

BUDGET PROCESS OVERVIEW

Presented by the DCA Budget Office



Overview

- Budget Office Introduction
- Annual Budget Process
- Budget Building: Incremental Budgeting
- Fiscal Responsibilities
- Comments & Questions



Budget Office

Introduction

Main Role

To facilitate the Annual Budget Process for DCA and its programs

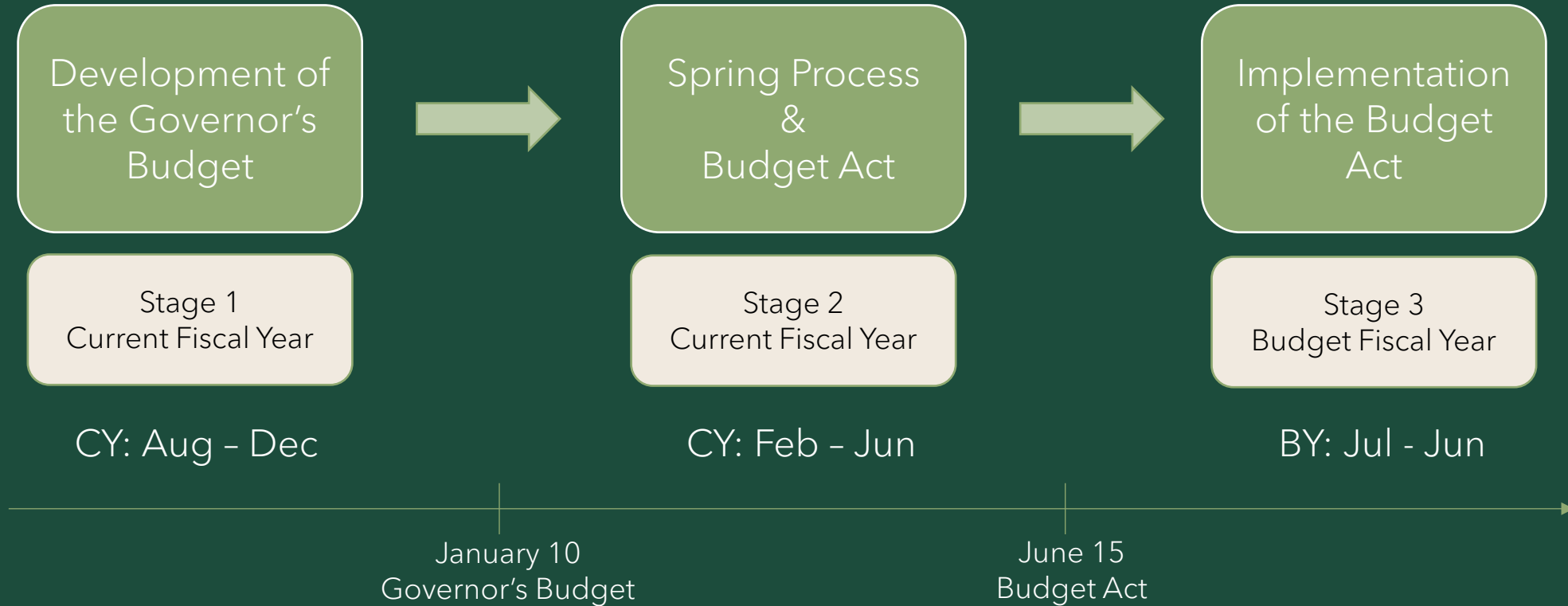
- ❑ Stage 1 – Development of the Governor's Budget
- ❑ Stage 2 – Spring Process & Budget Act
- ❑ Stage 3 – Implementation of the Budget Act



DCA

California Department
of Consumer Affairs

Annual Budget Process



Budget Building: Incremental Budgeting

The State Constitution requires that the Governor submit a budget to the Legislature by January 10.



Budget Building:

Incremental Budgeting

How do we build a budget?

- Incremental Budgeting - Uses the current departmental level of funding as a base amount to be adjusted by various means



Budget Building: Incremental Budgeting

How do we build a budget?

1) Statewide Budget Letters

- Budget policies and instructions issued by the Department of Finance (DOF)
- Examples: changes in retirement rates, employee compensation, other



Budget Building: Incremental Budgeting

2024-25 Budget Letters

- BL 24-20: Vacancy Savings and Position Elimination
- BL 24-24: Government Efficiencies Reductions



Budget Building: Incremental Budgeting

How do we build a budget?

2) Budget Change Proposals (BCPs)

- The traditional course to initiate a change to your budget



Budget Building:

Incremental Budgeting

How do we build a budget?

