

# BUDGET LETTER

	NUMBER: 15-24
SUBJECT: 2016-17 GENERAL ADMINISTRATIVE COSTS AND 2016-17 STATEWIDE COST ALLOCATION PLAN	DATE ISSUED: September 21, 2015
REFERENCES: GOVERNMENT CODE SECTIONS 11270 – 11277, 13332.01 – 13332.03, 22883, STATE ADMINISTRATIVE MANUAL SECTIONS 8752 – 8758, CONTROL SECTION 8.54, BUDGET ACT OF 2015, BUDGET LETTER 15-15	SUPERSEDES: BL 14-24

TO: Agency Secretaries  
 Department Directors  
 Departmental Budget and Accounting Officers  
 Department of Finance Budget and Accounting Staff

FROM: DEPARTMENT OF FINANCE

This Budget Letter (BL) instructs departments on the requirements for the budgeting of Pro Rata assessments and Statewide Cost Allocation Plan (SWCAP) apportionments for the preparation of the 2016-17 Governor’s Budget.

<b>Deadline and Deliverables</b>	
<b>October 2, 2015</b>	<p><b><u>Wave 1 and 2 departments</u></b></p> <p><b>(1) Submit Pro Rata and SWCAP sheets to Finance budget analysts.</b></p> <p><b>(2) Create DP and BR container in Hyperion for each type of assessment.</b></p> <p><b><u>Non-Wave 1 and 2 departments</u></b></p> <p><b>(1) Submit Pro Rata and SWCAP sheets to Finance budget analysts.</b></p>

Pro Rata and SWCAP are the processes by which the General Fund and the Central Service Cost Recovery Fund are reimbursed by special funds (Pro Rata) and federal funds (SWCAP) for the cost of centralized administrative services that are supported by and benefit from those services.

The centralized administrative services are functions provided by specified departments; for example, payroll processing services provided by the State Controller’s Office (SCO). The costs of these services are allocated to each department for inclusion in the department’s budget. Allocations are based on each department’s funding source(s) and the central services received, as determined by Finance, Fiscal Systems and Consulting Unit (FSCU).

FSCU annually publishes the reports for the central administrative costs allocated to each department for Pro Rata and SWCAP. The 2016-17 reports are available at the following links:

1. Pro Rata: [http://www.dof.ca.gov/FISA/PROSWCAP/prorata\\_detail\\_reports.htm](http://www.dof.ca.gov/FISA/PROSWCAP/prorata_detail_reports.htm)
2. SWCAP: [http://www.dof.ca.gov/FISA/PROSWCAP/swcap\\_detail\\_reports.htm](http://www.dof.ca.gov/FISA/PROSWCAP/swcap_detail_reports.htm)

Additional information on Pro Rata and SWCAP is provided in State Administrative Manual (SAM) sections 8752–8758 and Government Code sections 11270 to 11277 and 22883.

## **GLOSSARY RELEVANT TO THIS BL**

BBA	=	Baseline Budget Adjustments. Baseline expenditure adjustments previously collected on a planning estimate worksheet.
BR	=	Budget Request. A component within a Decision Package.
Category	=	An account code in the Chart of Accounts.
CSL	=	Current Service Level (starting point of each year in Hyperion, except past year).
DP	=	Decision Package. An adjustment for Pro Rata or SWCAP in Hyperion.

## **PRO RATA/SWCAP PROCESS WITH HYPERION**

1. **Required Assessment Sheets** – Finance budget analysts will forward the 2016-17 Pro Rata (green) sheets and the 2016-17 SWCAP (pink) sheets to the affected departments on or shortly after September 22, 2015. Attached are samples of the green and pink sheets. As in prior years, departments will complete and certify the green/pink sheets and return the sheets to the Finance budget analysts for their review and signature, no later than October 2, 2015.
2. **Central Posting of Assessments** – Effective this year, FSCU will centrally enter the assessments in Hyperion. After Finance budget analysts review and approve the green/pink sheets from departments, FSCU will calculate the incremental change between the CSL and the 2016-17 assessment and post to the fund/program certified on the sheets. Account codes 5348250 (Pro Rata) and 5348500 (SWCAP) will be used. No other amounts should be posted to these account codes. Changes to these centrally posted amounts are not allowed.
3. **Requirements for DP/BR** – Although FSCU will enter the incremental changes to Hyperion, departments or the Finance budget analysts must create new DP/BR container(s). The information on top of the green and pink sheets provides the necessary Hyperion set-up details (e.g., DP/BR Name and Description, etc.). Pro Rata and SWCAP are posted as two separate BBAs. For additional information on BBAs, please refer to BL 15-15.
  - a. **Wave 1 and Wave 2 departments** – Create new DP/BR container(s) using Governor’s Budget Scenario and Department Working Version. Notify your Finance budget analyst once the DP is available for Finance to accept in the DOF/Exchange version.
  - b. **Non-Wave 1 and 2 departments** – Finance budget analysts will create new DP/BR container(s) using Governor’s Budget Scenario and Finance Accepted Version.
  - c. Use the following DP/BR names and descriptions:
    - **Pro Rata**  
XXXX-990-BBA-DP-2016-GB, Description: Pro Rata assessment  
XXXX-990-BBA-BR-2016-GB, Description: Pro Rata assessment
    - **SWCAP**  
XXXX-991-BBA-DP-2016-GB, Description: SWCAP apportionment  
XXXX-991-BBA-BR-2016-GB, Description: SWCAP apportionment

## **SWCAP RECOVERIES**

1. **Indirect Cost Rate Proposals (ICRPs) and Cost Allocation Plans (CAPs)** – SAM section 8756.1 requires each department that receives federal funds to prepare an ICRP, CAP or Public Assistance Cost Allocation Plan (PACAP), unless exempted by FSCU. These documents establish the basis for recovering reimbursable costs from the federal government. See SAM sections 8752-8758 for more information.

2. **Quarterly Transfers** – Unless prohibited by the federal government, each department that receives federal funds must recover their SWCAP costs and request the SCO to transfer the recoveries to the General Fund within 30 days after the end of each quarter. To transfer the SWCAP recoveries, departments must complete a Transaction Request, form CA 504, and submit to the SCO for processing in accordance with SAM section 8755.2.

Pursuant to Control Section 8.54 of the 2015 Budget Act, if a department has not transferred federal funds to the General Fund on a timely basis, Finance has the authority to enforce recovery by reducing any state operations appropriation, not to exceed one percent.

## **CONTACTS**

Additional information on Pro Rata, SWCAP, and ICRPs is available on the Finance website at <http://www.dof.ca.gov/fisa/proswcap/proswcap.htm>. Contacts for each area are as follows:

Pro Rata - Monica Medina at (916) 445-3434, extension 2145  
SWCAP - Corrine Lim at (916) 445-3434, extension 2166  
ICRPs - Jerome Tribble at (916) 445-3434, extension 2140  
E-mail for any of the contacts above - [fiproswp@dof.ca.gov](mailto:fiproswp@dof.ca.gov)

/s/ Veronica Chung-Ng

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Attachments