

## APPENDIX E: GLOSSARY OF BUDGET TERMS

**AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC):** Prior to August 22, 1996, the federal AFDC program provided cash grants to families and children whose incomes were not adequate to meet their basic needs.

**AVERAGE DAILY ATTENDANCE (ADA):** Regular attendance, is equal to the average number of pupil actually attending classes who are enrolled for at least the minimum school day, or have a valid excuse. In adult education and ROC/ROPs, one unit of ADA is credited for each 525 classroom hours.

**ALLOCATION:** A distribution of funds, or expenditure limit established for an organization.

**ALTERNATIVE PAYMENT PROGRAM (AP):** These programs offer an array of child care arrangements for parents, including in-home care, family day care, and center care. This service most often takes the form of a vendor payment issued monthly to a provider selected by the family. The AP program is intended to increase parental choice and accommodate the individual needs of the family. Some county welfare departments are contractors under this program.

**APPROPRIATION:** An authorization from a specific fund to a specific agency to make expenditures/incur obligations for a specified purpose and period of time.

**AUGMENTATION:** An increase in an allotment.

**AUTHORIZED POSITIONS:** Those ongoing positions approved in the final budget of the preceding year, less positions abolished because of continued, extended vacancy.

**BASELINE BUDGET:** A baseline budget reflects the anticipated costs of carrying out the current level of services or activities as authorized by the Legislature. It includes adjustment for cost increases, but does not include changes in level of service over that authorized by the Legislature.

**BUDGET YEAR (BY):** The next fiscal year beginning July 1 and ending June 30 for which the Governor's Budget is submitted. The year following the current fiscal year.

**BUDGET ACT:** The budget bill, after signing by the Governor, becomes the Budget Act.

**BUDGET BILL:** The budget bill accompanies the Governor's Budget and contains itemized recommended expenditures. The budget bill is prepared by the Department of Finance and is submitted to the chairpersons of the fiscal committees of the Assembly (Budget Committee) and the Senate (Budget and Fiscal Review) for introduction into the Legislature.

**CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS):** This is the new welfare program which the state established in response to federal welfare reform law. CalWORKs replaced the former Aid to Families with Dependent Children (AFDC) program on January 1, 1998.

**CAPITOL OUTLAY:** Expenditures which result in the acquisition of or addition to major fixed assets (land, buildings, and equipment related to construction).

**CARRY-OVER APPROPRIATIONS:** Appropriations with balances available for expenditure in years subsequent to the year of enactment.

**CASE DATA SYSTEM (CDS):** One of the Statewide Automated Welfare System (SAWS) consortia, consisting of 18 counties.

**CATEGORICAL PROGRAMS:** A categorical program is typically intended to supplement a regular program by addressing specific areas of specialized need. Categorical programs in education generally target either one or any combination of the

following groups: underachievers; at-risk students; gifted and talented; limited-English speakers; handicapped; and those from low income areas.

**CHILD WELFARE SERVICES CASE MANAGEMENT SYSTEM (CWS/CMS):** A statewide database, case management tool, and reporting system for the Child Welfare Services program.

**COMPENSATORY EDUCATION PROGRAMS:** Compensatory education programs assist students who are educationally disadvantaged due to poverty, language barriers, or cultural differences, or who experience learning difficulties in specific subject areas. State funded compensatory education programs include Economic Impact Aid, Indian Education, and the Miller-Unruh Reading Program.

**CONFERENCE COMMITTEE:** Each year a conference committee on the budget bill is appointed to resolve the differences between the versions of the budget bill adopted by each house of the Legislature. In appointing members to the conference committee from their respective houses, the Assembly Speaker and the Senate Rules Committee each select two members from those voting "yes" and one member who votes "no" on the budget bill.

**CONSORTIA IV:** One of the SAWS consortia.

**CONTROL SECTIONS, BUDGET ACT:** The Budget Act is divided into sections. Section 1.00 establishes a citation for the legislation. Section 1.50 provides a description of the format of the act. Section 2.00 contains the itemized appropriations. Sections 4.00 through 36.00 are general sections, also referred to as control sections, which place additional restrictions on one or more of the itemized appropriations contained in Section 2.00.

**COST OF LIVING ADJUSTMENTS (COLAs) - STATUTORY/DISCRETIONARY:** Increases provided in state-funded programs which include periodic adjustments predetermined in state law (statutory), i.e., K-12 education apportionments; and adjustments which may be established at optional levels (discretionary) by the Legislature each year.

**CURRENT YEAR:** The current State fiscal period, i.e., the time we are in now. State fiscal years begin July 1 and end June 30.

