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July 9, 2021

Ms. Keely Martin Bosler, Director
Department of Finance
Room 1145, State Capitol
Sacramento, California 95814

Dear Ms. Bosler:

In a letter dated May 28, 2021, you notified the Joint Legislative Budget Committee of your intention to approve a request by the Department of Justice (DOJ) to increase the federal fund expenditure authority of the Division of Medi-Cal Fraud and Elder Abuse (DMFEA) by \$3 million in 2020-21 for investigations and prosecutions. Your letter was issued pursuant to the provision of Section 28.00 of the *2020-21 Budget Act*.

I find that the department's request will benefit the state as the additional federal funds will help mitigate the risk of cases being added to DMFEA's backlog. However, I wish to express my concern that this notification does not meet the requirements for the use of the Section 28.00 process for approving augmentations for the expenditure of unanticipated federal funds and other nonstate funds.

Section 28.00 expressly states that it is not to be used as an alternative budget process, and proposals for additional spending ordinarily should be considered in the annual state budget or other state legislation. Specifically, augmentations for items which the administration had knowledge to include in its 2020-21 budget proposal should not be submitted through the Section 28.00 process. However, it is my understanding that DOJ was awarded the \$3 million on September 29, 2020 as part of an annual grant from the federal government with the total grant amount being similar to the prior year. Additionally, DOJ has been aware that the amount of federal funding the division receives from this annual grant has exceeded its federal fund expenditure authority each year since 2017-18. As such, DOJ should have submitted a request for increased expenditure authority as part of the annual state budget process.

Ms. Keely Martin Bosler

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While the 2021-22 budget adopted by the Legislature on June 14, 2021 does include an increase in DMFEA's federal fund expenditure authority to align with its annual federal grant awards on an ongoing basis (as proposed by the Governor), I ask that your office and DOJ coordinate to ensure that any similar future requests for DMFEA—or other DOJ programs—meet the requirements of Section 28.00.

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
Chris Ryan, Chief, Division of Operations, Department of Justice