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CALIFORNIA LEGISLATURE

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July 11, 2023

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

Dear Mr. Stephenshaw:

In a letter dated June 12, 2023, you notified the Joint Legislative Budget Committee of a request from the California Arts Council (CAC) to increase its federal funds expenditure authority by \$300,000 in 2022-23 to provide the council with sufficient authority to accept \$1.4 million in grant funds from the National Endowment for the Arts. Your letter was issued pursuant to the Section 28.00 of the 2022-23 Budget Act.

While I do not have concerns with CAC's proposal to use the federal funds for its Individual Artists Fellowship grant program, I am concerned that the administration did not follow the requirements of Section 28.00. According to the Legislative Analyst's Office (LAO), there is no compelling need to expend the additional federal funding in 2022-23, particularly since the funds are available for expenditure until October 31, 2023. Moreover, given the timing of your 30-day notification letter and the 2022-23 fiscal year having already concluded, CAC would not even be authorized to spend the funds until 2023-24. As specified in Section 28.00, augmentations for items which can be deferred to the 2023-24 fiscal year should be included in the administration's proposed budget for 2023-24. The LAO informs me that CAC was officially notified of the availability of the federal funds in July 2022, which provided sufficient time for the administration to request the increased expenditure authority as part of the 2023-24 budget process. I would appreciate in the future that the administration follow the procedures specified


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in Section 28.00, and submit these requests through the annual budget process when the proposed augmentation can be deferred to the next fiscal year.

Sincerely,

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

Nancy Skinner
Chair

cc: Members of the Joint Legislative Budget Committee