3) Legislative Changes

- The Legislature has the power to make changes to the Governor's Budget





Fiscal Responsibilities

- Departments have the primary responsibility to:
 - Operate within budgeted levels
 - Comply with restrictions & limitations enacted by the Legislature
- Budget Office Role:
 - Budget Tracking
 - Financial Year-End Projection Document
 - Fund Monitoring
 - Fund Condition Statements



Fiscal Responsibilities: Budget Tracking

What is your budget?

Your budget is the amount your Board has been appropriated to spend during a given fiscal year.

Main Components of a Budget

- Personnel Services
- Operating Expenses
- Reimbursements



Fiscal Responsibilities: Budget Tracking

Financial Year-End Projection Document

- Final Expenditure Authority
- Budget Line Items
- Current Year and Prior Year Expenditures
- Projections to Year End
- Unencumbered Balance



Fiscal Responsibilities: Fund Monitoring

How does your fund relate to your budget?

Your budget is appropriated from your fund, just like a check takes money from a checking account.

Main Funding Components:

- Beginning Balance/Prior Year Adjustments
- Revenues and/or Transfers
- Expenditures
- Fund Balance
- Months in Reserve



Fiscal Responsibilities: Fund Monitoring

What is a fund reserve?

A fund reserve is the surplus in a fund to support what is necessary for the Board's expenditures.

Pursuant to current law (BPC section 128.5) the Board may have no more than 24 months in reserve.



Comments & Questions



CALIFORNIA DEPARTMENT OF
CONSUMER
A F F A I R S



Board Member Fiscal Roles & Responsibilities

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DCA Budget Office & Regulations Unit

May 28, 2025 - Board Meeting

CA Board of Registered Nursing



Fiscal & Budget

Roles & Responsibilities

California State Government

- Framework & Construct
 - Eco-System
- Statutes & Regulations
 - Business & Professions Code (BPC)
 - Nursing Practice Act
 - CA Code of Regulations (CCR)
- Administration – Governor
 - Business Consumer Services & Housing Agency (Agency)
 - Dept of Consumer Affairs (DCA)
 - Board of Registered Nursing (BRN)

Framework or Construct

California State Government Eco-System

California

Laws

&

Regulations

BPC Div 1, Ch 1 – DCA

§§ 100 – 472.5

- BPC § 100 – Establishes DCA w/in Agency
- BPC § 101 – Establishes BRN w/in DCA
- BPC § 101.6 – DCA Board's Purpose
 - Public Protection
 - Regulate Profession, i.e., Nursing, etc.
- BPC § 150 – Establishes Director of DCA
- BPC § 151 – Director appointed by GO

Nursing Practice Act

BPC §§ 2700 – 2838.4

- BPC § 2701 – Establishes the BRN
 - 9 board members (BMs)
- BPC § 2702 – BMs Appointed by GO & Leg
- BPC § 2708 (a) – BMs Appoint Exec Officer (EO)
 - Delegates duties to the EO
- BPC § 2708.1 – Public Protection
 - Highest Priority
 - Licensing, Regulatory & Enforcement
- BPC § 2709 – Quarterly Meetings
- BPC § 2715 (c) – Authorizes Regulations

BPC § 2708(a)

Executive Officer

The Board shall appoint an executive officer who shall **perform the duties delegated by the board & be responsible to the board** for the accomplishment of those duties.

BPC § 2708.1

Public Safety Priority #1

Protection of the public shall be the highest priority for the BRN in exercising its **licensing, regulatory, and disciplinary** functions.

BPC § 2715(c)

Promulgate Regulations

The board may **adopt, amend, or repeal**...the rules and regulations that may be reasonably necessary to enable it to carry into effect this chapter.

Current Law & Regulations

- GC § 13324 – Fiscal Responsibility
- BA CS 32.00 – Fiscal Responsibility
- CCR Title 16, Div 14 – BRN
 - CCR § 1405 – EO Authority
- GC – Government Code
- BA CS - Budget Act of 20XX, Control Section 32.00

Board Member

Fiduciary Responsibility

Gov Code Section 13324

Every person who incurs any expenditure in excess of the allotments or other provisions of the fiscal year budget as approved by DOF....is **liable both personally and on his official bond for the amount of the excess expenditures.**

Board Member

Fiduciary Responsibility

Section 32.00 of the Budget Act provides:

- (a) The officers of the various departments, boards, commissions, and institutions, for whose benefit and support appropriations are made in this act, **are expressly forbidden to make any expenditures in excess of these appropriations.** Any indebtedness attempted to be created against the state in violation of this section shall be null and void, and shall not be allowed by the Controller nor paid out of any state appropriation.
- (b) Any member of a department, board, commission, or institution who shall vote for any expenditure, or create any indebtedness against the state in excess of the respective appropriations made by this act **shall be liable both personally and on the member's official bond for the amount of the indebtedness.**

CCR § 1405

Authority of Executive Officer

The Executive Officer is authorized to:

- (a) Plan, direct supervise and organize the work of the staff of the board.
- (b) Research nursing practice issues and proposed positions to the board based on the board's interpretation of the Nursing Practice Act and other related statutes or regulations.
- (c) Implement regulations adopted by the board.
- (d) Administer examinations, collect fees, issue licenses and permits and investigate complaints.
- (e) Implement and enforce all standards including those set for schools of nursing, which include inspecting and evaluating schools of nursing and making recommendations on accreditation.
- (f) Manage funds and administer the fund and budget according to board directions.**
- (g) Report to the board on implementation of board policies and responses to board activity.**
- (h) Represent the board, as appropriate, to the public and the media.

The Administration

Administration – GO & DOF

Dept. of Finance (DOF)

- Cabinet Member
- Chief Fiscal Policy Advisor to GO
- Fiscal Control Agency (Level #1)
 - Provides Guidance, Approvals, Recommendations
- Implements & Provides Annual Fiscal Instructions through Budget Letters

Administration -BCSHA

- Control Agency (Level #2)
 - Provides Guidance, Approvals, Recommendations
- Interface & Intermediary
 - GO, DOF, Legislature, Others
- Cabinet Secretary
 - Appointed by GO
- BPC § 100 – Est DCA in Agency

Administration – DCA

- Control Agency (Level #3)
 - Provides Guidance, Approvals, Recos
 - Technical Support
 - Centralized Services
- Interface & Intermediary
 - GO, DOF, Agency, Leg, Others
- BPC § 101 – Est BRN in DCA
 - 38 Boards, Bureaus & Programs

Administration

Roles of DCA

Centralized Services

- Director & Executive Office
- Fiscal Operations
- Legal Affairs Division
- Regulations Unit
- Legislative Division
- Business Services
- Facilities
- Human Resources
- Office of Info Services (IT)
- Training
- Org Improvement Office
- Office of Professional Exams
- Division of Investigation (DOI)

