

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 2024, 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 \$27,965,000 in fiscal year 2024-25 to have the appropriate authority to accept additional federal funds for its Facilities and Infrastructure program. This total includes \$21,151,000 of additional FTF authority obligated by the National Guard Bureau (NGB) for Federal FY25 and \$6,813,754 from Federal FY24 to augment the CMDs Facilities and Infrastructure program.

The NGB has shifted its policy to obligate additional sustainment funds for CMD's Facilities and Infrastructure program at the beginning of the Federal Fiscal Year. CMD maintains \$75,423,000 in FTF authority for its Facilities and Infrastructure program in 2024-25; however, the NGB obligated \$96,574,000, resulting in a difference of \$21,151,000.

Additionally, the NGB provided a modification to the CMD's 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. Since the Federal FY24 begins in October 2023, this federal allocation of \$6,813,754 is realized in 2024-25.

The Military Department received official notification of the availability of additional, unanticipated funds on September 12, 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.
- The additional Federal Trust Fund authority will allow CMD to expend the NGB appropriation.

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:

A handwritten signature in black ink, appearing to read "Erika Li".

ERIKA LI

Chief Deputy Director

Attachment

cc: On following page

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 requests for the Facilities and Infrastructure program from the California Military Department and the Department of Finance

- The request for additional FTF authority of \$21,151,000 of this request is within the 45-day official notice of receipt. The delay in submitting the request for the \$6,814,000 is due to continuing resolutions which delayed the allocation of these funds to the program. After the funds were allocated, CMD had to decide how to utilize these 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. Unfortunately, this has led the CMD to exceed its FTF appropriation. As such, CMD has requested to augment its FTF appropriation.