

SECTION 28.00 AND SECTION 28.50 REPORTING

6551

(Revised 09/10)

Departmental fiscal staff should be familiar with all the provisions of these sections. Section 28.00 (federal and other non-state funds) and Section 28.50 (reimbursements from state departments) require reporting to the Legislature of increases and decreases in the amounts available for expenditure which have not been previously considered and approved by the Legislature. The majority of Section 28.00 and Section 28.50 actions are necessitated by a department or agency receiving federal funds and reimbursements which have not been previously considered by the Legislature in the regular budget review process. In order to minimize the number of Section 28.00 reports, every effort should be made by departments to anticipate federal funds which may be received and to include in the Governor's Budget a description of the project and a cost estimate.

Forms DF-90 (Section 28.00) and DF-91 (Section 28.50) are to be used by departments to request adjustments. The primary responsibility for completing the information on the Section 28.00/28.50 forms rests with the applying department. The completed form may serve as an attachment to a transmittal letter to the Legislature prepared by Finance following a review of the application submitted.

Section 28.00

Section 28.00 authorizes Finance to approve the expenditure of unanticipated funds to be received from federal or local governments or any other non-state entity. Section 28.00 does not allow Finance to increase appropriations authorized by the Legislature. Section 8.50 is the authority to increase federal fund appropriations. Other non-state, unanticipated receipts must be appropriated by other authority or be received as reimbursements. Regardless of the source of the additional funding, any augmentation that exceeds either \$400,000 or 10 percent of the amount available for expenditure in the affected program, project, or function must be reported to the Legislature and may not be authorized until 30 days after the notification. This reporting requirement does not apply to federal funds related to caseload increases in the Medi-Cal, CalWORKs, and Supplemental Security Income/State Supplementary Payment programs.

No proposed expenditure may be made from any additional funds reported in a Section 28.00 letter to the Legislature prior to the approval and return of the Section 28.00 application by Finance.

Augmentations for items for which the Administration had knowledge to include in its current budget plan should not be submitted through this Section.

In order to receive consideration for an augmentation, departments are required to either (1) notify Finance within 45 days of receiving official notice of the availability of additional, unanticipated federal or non-state funds, or (2) explain in writing to Finance why the notification was infeasible or impractical. In either case, the department must provide Finance a copy of the official notice of fund availability. If a department expends funds without proper approval, it will be required to absorb such expenditures within its existing appropriations or sponsor legislation to authorize the expenditure.

SECTION 28.50

Section 28.50 authorizes Finance to approve a state department's expenditure of money received as reimbursement from another state department. Finance approvals that exceed \$200,000 must be reported to the Legislature and may not be authorized until 30 days after the notification. However, if the funding for the department providing the reimbursements has been approved by the Legislature, these approvals are considered technical in nature and are authorized in Section 1.50 of the Budget Act.