**CHILD WELFARE SERVICES (CWS):** This program provides various services to abused and neglected children.

**DEFICIT FACTOR:** When an appropriation to the State School Fund for revenue limits -- or any special categorical program -- is insufficient to pay all claims for state aid, a deficit factor is applied to reduce the allocation of state aid to the amount appropriated.

**ELECTRONIC BENEFIT TRANSFER (EBT):** EBT is the automation of benefit delivery

process through technology, such as plastic cards, which results in the elimination of paper benefits.

**EQUALIZATION AID:** The extra state aid provided in some years to a low revenue district to increase its base revenue limit toward the statewide average. No equalization aid was provided from 1989-90 through 1995-96.

**EXPENDITURE:** Generally, this term designates the amount of an appropriation used for goods and services ordered and received whether paid or unpaid, including expenses, provisions for debt retirement not reported as a liability of the fund from which retired, and capitol outlays where the accounts are kept on an accrual basis or a modified accrual basis. Where the accounts are kept on a cash basis, the term designates only actual cash disbursements.

**FEDERAL FUNDS:** In state budget usage, this term describes all funds received directly from an agency of the federal government. State agencies must initially deposit such federal funds in the Federal Trust Fund, a fund in the State Treasury.

**FINANCE LETTERS:** Proposals made by the Director of Finance to the chairpersons of the committees in each house which consider appropriations to amend the Budget Bill and Governor's Budget from that submitted January 10, to reflect a revised plan of expenditure for the Budget years.

**FISCAL YEAR (FY):** A 12-month state accounting period which varies from the calendar year and the federal fiscal year. In California state government, the fiscal year runs July 1 through the following June 30. It is the period during which obligations are incurred, encumbrances are made, and appropriations are expended. The Governor's Budget presents three years of detailed fiscal data for the past, current, and budget years.

**FULL-TIME EQUIVALENT STUDENTS (FTE):** This is similar to the concept of ADA for K-12, but is related to the number of instructional hours provided to students on an annual basis.

**FUND BALANCE:** Excess of the assets of a fund over its liabilities and reserves.

**GENERAL ASSISTANCE (GA):** Under current law, counties are required to assist all indigent persons who generally have no other means of support. The GA program serves this purpose.

**GENERAL FUND:** The General Fund is the predominant fund for financing state operations. It is used to account for revenues which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax, and bank and corporations taxes. The General Fund is used as the major funding source for education (K-12 and higher education), health and welfare programs, youth and adult correctional programs, and tax relief.

**GENERAL OBLIGATION (GO) Bonds:** General Obligation bonds are a form of long-term borrowing in which the State issues municipal securities and pledges its full faith and credit to their repayment. Interest rates and maturities are set in advance. Bonds are repaid over many year through semi-annual debt service payments. The California Constitution requires that GO bonds be approved by a majority vote of the public and sets repayment of GO debt before all other obligations of the State except those for K-14 education.

**IMMIGRATION REFORM AND CONTROL ACT (IRCA):** In 1986, the Federal Government passed IRCA, allowing for changes in immigration status for over 1.8 million individuals and their families. This act is more commonly referred to as "amnesty for immigrants".

**IN HOME SUPPORTIVE SERVICES (IHSS):** This program provides services to eligible aged, blind, and disabled persons in order to enable them to remain independent and in their own homes.

**INTERIM STATEWIDE AUTOMATED WELFARE SYSTEM (ISAWS):** One of the SAWS consortia consisting of 35 small counties.

**JOB TRAINING PARTNERSHIP ACT (JTPA):** The federal act which authorizes job training programs for primarily youth and unskilled adults who are economically disadvantaged, or who face barriers to employment.

**LEASE-REVENUE BONDS:** Lease revenue bonds are a variant of revenue bonds used in the state's capitol outlay program. The revenue stream backing the bond is created from lease payments made by the occupying department. The entity issuing the bonds (usually Public Works Board or a joint authority) retains title to the facility until the debt is retired. As with revenue bonds, lease-revenue bonds do not require voter approval.

**LIMITED-TERM POSITIONS:** A limited-term position is any position which has been authorized for a specific length of time with a set termination date. Limited term positions may be authorized during the budget enactment process or in transactions approved by the Department of Finance.

**LOCAL ASSISTANCE:** Expenditures made for the support of local government activities.

**LOS ANGELES ELIGIBILITY, AUTOMATED DETERMINATION, EVALUATION REPORTING SYSTEM (LEADER):** One of the SAW consortia, LEADER is the automated system for Los Angeles County.

