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CALIFORNIA LEGISLATURE

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May 21, 2024

Mr. Joe Stephenshaw, Director
Department of Finance
1021 O Street, Suite 3110
Sacramento, California 95814

Dear Mr. Stephenshaw:

In a letter dated April 22, 2024, you notified the Joint Legislative Budget Committee (JLBC), pursuant to Control Section 28.00 in the *2023-24 Budget Act*, of a request from the California Energy Commission (CEC) to increase its federal fund expenditure authority by \$2,250,000. The federal Department of Energy provided the additional funding for the Resilient and Efficient Codes Implementation (RECI) Project that the CEC will use to improve code enforcement and compliance with California's Building Energy Efficiency Standards.

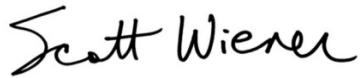
Section 28.00 is intended to provide flexibility for administrative approval of augmentations for the expenditure of unanticipated federal funds and other non-state funds in cases that meet established criteria. Any augmentation may not be authorized sooner than 30 days after notification of the Chairperson of the JLBC. In addition, the section expressly states any personnel action that is dependent on funds subject to this section are not effective until the provisions of this section have been complied with. I am concerned that the Administration failed to meet the terms of these requirements because it failed to notify the JLBC in a timely manner and moved forward with personnel decisions before securing the proper approval.

The section obligates agencies to inform DOF within 45 days of receiving official notice of the availability of additional unanticipated funds. The CEC received notice from the DOE on September 19, 2023, but did not submit the Section 28.00 application to DOF until November 22, 2023 – 18 days after the 45 days expired. Delaying the process even further, DOF did not provide the JLBC with the required notification until April 22, 2024, just over two months before the end of the fiscal year. In the meantime,

three staff people at the CEC started work that the department intends to reimburse with RECI funds, invoiced back to February 2024. According to the Administration, if the CEC is unable to utilize the additional federal funds to cover the staffing costs in 2023-24, it will have to assign these staff costs to another funding source.

I strongly support the use of federal funds on updating building energy codes that will help consumers save money on their energy bills, but I am concerned about compliance with the control section. While I do not object to the expenditure of these funds and concur with the proposed change, I request that DOF ensure that the provisions of Control Section 28.00 are followed in the future.

Sincerely,

A handwritten signature in black ink that reads "Scott Wiener". The signature is written in a cursive, flowing style.

Scott Wiener
Chair

cc: Members of the Joint Legislative Budget Committee