

January 17, 2025

Honorable Scott D. Wiener, Chair  
Joint Legislative Budget Committee  
Senate Budget and Fiscal Review  
Committee

Honorable Jesse Gabriel, Chair  
Assembly Budget Committee

Honorable Anna M. Caballero, Chair  
Senate Appropriations Committee

Honorable Buffy Wicks, Chair  
Assembly Appropriations Committee

### **Section 28.00—Federal Trust Fund Increase for the California Military Department**

Pursuant to the provisions of Section 28.00, Budget Act of 2023, the following report is respectfully submitted.

The Department of Finance has received the attached Section 28.00 application from the California Military Department (CMD), for the purpose of Increasing Federal Trust Fund (FTF) authority by a total of \$2,512,000 in fiscal year 2023-24 to provide the necessary authority to accept additional federal funds for their Facilities and Infrastructure program. The National Guard Bureau provided a modification to CMD's normal Facilities and Infrastructure budget of \$9,325,754 in June 2024 with a deadline to obligate funds by September 30, 2024. CMD allocated \$2,512,000 in 2023-24 and \$6,813,754 in 2024-25 for the purpose of funding maintenance and repairs of Army National Guard facilities throughout the state. The Federal FY24 begins in October 2023 and crosses two state fiscal years, 2023-24 and 2024-25 leading to the allocation being realized in different state fiscal years.

The Military Department received official notification of the availability of additional, unanticipated funds on June 4, 2024 but did not notify Finance within 45 days of this date. Pursuant to subdivision (e) of Section 28.00, the agency's written explanation of the delayed notification is attached.

This request meets the following criteria, as required in subdivision (b) of Section 28.00:

- The funds will be expended for funding maintenance and repairs of Army National Guard facilities which is consistent with state law.
- The funds are made available to the state under conditions permitting their use only for the specified purpose, and the additional expenditure proposed would apply to this specified funding purpose.
- Acceptance of the additional funding does not impose on the state any requirement to commit or expend new state funds for any program or purpose.

- CMD's Facilities and Infrastructure programs finalized obligations in 2023-24, and it took time for accounting to finalize year end reports for 2023-24. CMD realized the need for additional authority and subsequently submitted this request to the Department of Finance. Finance requests approval of this application so that the department may align its authority with expenditures.

If you have any questions or need additional information regarding this matter, please call Jessie Romine, Principal Program Budget Analyst, at (916) 445-8913.

JOE STEPHENSHAW

Director

By:



ERIKA LI

Chief Deputy Director

Attachment

cc: Honorable James Ramos, Chair, Assembly Budget Subcommittee No. 6  
Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review Subcommittee No. 4  
Honorable Roger W. Niello, Vice Chair, Senate Budget and Fiscal Review Committee  
Honorable Heath Flora, Vice Chair, Assembly Budget Committee  
Gabriel Petek, Legislative Analyst (3)  
Elisa Wynne, Staff Director, Senate Budget and Fiscal Review Committee  
Kirk Feely, Fiscal Director, Senate Republican Fiscal Office  
Christopher W. Woods, Senate President pro Tempore's Office (2)  
Christian Griffith, Chief Consultant, Assembly Budget Committee  
Joseph Shinstock, Fiscal Director, Assembly Republican Caucus, Office of Policy and Budget  
Paul Dress, Caucus Co-Chief of Staff, Assembly Republican Leader's Office  
Katja Townsend, Capitol Director, Assembly Republican Leader's Office  
Jason Sisney, Assembly Speaker's Office (2)  
Mark McKenzie, Staff Director, Senate Appropriations Committee  
Jay Dickenson, Chief Consultant, Assembly Appropriations Committee  
Major General Matthew Beevers, The Adjutant General, California Military Department  
Lieutenant Colonel Rix, Comptroller, California Military Department  
Gerald Martin, Deputy Comptroller, California Military Department

**Explanation of delayed submittal of Section 28.00 request for the Facilities and Infrastructure program from the California Military Department and the Department of Finance.**

- The delay in submitting this request is due to the continuing resolutions which delayed the allocation of these funds to the program, at which point it required the program to decide how to utilize the funds over different state fiscal years. Since the Federal fiscal year runs from October through the following September, federal expenditures can cross two state fiscal years. Once program finalized the obligation for State Fiscal Year 2023, it also took time for CMD's accounting branch to finalize end of year reports for 2023-24. Once the final numbers were available, it was established that the expenditures from the NGB for Facilities and Infrastructure program were in excess of the authority by \$2.5 million. The approval of this application will allow the department to align authority with the expenditure.