

CALIFORNIA COASTAL COMMISSION

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July 8, 2008

To: California Coastal Commissioners
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Coastal Commission Budget Sub-Committee Members
Commissioner William Burke and Commissioner Mary Shallenberger

Subject: **Update on Status of Coastal Commission's Budget at Year End FY 07-08 and Pending Budget for FY 08-09**

This memorandum provides background budget information, updates the detailed information provided in the May 2, 2008 memorandum to the Commission on the FY 07-08 budget and provides current information on the pending FY 08-09 budget. (Governor's Proposed FY 08-09 Budget – Attachment I.)

Background on the Coastal Commission's Budget

The Commission has operated with a very constrained budget for most of its history. (Please see Attachment II for budget history.) The Commission's current funding sources are the state general fund, federal funds, whale tail license plate funds for public education, and reimbursement contracts from state agencies and non-state entities. Because the state general fund is in such a precarious position, departments receiving general fund allocations have seen significant cuts in general fund allocations. Since FY 01-02 the Coastal Commission has had numerous general fund reductions and unfunded cost increases. The Commission did receive a general fund augmentation in FY 06-07 for 8 positions. Even with that augmentation, the Commission has lost a net of 25.7 general fund positions and \$2.7 million general fund from FY 01-02 through FY 07-08. The Commission has become increasingly dependent on reimbursement income from interagency agreements and contracts. (Please see Attachment III for Summary of General Fund Budget Adjustments.)

To manage the Commission's budget and spending, we start with the baseline budget from the current fiscal year as an amount of money to work with. We cost out all personnel costs for authorized positions at a moment in time determined by Department of Finance. This amount of money is the personnel services portion of the budget. Personal services represent 75% - 77% of the Coastal Commission's budget. Essentially what is left after personal services are

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allocated is available to fund operating expenses and equipment (OE&E), approximately 25% of the overall budget. OE&E costs includes rent for offices, Commission meeting rooms, supplies, travel, training purchases, phones, paper, essentially everything except salaries and benefits. More than half of the OE&E costs are fixed office space lease costs.

The loss of general fund staff positions has made it increasingly difficult to address the workload to meet the mandates of the Coastal Act. Commission management has done everything possible to cut operating costs to try and avoid even more staff cuts. We have cut operating expenditures by minimizing travel, eliminating training, deferring equipment and computer purchases, reducing Commission meeting days, and eliminating all but essential purchases.

Salary Savings

All state departments always start the fiscal year short of funding for personal services because of required "salary savings." "Salary savings" is a mechanism in the state budget process that assumes that departments will always have 5% of authorized positions vacant (7.6 positions for the Coastal Commission). Therefore, we do not have adequate funding to cover all our authorized positions if they are filled for an entire fiscal year. We try and keep as many positions vacant early in the fiscal year to cover the required "salary savings." However, if we don't have enough vacant positions to cover the salary savings, our costs for authorized positions can exceed the amount of money budgeted and we have to cut staffing or other costs. The Commission started FY 07-08 with very few vacant positions and therefore we had to make-up salary savings as the fiscal year progressed. We are beginning FY 08-09 with adequate vacant positions to meet salary savings if these positions are held vacant.

Unfunded Personnel Costs

There are many rules and complexities in the state budget process that lead to departments being underfunded for the actual costs for personnel services and operating expenses. We highlight a few examples in this memo. These underfunded costs are extremely difficult for small departments, such as the Commission to absorb.

In addition to required salary savings, there are other elements in the state budgeting process that lead to shortages in funds for personal services. The budget does not include specific funding for merit salary increases, position upgrades or hiring above the minimum salary rate. So these costs must be absorbed by a department within its budget. For example, in FY 07-08 the general salary increases for top level management staff (3.4%) were not funded and had to be absorbed by the Commission.

Increased Costs and Reduced Revenue

Because the Commission's budget is so constrained, it is a very precarious balancing act to end the fiscal year within budget. Commission management makes its best judgment to set aside adequate funds for legal settlements, worker's compensation claims, vacation cash

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payouts for employees who die, leave, or retire, travel costs, etc. Commission management also made a decision to try to keep as many authorized staff positions as possible to address as much as possible of the Coastal Act mandated workload. The result is that the operating expenses we have to work with are so constrained that we have found that we cannot absorb increased costs that occur through the fiscal year.

FY 07-08 Budget Year End

FY 07-08 ended June 30, 2008. As the May 2, 2008 memorandum explained in detail, FY 07-08 provided many budgetary challenges for the Commission. The Commission accounting staff will need all of July to close-out and reconcile the final budget figures for FY 07-08. Unless any unforeseen claims or bills for FY 07-08 appear in the next few weeks, we will close-out the fiscal year without a deficit. The cost-cutting measures and inter-agency agreements described in the May 2 memorandum eliminated the projected shortfall for FY 07-08. However, we did end the year very close to a shortfall and we will be analyzing FY 07-08 expenditures for budget management in FY 08-09.