DCA Framework

Role of DCA Budget Office

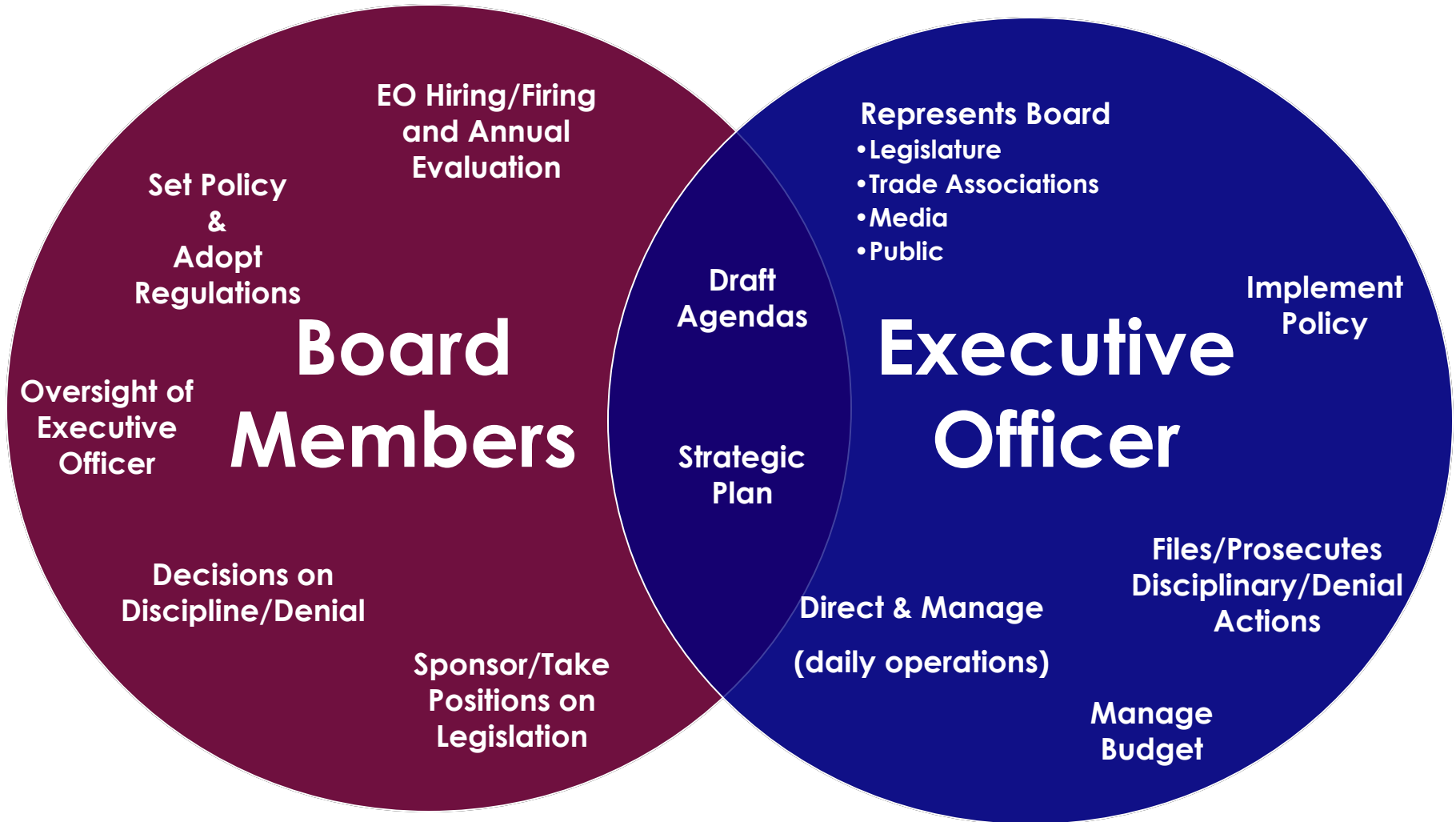
Budget Office

- Point of Contact with DOF
- Build & Implement State's Budget
- Monitor Expenditures & Revenues
- Fee & Revenue Analyses
- Assist & Implement with:
 - Budget Change Proposals
 - Executive Orders
 - Travel Requests
 - Position Changes
 - Legislation & Regulations (Fiscal)
 - BreEZe or IT Adjustments
 - Enforcement Costs Adjustments
- Oversees & Impacts All
 - 38 DCA Boards, Bureaus, Programs
 - DCA Units (Centralized Services)

Administration - BRN

Board Members - Stewards

- Fiduciary Responsibility
- Role(s)
- Oversight
- Considerations
- Priorities & Focus



Board Members

Roles

- **Stewards**
 - Admirals
- **Setting Direction**
- **Setting Priorities**
- **Strategic Planning**
- **Enforcement**

Oversight

- **Executive Officer**
- **Licensees**
- **Legislation**
- **Regulations**
- **Policy**
- **Enforcement**

Considerations - Costs

- Personal Services
 - Program Priorities
 - Vacancies
 - Additional Staff Needed
- Operating Exp & Equip
 - Program
 - Enforcement
 - DOI
 - Attorney General
 - Office of Admin Hearings
 - Policy & Operations
 - Public Safety
- Legislation & Regulations
 - Fiscal Impacts
 - Additional Resources
 - Public Safety
- Projection Reports
 - Year-Over-Year
 - Quarter-by-Quarter
 - Ask Questions
 - Every Line Item

Considerations - Revenues

- Structural Balance
 - Revenues vs Costs
 - Managing the Delta
- Fund Balance Reserve
 - Target Levels
 - Risk Aversion
 - Unanticipated Costs
 - Legislation
 - Enforcement-Related
 - Priorities
 - Policy, Program, Other
- Fee Adjustments
 - Increase/Decrease
 - Fee Structure
 - Timing – Target Dates
- Individual Impacts
 - New Applicants
 - Barriers to Licensure
 - Professional Courtesy
 - Retired License

Priorities & Focus

- Appropriation
 - Authorized Expenditures
 - Increases & Decreases
 - Resource Needs
 - Fiscal Impacts of:
 - Legislation
 - Regulations
 - Unanticipated Costs
- BCPs
 - Annual Budget Cycle
 - Future Planning
 - 2026 Sunset Review
- Strategic Planning
 - Direction of BRN
 - Policy & Programming
- Sunset-to-Sunset
 - Planning Horizon
- BM Individual Priorities
- Other Agency Costs
 - AG/OAH

Other Control Agencies

- CalHR – Staffing, Salaries, Benefits
 - Employee Bargaining Agreements
- Dept. of General Services – Purchasing
- CA Dept. of Technology – Info Tech
- State Controller's Office – Payroll Services
- State Admin Manual – Admin Policies

Questions?