

BUDGET LETTER

SUBJECT: PAYMENT OF VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD CLAIMS, DEPARTMENT OF JUSTICE SETTLEMENTS AND JUDGMENTS	NUMBER: 15-25
REFERENCES:	DATE ISSUED: October 14, 2015
	SUPERSEDES: 14-28

TO: Departmental Budget and Accounting Officers
Department of Finance Budget and Accounting Staff

FROM: Department of Finance

Deadlines and Deliverables

October 19, 2015	Departments with specified budget act items in the 2015 claims bills will need to submit a Baseline Budget Adjustment (BBA) Excel upload template to their Finance budget analyst.
-------------------------	--

This Budget Letter describes the payment of claims authorized by legislation in the following two situations:

- Government claims approved by the California Victim Compensation and Government Claims Board (Board) when there is no other statutory authority for payment. (Situation 1)
- Judgments and settlements approved by the Department of Justice (DOJ). (Situation 2)

In Situation 1, the Board has approved a claim and, with input from the affected department, determined that there is no statutory authority for its payment. Twice a year, the Board sends a list of claims with no statutory authority for payment to the Department of Finance (Finance). Finance analysts work with the affected departments to identify the appropriation to be charged and to certify that the necessary funds are available. These claims are then included in a claims bill. When the claims bill is chaptered and enacted, specified budget act items listed in the bill are reduced and this spending authority is transferred to the Board for payment of claims. When statutory authority for payment already exists, legislation is not required and the department may pay Board-approved claims directly without obtaining approval from Finance. For example, a common reason why a claim may lack statutory authority for payment is because the claim is for a stale-dated warrant and the department no longer has expenditure authority for the fiscal year in which the warrant was issued.

For Situation 1, subdivision (f) of Government Code Section 905.2 authorizes the Board to assess a surcharge for administrative costs in an amount not to exceed 15 percent of the total approved claim. These surcharges are treated as expenditures to the budget act items listed in the claims bills.

In Situation 2, a chaptered claims bill authorizes the DOJ to pay settlements or judgments directly from specified fund balances because there are insufficient funds in the affected department's existing appropriation. To initiate inclusion of a judgment or settlement in the biannual DOJ claims bill, Finance is required to send a letter to the DOJ approving the settlement or judgment claim and certifying that the affected department's appropriation cannot absorb the cost of the claim. If the department has sufficient expenditure authority for payment of the claim, legislation is not required and the department may pay the claim directly after obtaining approval from Finance.

Changes to Departmental Appropriations

For government claims approved by the Board (Situation 1), Chapter 7, Statutes of 2015 (AB 165) and Chapter 312, Statutes of 2015 (SB 304) authorize the reductions to specified budget act items and the payment of claims by the Board.

For settlements and judgments approved by DOJ (Situation 2), Chapter 5, Statutes of 2015 (SB 302) and Chapter 394, Statutes of 2015 (AB 164) authorize the payment of claims by the DOJ directly from specified funds.

The adjustments to departmental appropriations for both situations 1 and 2 must be posted in Hyperion. Wave 1 and 2 departments will either input information directly into Hyperion or utilize the BBA Excel upload template for data input. Non-Wave 1 and 2 departments must complete the Excel upload template electronically and send the document to their respective Finance budget analyst **by October 19, 2015**. The Excel upload template is available at <http://www.dof.ca.gov/budgeting/forms/view.php>.

Direct Charges to Fund Balances

When there are insufficient funds in a department's appropriation, the Board or DOJ pays claims directly from specified fund balances. No action by departments is necessary in this situation.

Budget Documents

- Governor's Budget Detail of Appropriations and Adjustments: A separate line will display the Legislative Claims reductions reflected in Hyperion.
- Governor's Budget Fund Condition Statements: Expenditures will be reflected under 9670 Equity Claims for the appropriate funds when all the legislation is chaptered.
- Departmental Budget Display: Because the chaptered legislation authorizes the payment of claims by the Board or DOJ, the claim payments (expenditures) will be reflected in the Equity Claims budget (9670) rather than in a department's program budget.

Subsequent Changes to Chaptered Claims Bills

Occasionally, errors or subsequent changes in chaptered claims bills will cause an incorrect fund to be charged to pay a claim. When this occurs, the department's accounting office, the State Controller's Office (SCO), or Finance informs the Board or the DOJ of any error identified in the chaptered claims bill. Once the errors are identified, the Board or the DOJ then notifies the SCO of the correct fund and/or item of appropriation from which to pay the claim. In these instances, the expenditures in Hyperion will reflect the correct fund. As a result, when the citations and/or amounts in the chaptered claims bills do not agree with the citations and/or amounts reflected in Hyperion, the information reflected in Hyperion is considered the accurate data.

Please call Brendan Murphy, Assistant Program Budget Manager, at (916) 445-8913 if you have any questions.

/s/ Chris Ryan

Chris Ryan
Program Budget Manager