FY 08-09 Pending Budget

The Legislative Analyst's Office has asked if it is likely that the Commission could be facing a projected deficit in FY 08-09. The FY 08-09 budget is still in the legislative budget process and will not be final until signed by the Governor. Predictions are that the budget may not be final till August or September 2008. Until the budget is final, we will not know what the Commission's finances will be for FY 08-09 (July 1, 2008 - June 30, 2009).

The Assembly and Senate Budget Subcommittees reviewed and approved the Coastal Commission's FY 08-09 Budget, in late May and made some important positive changes. Both subcommittees rejected the Governor's proposed 10% general fund Budget Balancing Reductions (BBRs) (\$1.2 million and 16.2 positions) and approved conceptual trailer bill language that would set-up a special account for increased filing fees; allow the Commission to levy administrative penalties for Coastal Act violations as more than 25 other state agencies currently do; and authorize the Commission to charge fees for project-driven LCP amendments. The Commission's budget as approved by the Budget Subcommittees is currently included in the overall budget bill being considered by the Legislature. If the state budget to be approved by the Legislature later this summer includes the Commission's budget as approved by both subcommittees, the Commission's overall budget (including reimbursements) for FY 08-09 will be essentially what it was for FY 07-08.

Once the Legislature completes its deliberation of the budget and approves it and sends the entire state budget on to the Governor, the Governor has the authority to line-item veto or "blue pencil" parts of the legislatively approved budget. When the Governor receives the budget as approved by the Legislature he can accept and approve the Commission's budget as is or exercise his line-item veto authority to cut the Commission's budget.

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If the Governor chooses to use the line-item veto to implement the 10% general fund budget reductions (reduction of \$1.2 million and 16.2 positions) that were included in the Governor's January Budget and May Revision, the Commission will have to layoff permanent staff and will be required to take other drastic measures to meet the FY 08-09 budget. The Governor's budget also includes a proposed augmentation from increased filing fee revenue of \$524,000 for operating expenses (\$319,000 on-going, \$205,000 one-time costs). This augmentation will provide some help on an on-going basis but not enough to cover existing and increasing operating expenses including office rents.

Even if the Commission does not receive a 10% \$1.2 million dollar general fund budget cut and the Commission's budget stays the same in FY 08-09 as it is in FY 07-08, given rent increases and other operating expenses, the Commission has inadequate funding to cover filling all authorized positions and projected operating costs and we would once again be projected to be in deficit. To avoid a deficit the Commission will need to cut some staff positions and/or leave vacant positions open and eliminate some operating expenses and seek additional non-general fund revenue. All cost cutting steps taken in FY 07-08 will continue into FY 08-09. Once a final budget is in effect, Commission management will identify actions needed to meet the constraints of the final FY 08-09 budget.

Commission Management Has Started the Layoff Process

Commission management has submitted a layoff plan to the Department of Personnel Administration (DPA). The layoff plan has been approved by DPA. We have started the required steps to implement the layoff plan.

A layoff of permanent state employees is a complex and lengthy process with very specific statewide rules administered by DPA. The process is designed to protect employees and to give departments assistance in finding other state employment for employees that are subject to layoff. No permanent employee can be dismissed due to layoff until an employee has been notified and placed in "surplus status" for at least 120 days. While on surplus status employees have enhanced hiring rights for open positions they qualify for in other state agencies. Within or after the 120 day period, employees must receive another notice 30 days before a layoff could occur.

In late June 2008, the Commission notified 46 permanent Coastal Commission employees in writing that they are at risk of layoff. This notification starts the 120 day clock and if the Commission's budget is cut from FY 07-08 levels, a layoff of permanent employees will likely occur in October 2008. DPA recommends that departments notify three times the number of employees projected to lose their jobs because employees have seniority rights to "bump" into certain other positions following certain defined demotional patterns and a large number of employees may be affected by a layoff. In the Commission's case, DPA's guidance would have suggested that the Commission notify approximately 60 employees (44%) of the Commission's current staff that they were at risk of layoff. Commission management decided to keep the notice to the minimum number of staff we thought (46 employees and 34%), that

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could be affected by layoffs, demotional patterns and "bumping." Of the 46 employees who received these notification letters, the majority are in analytical positions which carry out the planning, permitting and enforcement elements of the Commission's work.

If the Commission's general fund budget is cut 10% (\$1.2 million) we expect that 17-25 current staff members would be subject to layoff and lose their jobs in October. This is because the fiscal year started July 1, and the later in the fiscal year layoffs occur, the larger the number of positions that have to be eliminated to cover the general fund budget cut by the end of the fiscal year.

Consequences of Implementing the Layoff Process

As of July 1, 2008, the Commission has a total of 136 permanent full-time and part-time employees. Therefore, 34% of the current Commission staff is on alert that their jobs are at risk. This causes a high level of anxiety and means that productivity is reduced because employees are diverted from their assigned work to seek other employment options.

