

Hi, this is Chris Micheli with the Sacramento governmental relations firm of Aprea & Micheli and an adjunct professor at McGeorge School of Law. Thanks for joining today's podcast where we provide an overview of California's Department of Finance, the DOF or Finance for short.

The DOF is similar to the federal OMB, the Office of Management and Budget, which serves the President, the OMB does, as the President's chief fiscal policy advisor. So too the DOF, or Finance, serves as the Governor's chief fiscal policy advisor. Their employees work on issues and programs that are of concern to the Governor and the Legislature, and of course, ultimately to the people of the state of California.

Those who work at DOF learn in detail the operations of state government. They really help shape public policy and state processes in what, the fifth largest economy in the world today? Now, the areas in which DOF employees work include budgeting, accounting and auditing, information technology, economic and population research, and general administration.

There are a number of activities that they engage in regarding the budget. In particular they prepare a number of important documents including: the California budget - the proposed, the revised, and the enacted budget for each fiscal year - trailer bill language - that which is proposed and approved for the fiscal year budget - budget details - including BCP's, or budget change proposals, finance letters, and pro rata statewide cost allocation plans.

They also have historical budget information, including the old e-budgets, old publications, summary schedules, historical charts, and other budget information. They also have fiscal resources for the budget, including instructions and guidance for departments that are specifically related. They provide a number of budget reports and analyses, including mid-year projections, general fund loads, obligation reports, fund condition statements, a five-year infrastructure plan, legislative analyses of pending bills that have a fiscal impact, and cash flow projection and management. They also prepare an annual salaries and wages supplement with detailed data on the actual approved, as well as estimated, staffing levels for each state department for their workload budget.

Now, DOF is also responsible for accounting issues for the state. They have the responsibility for devising, supervising, and maintaining a modern, uniform state accounting system. They set statewide fiscal and accounting policies and procedures, and they provide fiscal and accounting training, advice, and consulting services to different state agencies and their departments and personnel.

The statewide fiscal and accounting policies are actually contained in the SAM, the State Administrative Manual. Note too that the DOF maintains a uniform coding system, basically a chart of accounts for accounting purposes, reporting, also budgetary use, and then they also have a manual of state funds.

The following is a summary of the some of the key services provided by the DOF in addition to, of course, the budget. DOF is charged with setting statewide fiscal and accounting policies for the state, they provide fiscal and accounting consulting and training services for the different departments, they identify and allocate statewide costs to other funds, reports training and federal resources, they also oversee the Federal Cash Management

Improvement Act - abiding by those regulations and state policies for departments that receive federal funds.

They also do a fair amount of forecasting. DOF prepares four major forecasting reports each year on demographics, on economics, on general fund and special fund tax revenue estimates, and on major regulations where they provide an economic impact review for any regulations with costs or benefits that are estimated to exceed \$50 million.

Finally, DOF publishes a great number of reports on different matters where there's a fiscal impact on the state of California. Just some of those regular reports include: accounting reports, audit reports, memos and letters related to the fiscal integrity of state agencies, budget reports - which we talked about including cash management, any loans or obligation, fund projections, etc. - the demographic reports where they talk about the size, distribution, and characteristics of the California population. They also provide a monthly report on state economic and revenue trends. As I mentioned, they prepare bill analyses for each Senate and Assembly bill that has a state fiscal impact, and then they have some other odds and ends reports including capital outlay and infrastructure, cap and trade investment, the California Commission on Disability Access, among others.

Just like the LAO, the Department of Finance has proven to be an invaluable player in the annual state budget negotiations working on behalf of the Governor and the administration to ensure that the Governor and his or her staff has all the data and information that they need to work collaboratively with the legislative branch of government in order to craft, undoubtedly the most important bill enacted each year, the California state budget.

Thanks for joining today's podcast in looking at the California Department of Finance. I hope you enjoyed it.