**MAINTENANCE OF EFFORT LEVEL (MOE LEVEL):** Generally, the MOE level represents the level of funding that a government entity must maintain as a requirement for receiving other funds.

**MAY REVISION:** An annual update to the Governor's proposed January budget containing revised General Fund revenues, and specified expenditures for the Governor's Budget. The Department of

Finance is required to submit its May Revision to the Legislature by May 14.

**MEGA-ITEM:** The mega-item was created in 1992. The mega-item provides funding for 37 education categorical programs in a single appropriation. Some of the major programs in the mega-item are Court-Ordered Desegregation; Economic Impact Aid; Home-to-School Transportation; Instructional Materials, and the School Improvement Program.

**MINOR CAPITAL OUTLAY:** Minor Capital Outlay consists of construction projects or equipment acquired to complete a construction project estimated to cost less than \$200,000.

**PAST YEAR:** The fiscal year just completed. (See Fiscal Year.)

**PERSONAL INCOME TAX (PIT):** The PIT is similar to the federal income tax, taxing net income. Tax brackets range from 1 to 50 percent of net income. The state's PIT is one of the most progressive in the nation, which means that, compared to other states, California collects less from low and moderate income earners and more from taxpayers with high and very high incomes.

**PERSONNEL YEARS:** The actual or estimated portion of a position expended for the performance of work. For example, a full-time position which was filled by an employee for half a year would result in an expenditure of .5 personnel years.

**POSITIONS:** (See Authorized Positions.)

**PROPOSITION 98:** An initiative passed in November 1988, and amended in the June 1990, election which provides a minimum funding guarantee for school districts, community college districts, and other state agencies that provide direct elementary and secondary instructional programs for students in Kindergarten through grade 14 beginning with fiscal year 1988-89.

**PROPOSITION 99:** Funds dedicated to various health and education programs pursuant to a voter-passed initiative and subsequent legislation. The source of revenue for Proposition 99 is a portion of the tax on tobacco products.

**REAPPROPRIATION:** The extension of an appropriation for expenditure beyond its set termination date and/or for a new purpose. Reappropriations are usually authorized by the Legislature for one year extensions at a time.

**RECIDIVISM:** A tendency to relapse and return to criminal habits, and subsequently be reincarcerated.

**REVENUE:** The addition to cash or other current assets of governmental funds (receipt) which do not increase any liability or reserve and do not represent the recovery of expenditure, i.e., reimbursements. Generally, revenue is derived from taxes, licenses, and fees or investment earnings.

**REVENUE BONDS:** Revenue bonds are a form of long-term borrowing in which the debt obligation is secured by a revenue

stream produced by the project. Because revenue bonds are not backed by the full-faith credit of the state, they may be enacted in statute. Revenue bonds do not require voter approval.

**REVENUE LIMIT:** The maximum amount of revenue that a district may collect annually for general purposes from local property taxes and state aid.

**SALES TAX:** The sales tax is a tax on the sale of retail goods. Many basic necessities such as food for home use and prescription drugs are exempt from the sales tax. Other sales tax exemptions exist to promote various industries.

**SPECIAL FUND:** Taxes and revenues restricted by law for specific expenditures. Funds are primarily for the regulation of businesses, professions and vocations.

**STATE OPERATIONS:** Expenditures for the support of state government, exclusive of capital investments and expenditures for local government activities.

**STATEWIDE AUTOMATED CHILD SUPPORT SYSTEM (SACHS):** The state's automated system for child support enforcement.

**STATEWIDE AUTOMATED WELFARE SYSTEM (SAWS):** This system would automate welfare eligibility determination, benefit computation, benefit delivery, and case management.

**STATEWIDE FINGERPRINT IMAGING SYSTEM (SIS):** The system for fingerprinting welfare recipients.

**SUPLANT:** In budget terms, supplanting is generally the act of replacing an existing source of funds with a new fund source to provide the same level of service.

**SUPPLEMENTAL FUNDS:** Funds provided to increase services or to provide for equalization.

**SUPPLEMENTAL REPORT LANGUAGE:** A report prepared by the Legislative Analyst and adopted by the conference committee on the budget bill, which contains language on statements of intent or requests for studies.

**SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM (SSI/SSP):** This program provides cash assistance to eligible aged, blind, and disabled persons.

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF):** Established on August 22, 1996, the federal TANF program replaced the AFDC program. The TANF program provides welfare block grants to state to provide time-limited benefits to families.

**UNEMPLOYMENT INSURANCE (UI):** The program provides benefit payments to eligible workers who are temporarily unemploye