Because the layoff process is so lengthy, Commission management had no choice but to go forward with planning for layoff and notifying staff potentially at risk for layoff. Needless to say, beginning the layoff process and notifying 46 employees (34% of the staff) that they are at real risk of layoff has been disruptive, painful, and time consuming. Management, supervisors, personnel, and legal staff have all spent substantial time working with staff to implement the nuances and legal requirements of the layoff process and to begin contingency planning to deal with the results of a massive layoff. Time spent on the layoff process further exacerbates workload backlog with LCP planning, permits, and enforcement and all of the Commission's workload. Coastal Commission staff members are very committed to the value of public service and to implementing the Coastal Act and all staff members have been comporting themselves in a very professional manner and continue to work diligently on assignments.

Proactive Steps Taken To Reduce Costs

As described in the previous May 2, 2008 memorandum, the Commission has taken a large number of steps to reduce costs. These measures are listed below and will continue through FY 08-09. Unfortunately, these actions are so severe that they substantially impair the Commission's ability to operate and carry out its legally mandated work.

Cost-Cutting Measures

- Terminated all limited-term staff in January 2008 to reduce costs;
- Holding vacant positions open to meet salary savings (currently 11 vacant positions). Holding positions vacant puts additional burden on remaining staff and increases workload backlog.

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- Instituted and encouraged staff participation in a voluntary Leave-Without-Pay program;
- Eliminated essentially all training (including legally required training);
- Drastically reduced staff travel to only absolutely essential attendance at Commission meetings and site visits, and some select meetings;
- Considering limiting hours Commission offices are open to serve the public so that staff can focus on production;
- Eliminated all but absolutely essential mission critical purchases;
- Reduced all Coastal Commission public hearings to a maximum of 3 days per month to reduce costs. Holding Commission meeting in public meeting rooms to avoid meeting room costs. Keeping travel costs to meetings to the absolute minimum sometimes causing inconvenience to Commissioners. We will be considering holding future Commission meetings in only a few locations statewide to reduce costs and may need to consider reducing the number of FY 08-09 Commission meetings to save costs.

Proactive Steps Taken to Increase Future Revenue Available for the Coastal Commission's Budget

- The Commission carried out the lengthy rulemaking process of increasing its filing fees. The Office of Administrative Law approved the new fees. The new fees went into effect March 17, 2008. With the downturn in the economy, it is too early to tell if filing fee revenue will meet the projected income of \$2.34 million in FY 08-09. Our latest projections reflect that it will be closer to \$2 million.
- The Commission requested and received approval from the Office of Coastal Resource Management (OCRM) for a routine program change to begin charging fees for federal consistency certifications for non-federal applicants. As of April 25, 2008, the Commission is charging the same rate for federal consistency certifications as for comparable permit applications. This means large federal consistency projects such as LNG and offshore oil will now be required to pay filing fees.
- All filing fees will continue to be deposited in the Coastal Access Account at the Coastal Conservancy as required by existing statute. The Commission is in support of trailer bill language approved by legislative budget subcommittees that would maintain approximately \$500,000 of filing fee income to the Coastal Conservancy and make the additional revenue from filing fees available for future legislative appropriation to augment the Coastal Commission budget.

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- The legislative budget subcommittees approved trailer bill language authorizing administrative civil penalty authority to allow the Commission to impose fines for certain Coastal Act violations directly. This authority would be similar to that of 25 other state agencies.
- The Commission submitted a Budget Change Proposal (BCP) that was approved as a Spring Finance Letter that authorizes \$300,000 in reimbursements from non-state entities. For FY 08-09, this will allow the Commission to accept funds from permit applicants that offer to pay staff costs to expedite project review.
- The Commission is seeking additional grant funding for its work. The Commission has received conceptual approval for several Coastal Impact Assistance (CIAP) grants over the next four years starting in FY 08-09. These grants will require the Commission to carry out specific grant related tasks in addition to its core work. However, the Commission staff was just notified that the state will be receiving less CIAP funds than expected and that all agencies including the Commission must reduce CIAP budgets by 30%. This loss of CIAP funds places a further burden on the Commission's overall budget.
- Each and every year the Commission submits Budget Change Proposals (BCPs) to the Resources Agency and the Department of Finance requesting increases in funding to cover needed staffing and operating expenses to meet Coastal Act mandated workload. Because of the state's budget problems it has been extremely difficult to get augmentations from the general fund. Conceptual BCPs for FY 09-10 were submitted to the Resources Agency in June 2008 and final BCPs authorized by the Resources Agency are due to the Department of Finance in early September 2008. Department of Finance memos have made it very clear that any augmentations of department budgets from the general fund are unlikely.
- Legislative budget subcommittees have asked the Commission to continue to seek all possible sources of non-general fund revenue. Commission management has and will continue to seek a range of funding sources. However, because of the state of the California and national economy other funding sources are limited.

