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Director and State Public Health Officer

State of California—Health and Human Services Agency  
California Department of Public Health



EDMUND G. BROWN JR.  
Governor

June 6, 2018

Dear California Oral Health Program Funded Organization

We are writing this letter to provide guidance regarding State fiscal year (SFY) 2017/2018 unexpended funds. Recently, the California Department of Public Health (CDPH) received requests to clarify whether Proposition 56 funding to local health jurisdictions and other funded organizations is available over multiple SFYs. CDPH has identified authority within the State Administrative Manual (SAM) that provides an administrative mechanism to allow CDPH to reimburse local health jurisdictions and other funded organizations with Proposition 56 funds for a period of 18 months beyond the date of appropriation.

Pursuant to SAM section 8340, the CDPH California Oral Health Program (COHP) has one year to encumber each year's Proposition 56 fiscal appropriation and twenty-four months to liquidate the expenditure of those funds (please see the attachment for details regarding SAM section 8340). Consequently, all SFY 2017/2018 Proposition 56 funds appropriated to CDPH/COHP will be encumbered by COHP (i.e., committed for expenditure) no later than June 30, 2018 and expenditures for goods and/or services will be paid through December 31, 2019. Invoices for goods and/or services incurred through December 31, 2019, must be submitted to COHP no later than March 31, 2020 in order to be processed and paid by June 30, 2020 (reversion date of the funds). This will provide CDPH the necessary time to process any related invoices before the funds revert.

To operationalize this administrative authority governing the encumbrance and spending of Proposition 56 funds, CDPH/COHP will track and monitor the encumbrance and liquidation of these funds in all grants, contracts and interagency agreements to facilitate timely invoicing and ensure compliance with SAM section 8340.

Finally, FY 2018/19 Proposition 56 appropriation guidelines will be sent once the 2018/19 State Budget Act is finalized.



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CDPH will host a conference call outlining these changes in June. In the meantime, if you have any questions, please contact Kimberly Steele at [Dental.Director@cdph.ca.gov](mailto:Dental.Director@cdph.ca.gov).

Sincerely,

A handwritten signature in blue ink that reads "Jayanth Kumar". The signature is written in a cursive style with a large initial 'J'.

Jayanth Kumar, DDS, MPH  
State Dental Director

Enclosure

## **SAM—FISCAL AFFAIRS ALLOTMENT-EXPENDITURE ACCOUNTING**

### **ENCUMBRANCES 8340**

(Revised 12/05)

For support and local assistance appropriations, encumbrances/expenditures are charged to the fiscal year in which the agreement was issued when the delivery date of the goods/services is in the same fiscal year or the delivery date is construed to mean as soon as possible. As soon as possible includes a delivery date that is:

- Not identified or specific
- Specific but not a requested delay in delivery
- Specified as 10 days, 30 days, or the like

The following exceptions may apply:

- Encumbrances/expenditures are charged to the fiscal year that the goods/services are received when the purchase agreement stipulates that goods/services be delayed until requested or delayed until on or after a specific date (e.g., agreement issued in June for which the department requests equipment maintenance during the next fiscal year).
- Goods purchased and received in the months of May or June for use during the subsequent fiscal year may be paid from the appropriation for such subsequent fiscal year. Invoices covering such purchases shall be marked as follows: “Purchased in \_\_\_F.Y. for use in \_\_\_F.Y.” Payments for such invoices may not be made until enactment of the subsequent fiscal year Budget.
- Multi-year Agreements – Agreements which span more than one fiscal year may be charged (1) totally to the first year of appropriation covered by the agreement, or (2) to more than one fiscal year’s appropriation, depending on the:
  - Appropriation authority – Sufficient spending appropriation authority must exist.
  - Details of the agreement.

Departments will determine the budgetary plan for charging the encumbrance and subsequent expenditure when issuing a multi-year agreement. The budgeted amount will be reflected in the funding strip of the agreement. Departments have discretion as to which fiscal year appropriation to charge; however, the budgetary plan is the predominant factor in making this determination. The certificate of funds availability must be signed by the accounting officer or a delegate after such person has ensured that funds are available.