Permanent transfers of authorized positions between organizational units.

The Schedule 2 is frequently used as a reference "Authorized Positions" regarding person year issues by other agencies, state departments, the Governor's office, and the Legislature.

Schedule 7A "Budget Supplement of Authorized Salaries and Wages"

Displaying CDF's positions by job classification within reporting units, this schedule is a summary of the data in the Schedule 8 (the controller's tabulation of authorized positions). The Schedule 7A is published in the Salary and Wages Supplement to the governor's budget and is a "snapshot" of the authorized positions as of July 1. In order to be reflected on the Schedule 8 and go into the Schedule 7A display, personnel transactions must reach the SCO by mid-June. Transactions that do not reach the SCO by the cutoff date have to be written in on the Schedule 8.

Transactions effective after July 1 are not reflected in the Schedule 8 reconciliation process. They will still be valid but will not show up on the Schedule 7A until the following fiscal year. Additionally, if not timely, many of the "changes in authorized positions" shown on the Schedule 2 will show instead on the Schedule 7A. Therefore, when reconciling positions to the Schedule 7A, be sure to check the Schedule 2 and any personnel transactions that may not have been made by the mid-June cutoff date.

Schedule 8 "State Controller's Tabulation of Authorized Positions"

Prepared in the latter part of July each year, the Schedule 8 provides the basic information used to prepare the salaries and wages in our proposed budget for the following year. The listing reflects all positions existing on June 30 of each fiscal year.

In order to use the information appropriately, CDF codes each position on the Schedule 8 with its PCA code. It is important to know the program authorization of each position so the budget liability of each fund source can be maintained. Salaries are added up by PCA code to establish the cost of positions authorized in each of CDF's programs.

Schedule 9 "Supplementary Schedule of

Listing all the equipment the department plans to purchase in the budget year, the Schedule 9 is submitted to the Department of Finance in support of the proposed equipment

Equipment"	budget. Normally, equipment requests for the following year are sent to the Budget office around September 1. They are then coordinated and sent to the Department of Finance along with the Schedule 9 to support the equipment detail shown there. (Also see "equipment.")
Schedule 10"Supplementary Schedule of Appropriations"	A control document tracking all changes to an appropriation. Each fund source has a beginning balance established with the Budget Act. Any change in the appropriation level, such as a BR, is reflected on the Schedule 10 to increase/decrease the spending authority from that fund.
Schedule 11 "Supplementary Schedule of Operating Expenses"	Summarizing the operating expense requirements of the department, the schedule displays operating expenses of each line item (general expense, printing, etc.) for three years: prior year, current year, and budget year. Any significant variations in line item years must be explained.
Schedule of Reimbursements	A budget schedule which summarizes all the reimbursements by programs/elements administered by the department, this schedule displays past year actual, current year authorized, and budget year expected totals. Total reimbursements identified for the budget year establish the cap on our expenditure authority unless we process a Section 28 letter (for increases more than \$100,000). We must identify all reimbursable expenditures for the budget year, as they drive our spending authority.
Schedule of Federal Funds	A budget schedule summarizing all the federal funds to be received by programs/elements administered by the department, this schedule displays past year actual, current year authorized, and budget year expected amounts. Since this schedule identifies our federal fund spending needs for the budget year, it is important to consider all contracts, grants and billings, and properly set our spending authority.

Section 27

Section 27 of the Budget Act requires that any deficiency appropriation approved by the Department of Finance shall only be made in writing and filed with the chairperson of the Joint Legislative Budget Committee and chairperson of the committee in each house which considers appropriations, not later than 30 days prior to the effective date of the approval.

In addition, approval of emergency expenditures shall be made in writing and filed with the chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house which considers appropriations, not later than 10 days after the effective date of the approval. Emergency expenditures are expenses incurred in response to conditions of disaster or extreme peril which threaten the health or safety of person(s) or property within the state.

Request for deficiency authorizations pursuant to Section 27 notification are prepared by the Budget office when it has been determined that a deficiency appropriation or emergency expenditure authorization is necessary. See sample of form DF-580 completed and submitted by the Budget office to the Department of Finance.

Section 28

Section 28 of the Budget Act requires reporting to the Legislature through the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, increases or decreases in the amounts available for expenditure which have not previously been considered and approved by the Legislature. Reports must be made when

- Augmentations or reductions which either are in excess of \$100,000 (or 10 percent of the amount available for expenditure in the affected category or program).
- Any other augmentation which the director of Finance determines constitutes an increase in the level of services above that authorized by this act or other existing law or that are for a new program not identified in the Budget Act.

- Any other reductions which the director of Finance determines constitute a decrease in the level of service below that authorized by the Budget Act or other existing law.
- Any augmentation, regardless of the amount, for the purpose of funding a task force or advisory council created by executive order of the governor.

These augmentations or reductions may not be authorized sooner than 30 days after notification in writing to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee. The Budget office completes the Section 28 application (DF-47) and submits it to the Department of Finance.

Special Funds

Special funds is a generic term used for "governmental/cost funds" other than the general fund. Governmental cost funds generally are commonly defined as those funds used to account for revenues from taxes, licensing and other fees where the use of such revenues is restricted by law for particular functions or activities of government. Examples are the transportation funds, fish and game funds, and professions and vocation funds.

Special Fund for Economic Uncertainties

Money set aside for emergency situations. Statutes and the control sections of the Budget Act provide for the establishment of a special fund for economic uncertainties and a reserve in each special fund. The appropriation of such funds from the reserves are not subject to the appropriation limits imposed elsewhere.

**Temporary Help
Allocations**

Salary Moneys for limited term positions provided for by blanket authorization in the Salaries and Wages Supplement (Schedule 7A) of the Governor's budget and established annually by approval of STD 607s. All temporary help blankets have specific funding authorization which cannot be changed without the approval of the Department of Finance and the Legislature (see SAM Section 6211).

**Vacant Position
Report**

Prepared by the controller's office in late July and sent to the departments with the Schedule 8s. All positions on this listing are automatically abolished by the controller and do not appear on the Schedule 8 or 7A, but instead on the Schedule 7A after the "Totals, Authorized Positions" line as a non-add reconciling item. (NOTE: If no vacant positions were abolished, a statement to that effect will be included with the Schedule 7A.)

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