Consequences of Potential Cuts to the Coastal Commission FY 08-09 Budget

The Coastal Commission's current budget is so constrained and staffing levels are such that all areas of the Commission's core mandated work under the Coastal Act is backlogged and suffers long delays. Some tasks are not possible to do under these constraints. Currently, there are large backlogs of permits, permit appeals, LCP amendments, LCP reviews, enforcement cases and reviews of all projects proposed or approved by federal agencies (federal consistency reviews). In addition, because of existing staffing constraints, the Commission staff is not able to fully participate in key multi-agency workgroups regarding climate change and other important statewide issues. Nor is staff able to meet with local

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governments and other stakeholders on many important matters pending before the Commission. These workload backlogs have been recognized by the Legislative Analyst's Office (LAO) and the federal government's NOAA Office of Ocean and Coastal Resource Management (OCRM). The LAO has consistently recommended that the Commission receive additional staff and funding and has recommended that the Commission raise its filing fees and obtain authority for administrative penalties. The Commission has significantly raised its filing fees and has worked with the Legislature to obtain authority for administrative penalties. When the Commission approved increased filing fees, the Commission adopted a resolution that stated the importance that increased filing fees be used to improve Commission staffing levels to provide better service to the public and implement the Coastal Act and that the increased filing fees not be used to backfill general fund cuts.

If proposed budget cuts and potential layoffs occur in FY 08-09, applicants paying new filing fees for Commission reviews of projects will be paying substantially higher fees for delayed and diminished levels of service. Prolonged delays in Commission review of permits and LCPs have a significant adverse impact on the California economy.

The Commission has vital responsibilities for protection of the coast as the only state agency with regulatory review authority over offshore oil and gas leasing, exploration, and development projects. With recent announcements by the federal Administration of the intent to re-open the California coast to new oil and gas leasing on the Outer Continental Shelf the Commission's involvement is critical and will not be possible if the proposed staff cuts occur.

If the Commission's FY 08-09 budget is cut and 17-25 permanent staff lose their jobs we will be left with a staff of approximately 111 staff members to carry out Coastal Act mandates (a 34% staff reduction from FY 01-02 levels of 167 filled positions). Budget cuts at these levels will devastate the Coastal Commission and critically impair implementation of the Coastal Act. The Commission **will not** be able to work with local governments on LCP issues; adequately address key energy and offshore oil, gas and renewable energy issues; work with other agencies on mitigation for and adaptation to global warming and climate change, including planning and preparing for sea level rise. The Governor now has the opportunity to support and maintain coastal protection for California by not reducing the Commission's FY 08-09 budget beyond the already very constrained FY 07-08 level and supporting budget trailer bill language that authorizes reasonable future new revenue streams.

Attachments:

Attachment I – Governor's Proposed FY 08-09 Budget

Attachment II – Budget History

Attachment III - Summary of General Fund Budget Adjustments

3720 California Coastal Commission

The California Coastal Commission, comprised of 12 voting members appointed equally by the Governor, the Senate Rules Committee, and the Speaker of the Assembly, was created by voter initiative in 1972 and was made permanent by the California Coastal Act of 1976 (Coastal Act). The Coastal Act calls for the protection and enhancement of public access and recreation, marine resources, environmentally sensitive habitat areas, marine water quality, agriculture, and scenic resources, and makes provisions for coastal-dependent industrial and energy development. New development in the coastal zone requires a coastal permit either from local government or the Commission. Local governments are required to prepare a local coastal program (LCP) for the coastal zone portion of their jurisdiction. After an LCP has been reviewed and approved by the Commission as being consistent with the Coastal Act, the Commission's regulatory authority over most types of new development is delegated to the local government, subject to limited appeals to the Commission. The Commission also is designated the principal state coastal management agency for the purpose of administering the federal Coastal Zone Management Act in California and has exclusive regulatory authority over federal activities such as permits, leases, federal development projects, and other federal actions that could affect coastal zone resources and that would not otherwise be subject to state control.

3-YR EXPENDITURES AND POSITIONS (Summary of Program Requirements)

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
10 Coastal Management Program	111.5	115.5	115.5	\$16,272	\$16,071	\$16,736
20 Coastal Energy Program	6.1	6.6	6.6	762	879	912
30.01 Administration	22.9	22.8	22.8	1,793	1,812	1,914
30.02 Distributed Administration	-	-	-	-1,658	-1,712	-1,814
TOTALS, POSITIONS AND EXPENDITURES (All Programs)	140.5	144.9	144.9	\$17,169	\$17,050	\$17,748
FUNDING				2006-07*	2007-08*	2008-09*
0001 General Fund				\$11,457	\$11,709	\$11,809
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund				1,331	1,307	1,339
0593 Coastal Access Account, State Coastal Conservancy Fund				-	-	524
0890 Federal Trust Fund				2,847	2,513	2,544
0995 Reimbursements				1,534	1,521	1,532
TOTALS, EXPENDITURES, ALL FUNDS				\$17,169	\$17,050	\$17,748

LEGAL CITATIONS AND AUTHORITY

DEPARTMENT AUTHORITY

Public Resources Code, Division 20, Section 30000 et seq. and Title 16, United States Code, Chapter 33, Section 1451 et seq.

MAJOR PROGRAM CHANGES

- Operating Expense Budget Restoration - The Budget includes \$524,000 Coastal Access Account to upgrade the Commission's information technology equipment and other operating expenses.

BUDGET-BALANCING REDUCTIONS

- The Budget includes General Fund reductions of \$1.2 million and 16.2 positions in 2008-09.

The major budget balancing reductions include:

- 2008-09

Reduce \$956,000 and 14.3 positions from the Coastal Management Program. This reduction will decrease the resources available for reviewing permits and local coastal programs, and enforcement activities.

Reduce \$52,000 from the Coastal Energy Program. This reduction will decrease the resources available for reviewing industrial and infrastructure projects.

Reduce \$173,000 and 1.9 positions from Administration.

* Dollars in thousands, except in Salary Range.

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DETAILED BUDGET ADJUSTMENTS

	2007-08*			2008-09*		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
Baseline Adjustment Descriptions						
• Coastal and Marine Education Whale Tail License Plate Program	\$-	\$-	-	\$-	\$284	-
• Employee Compensation/Retirement	252	44	-	282	48	-
• Removal of one-time costs - Grants to local governments and non-profits.	-	-	-	-	-252	-
• Other Baseline Adjustments	-44	-403	-	26	-364	-
Totals, Baseline Adjustments	\$208	-\$359	-	\$308	-\$284	-
Policy Adjustment Descriptions						
• Operating Expenses Budget Restoration	\$-	\$-	-	\$-	\$524	-
Totals, Policy Adjustments	\$-	\$-	-	\$-	\$524	-
TOTALS, BUDGET ADJUSTMENTS	\$208	-\$359	-	\$308	\$240	-
Other Adjustments ¹¹						
• Budget-Balancing Reductions	-	-	-	-1,181	-	-16.2
REVISED TOTALS, BUDGET ADJUSTMENTS	\$208	-\$359	-	-\$873	\$240	-16.2

¹¹ These dollars and PYs are included in the General Government agency, therefore not included in the other fiscal statements for this department. These totals are also not included in the applicable Summary Schedules for this department.

PROGRAM DESCRIPTIONS (Program Objectives Statement)

10 - COASTAL MANAGEMENT PROGRAM

The objectives of the Coastal Management Program are to implement coastal resources conservation through planning and regulation. Activities include:

- Reviewing and approval of local coastal programs (LCPs), port master plans, university long-range development plans, and any amendments to such plans, for consistency with the Coastal Act.
- Reviewing coastal development permit applications for new development in areas without a certified LCP, areas of permanently retained jurisdiction (e.g., tidelands, submerged lands, and public trust lands) and limited categories of local coastal development permit actions that can be appealed to the Commission.
- Monitoring and enforcement of coastal development permits.
- Reviewing federal activities for consistency with the Coastal Act.
- Protecting and expanding opportunities for public coastal access and recreation.
- Implementing a coastal water quality protection program.
- Providing technical information and assistance to support effective coastal management.
- Implementing a coastal and ocean resource public education program.

20 - COASTAL ENERGY PROGRAM

The Coastal Energy Program addresses coastal energy issues including, but not limited to, offshore oil and gas development, electricity generating power plant expansion and development, and siting and development of liquefied natural gas facilities.

30 - ADMINISTRATION

The objective of the Administration Program is to provide administrative support including accounting, budgeting, business services, support services, information technology, and personnel to other departmental programs.

DETAILED EXPENDITURES BY PROGRAM (Program Budget Detail)

		2006-07*	2007-08*	2008-09*
PROGRAM REQUIREMENTS				
10	COASTAL MANAGEMENT PROGRAM			
	State Operations:			
0001	General Fund	\$10,970	\$11,112	\$11,205
0371	California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	624	596	596

* Dollars in thousands, except in Salary Range.

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	2006-07*	2007-08*	2008-09*
0593 Coastal Access Account, State Coastal Conservancy Fund	-	-	498
0890 Federal Trust Fund	2,847	2,513	2,544
0995 Reimbursements	1,124	1,139	1,150
Totals, State Operations	\$15,565	\$15,360	\$15,993
Local Assistance:			
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	\$707	\$711	\$743
Totals, Local Assistance	\$707	\$711	\$743
ELEMENT REQUIREMENTS			
10.10 Regulation of Coastal Development	\$6,510	\$6,101	\$6,496
State Operations:			
0001 General Fund	4,704	4,821	4,868
0593 Coastal Access Account, State Coastal Conservancy Fund			213
0890 Federal Trust Fund	1,264	769	790
0995 Reimbursements	542	511	625
10.20 Local Coastal Program	\$3,504	\$3,767	\$3,890
State Operations:			
0001 General Fund	2,140	2,151	2,170
0593 Coastal Access Account, State Coastal Conservancy Fund			97
0890 Federal Trust Fund	964	1,191	1,198
0995 Reimbursements	400	425	425
10.30 Planning and Support Studies	\$3,968	\$3,963	\$4,144
State Operations:			
0001 General Fund	3,715	3,732	3,740
0593 Coastal Access Account, State Coastal Conservancy Fund			170
0890 Federal Trust Fund	253	231	234
10.40 Federal Coastal Management Program	\$366	\$322	\$322
State Operations:			
0890 Federal Trust Fund	366	322	322
10.50 Coastal Access Program	\$398	\$360	\$385
State Operations:			
0001 General Fund	293	288	297
0593 Coastal Access Account, State Coastal Conservancy Fund			13
0995 Reimbursements	105	72	75
10.60 Coastal Resources Information Center	\$1,526	\$1,558	\$1,499
State Operations:			
0001 General Fund	118	120	130
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	624	596	596
0593 Coastal Access Account, State Coastal Conservancy Fund	-	-	5
0995 Reimbursements	77	131	25
Local Assistance:			
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund	707	711	743

* Dollars in thousands, except in Salary Range.

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	2006-07*	2007-08*	2008-09*
PROGRAM REQUIREMENTS			
20 COASTAL ENERGY PROGRAM			
State Operations:			
0001 General Fund	\$487	\$597	\$604
0593 Coastal Access Account, State Coastal Conservancy Fund	-	-	26
0995 Reimbursements	275	282	282
Totals, State Operations	\$762	\$879	\$912
PROGRAM REQUIREMENTS			
30 ADMINISTRATION AND SUPPORT ACTIVITIES			
State Operations:			
0995 Reimbursements	\$135	\$100	\$100
Totals, State Operations	\$135	\$100	\$100
ELEMENT REQUIREMENTS			
30.01 Administration	1,793	1,812	1,914
30.02 Distributed Administration	-1,658	-1,712	-1,814
TOTALS, EXPENDITURES			
State Operations	16,462	16,339	17,005
Local Assistance	707	711	743
Totals, Expenditures	\$17,169	\$17,050	\$17,748

EXPENDITURES BY CATEGORY (Summary By Object)

1 State Operations	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
PERSONAL SERVICES						
Authorized Positions (Equals Sch. 7A)	140.5	152.5	152.5	\$9,208	\$9,682	\$9,759
Total Adjustments	-	-	-	-	212	214
Estimated Salary Savings	-	-7.6	-7.6	-	-495	-499
Net Totals, Salaries and Wages	140.5	144.9	144.9	\$9,208	\$9,399	\$9,474
Staff Benefits	-	-	-	3,041	3,102	3,126
Totals, Personal Services	140.5	144.9	144.9	\$12,249	\$12,501	\$12,600
OPERATING EXPENSES AND EQUIPMENT						
				\$4,213	\$3,838	\$4,405
TOTALS, POSITIONS AND EXPENDITURES, ALL FUNDS (State Operations)				\$16,462	\$16,339	\$17,005
2 Local Assistance						
				Expenditures		
				2006-07*	2007-08*	2008-09*
Public Education Program Assistance Grants				\$707	\$711	\$743
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)				\$707	\$711	\$743

DETAIL OF APPROPRIATIONS AND ADJUSTMENTS (Reconciliation with Appropriations)

1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
0001 General Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$10,795	\$11,501	\$11,809
Allocation for employee compensation	581	279	-
Adjustment per Section 3.60	81	-27	-
Adjustment per Section 4.04	-	-76	-

* Dollars in thousands, except in Salary Range.

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1 STATE OPERATIONS	2006-07*	2007-08*	2008-09*
Adjustment per Section 4.75 Statewide Surcharge	3	-	-
Adjustment per Section 15.25	-	32	-
Totals Available	\$11,460	\$11,709	\$11,809
Unexpended balance, estimated savings	-3	-	-
TOTALS, EXPENDITURES	\$11,457	\$11,709	\$11,809
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$606	\$587	\$596
Allocation for employee compensation	16	8	-
Adjustment per Section 3.60	2	-1	-
Adjustment per Section 15.25	-	2	-
TOTALS, EXPENDITURES	\$624	\$596	\$596
0593 Coastal Access Account, State Coastal Conservancy Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$-	\$-	\$524
TOTALS, EXPENDITURES	\$-	\$-	\$524
0890 Federal Trust Fund			
APPROPRIATIONS			
001 Budget Act appropriation	\$3,040	\$2,910	\$2,544
Allocation for employee compensation	14	13	-
Adjustment per Section 3.60	2	-1	-
Adjustment per Section 4.75 Statewide Surcharge	-4	-	-
Adjustment per Section 15.25	-	6	-
Budget Adjustment	-205	-415	-
TOTALS, EXPENDITURES	\$2,847	\$2,513	\$2,544
0995 Reimbursements			
APPROPRIATIONS			
Reimbursements	\$1,534	\$1,521	\$1,532
TOTALS, EXPENDITURES, ALL FUNDS (State Operations)	\$16,462	\$16,339	\$17,005
2 LOCAL ASSISTANCE			
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund			
APPROPRIATIONS			
101 Budget Act appropriation	\$708	\$711	\$743
Totals Available	\$708	\$711	\$743
Unexpended balance, estimated savings	-1	-	-
TOTALS, EXPENDITURES	\$707	\$711	\$743
TOTALS, EXPENDITURES, ALL FUNDS (Local Assistance)	\$707	\$711	\$743
TOTALS, EXPENDITURES, ALL FUNDS (State Operations and Local Assistance)	\$17,169	\$17,050	\$17,748

FUND CONDITION STATEMENTS

	2006-07*	2007-08*	2008-09*
0371 California Beach and Coastal Enhancement Account, California Environmental License Plate Fund ⁵			
BEGINNING BALANCE	\$400	\$263	\$219
Prior year adjustments	81	-	-
Adjusted Beginning Balance	\$481	\$263	\$219

* Dollars in thousands, except in Salary Range.

3720 California Coastal Commission - Continued

	2006-07*	2007-08*	2008-09*
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS			
Revenues:			
143000 Personalized License Plates	1,757	1,765	1,778
Total Revenues, Transfers, and Other Adjustments	\$1,757	\$1,765	\$1,778
Total Resources	\$2,238	\$2,028	\$1,997
EXPENDITURES AND EXPENDITURE ADJUSTMENTS			
Expenditures:			
0840 State Controller (State Operations)	1	1	1
3720 California Coastal Commission			
State Operations	624	596	596
Local Assistance	707	711	743
3760 State Coastal Conservancy (Capital Outlay)	620	501	400
9900 Statewide General Administrative Expenditures (Pro Rata) (State Operations)	23	-	-
Total Expenditures and Expenditure Adjustments	\$1,975	\$1,809	\$1,740
FUND BALANCE	\$263	\$219	\$257
Reserve for economic uncertainties	263	219	257

CHANGES IN AUTHORIZED POSITIONS

	Positions			Expenditures		
	2006-07	2007-08	2008-09	2006-07*	2007-08*	2008-09*
Totals, Authorized Positions	140.5	152.5	152.5	\$9,208	\$9,682	\$9,759
Salary Adjustments	-	-	-	-	212	214
Total Adjustments	-	-	-	\$-	\$212	\$214
TOTALS, SALARIES AND WAGES	140.5	152.5	152.5	\$9,208	\$9,894	\$9,973

* Dollars in thousands, except in Salary Range.

Budget Year	General Fund ^{a/}	Other State Funds					Federal Funds	Reimbursements	Total Funds	Personnel Years		
		Bagley Conservation Fund	Environmental License Plate Fund	Outer Continental Shelf Lands Act 8(g) Fund	Coastal Beach & Coastal Enhancement Account	Coastal Access Account				Perm PY	Temp Help PY	Total PY ^{b/}
1972-1973	\$0	\$376,416						\$376,416	12.9		12.9	
1973-1974	\$302,735	\$2,130,863						\$2,433,598	90.9		90.9	
1974-1975	\$549,324	\$1,902,134					\$1,074,762	\$0	\$3,526,220	124.9	124.9	
1975-1976	\$1,018,930	\$1,389,461					\$1,117,288	\$0	\$3,525,679	118.5	118.5	
1976-1977	\$3,452,735	\$728,471					\$927,950	\$0	\$5,109,156	134.5	134.5	
1977-1978	\$3,420,707	\$0					\$1,605,000	\$758,185	\$5,783,892	193.3	193.3	
1978-1979	\$5,862,713	\$0					\$1,906,387	\$70,016	\$7,839,116	198.8	198.8	
1979-1980	\$6,420,707	\$0	\$12,000				\$2,607,292	\$60,000	\$9,099,999	200.6	200.6	
1980-1981	\$6,203,000	\$0	\$181,000				\$7,096,000	\$41,000	\$13,521,000	212	212.0	
1981-1982	\$6,470,000	\$0	\$198,000				\$3,873,000	\$39,000	\$10,580,000	187.9	187.9	
1982-1983	\$6,374,000	\$0	\$150,000				\$3,591,000	\$40,000	\$10,155,000	169.5	169.5	
1983-1984	\$5,169,000	\$0	\$280,000				\$1,426,000	\$40,000	\$6,915,000	129.9	129.9	
1984-1985	\$5,645,000	\$0	\$303,000				\$2,615,000	\$40,000	\$8,603,000	127	127.0	
1985-1986	\$5,619,000	\$0	\$329,000				\$1,772,000	\$40,000	\$7,760,000	114.2	114.2	
1986-1987	\$5,906,000	\$0	\$344,000				\$2,313,000	\$40,000	\$8,603,000	117.7	4.7	122.4
1987-1988	\$5,895,000	\$0	\$392,000				\$1,837,000	\$40,000	\$8,164,000	114.2	0	114.2
1988-1989	\$6,195,000	\$0	\$401,000				\$2,539,000	\$40,000	\$9,175,000	110.1	9.1	119.2
1989-1990	\$5,958,000	\$0	\$429,000				\$2,071,000	\$40,000	\$8,498,000	110.1	1.6	111.7
1990-1991	\$5,870,000	\$0	\$1,093,000				\$1,771,000	\$40,000	\$8,774,000	105.1	13.9	119.0
1991-1992	\$5,713,000	\$0	\$1,107,000				\$2,276,000	\$351,000	\$9,447,000	110.1	19.2	129.3
1992-1993	\$4,525,000	\$0	\$1,135,000	\$797,000			\$2,284,000	\$409,000	\$9,150,000	114.6	5.9	120.5
1993-1994	\$4,483,000	\$0	\$1,194,000	\$807,000			\$2,785,000	\$520,000	\$9,789,000	113.0	13.9	126.9
1994-1995	\$4,736,000	\$0	\$1,215,000	\$830,000			\$2,968,000	\$477,000	\$10,226,000	114.3	12.0	126.3
1995-1996	\$5,741,000	\$0	\$1,223,000	\$0			\$3,556,000	\$496,000	\$11,016,000	113.5	13.1	126.6
1996-1997	\$5,610,000	\$0	\$1,298,000	\$0			\$2,992,000	\$563,000	\$10,463,000	109.7	9.5	119.2
1997-1998	\$7,190,000	\$0	\$1,292,000	\$0			\$2,691,000	\$679,000	\$11,852,000	112.1	9.9	122.0
1998-1999	\$8,175,000	\$0	\$0	\$0	\$68,000		\$2,666,000	\$800,000	\$11,709,000	113.6	9.2	122.8
1999-2000	\$9,454,000	\$0	\$0	\$0	\$247,000		\$2,772,000	\$787,000	\$13,260,000	127.5	10.4	137.9
2000-2001	\$12,107,000	\$0	\$0	\$0	\$371,000		\$2,827,000	\$916,000	\$16,221,000	141.8	16.2	158.0
2001-2002	\$11,723,000	\$0	\$0	\$0	\$394,000		\$3,237,000	\$1,083,000	\$16,437,000	149.1	18.5	167.6
2002-2003	\$10,715,000	\$0	\$0	\$0	\$438,000		\$3,110,000	\$1,249,000	\$15,512,000	150.6	4.4	155.0
2003-2004	\$9,459,000	\$0	\$0	\$0	\$394,000		\$3,084,000	\$1,552,000	\$14,489,000	136.2	0.7	136.9
2004-2005	\$9,788,000	\$0	\$0	\$0	\$513,000		\$3,071,000	\$1,693,000	\$15,065,000	128.0	4.1	132.1
2005-2006	\$9,919,000	\$0	\$0	\$0	\$580,000		\$3,216,000	\$1,589,000	\$15,304,000	132.0	4.2	136.2
2006-2007	\$11,457,000	\$0	\$0	\$0	\$624,000		\$2,847,000	\$1,534,000	\$16,462,000	135.3	5.2	140.5
2007-2008	\$11,709,000	\$0	\$0	\$0	\$596,000		\$2,513,000	\$1,521,000	\$16,339,000	138.4	6.5	144.9
2008-2009	\$10,628,000	\$0	\$0	\$0	\$596,000	\$524,000	\$2,544,000	\$1,532,000	\$15,824,000	122.2	6.5	128.7

a/ Does not include Local Assistance funding. General Fund for FY1972-73 through 1979-80 -- Governor's Budget's unavailable and we are unsure whether this number represents budget allocation or actual General Fund expended in each year. FY 1980-81 thru 2006-2007 reflects actual expenditure of General Fund Support funds as shown in Governor's Budget. FY 2007-2008 reflects estimated expenditure and FY 2008-20097 reflects General Fund Support allocation.

b/ We do not have the breakdown of Permanent and Temp Help positions prior to FY 1986-87. FY 1972-73 through FY 2006-07 are actual personnel years not authorized positions. FY 2007-2008 and 2008-2009 reflect budgeted PYs. FY 2008-2009 includes -\$1,181,000, -16.2 PY BBR. A Personnel Year (PY) is 0.9 of an authorized position.

**California Coastal Commission
General Fund Budget Adjustments
(FY 2001-02 through 2008-09)**

Attachment III

<u>Fiscal Year</u>	<u>Adjustment</u>	<u>General Fund Dollars</u>	<u>General Fund Positions</u>
2001-02	Net General Fund Adjustment	-\$340,000	
	2001 Budget Act--Section 3.90	-73,000	
2002-03	Net General Fund Adjustment	-554,000	
	2002 Budget Act--Section 31.60	-75,000	-2.5
2003-04	Net Adjustment-Coastal Program	-539,000	-5.0
	Net Adjustment-LCP Local Assistance Grant Funds	-500,000	
	2003 Budget Act--Section 4.10	-1,588,000	-26.2
2004-05	Unallocated Reduction (OE&E)	-152,000	
2005-06	Deficiency Funds-One Time-Court Ordered Attorney's Fees	160,000	
2006-07	Staffing and Attendant-OE&E	850,000	8.0
	One Time-Live Streaming Pilot Program	100,000	
2007-08	Baseline Adjustment-Live Streaming	150,000	
	2007 Budget Act-Section 4.04 (OE&E)	-76,000	
	2007 Budget Act-Section 4.05 (Personal Services)	-77,000	
	Sub-Total	<u>-2,714,000</u>	<u>-25.7</u>
2008-09	Proposed Governor's Budget-Pending-Budget Balancing Reduction	<u>-1,181,000</u>	<u>-16.2</u>
	FY 2008-09 GF Impact	<u>-3,895,000</u>	<u>-41.9</u>

NOTE: If you compare the General Fund amount approved for Fiscal Year 2001-02 to the General Fund amount proposed for Fiscal Year 2008-09, there is a \$1.0 million General Fund increase over this period of time. However, the \$1.0 million General Fund increase is a net figure and includes both the reductions noted in this chart and General Fund dollars approved for cost increases such as employee salary increases, employee benefit increases, and price increases.