



# **MAJOR ACTION REPORT**

## **Of the 2005-06 Budget Bill**

**Senate Bill 52**

**Senate Committee on Budget and Fiscal Review**

**May 26, 2005**

**SENATOR WESLEY CHESBRO, CHAIR**

**SENATE COMMITTEE ON BUDGET & FISCAL REVIEW**

Senate Committee  
on  
Budget and Fiscal Review

SUBCOMMITTEE 1  
Education

MAJOR ACTION  
REPORT

May 26, 2005

Senate Bill 52  
2005-06 Budget Bill

*Members*

Jack Scott, Chair  
Bob Margett  
Joe Simitian

*Consultants*

Kim Connor  
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# SUBCOMMITTEE No. 1

## EDUCATION

**Org  
Code**

**K-12**

6110 California Department of Education..... 1-1

**Child Development**

6110 California Department of Education—Child Development ..... 1-3

**Higher Education**

6120 California State Library ..... 1-4

6420 California Postsecondary Education Commission (CPEC) ..... 1-4

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## K-12 EDUCATION

### 6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated an additional \$2.0 billion in Proposition 98 funding for **K-12 education and community colleges** above the level proposed by the Governor, bringing total Proposition 98 funding to \$52 billion in 2005-06.
- Approved \$252 million in one-time Proposition 98 settle-up funding for **K-12 education and community colleges** above the minimum guarantee in 2005-06. These one-time dollars fully fund Proposition 98 settle-up payments estimated for the 1995-96 and 1996-97 years and provide partial payment for estimated settle-up in 2003-04.
- Approved the Governor's proposed overall change of \$2.6 billion for K-12 schools and set aside an additional \$1.7 billion on top of that for K-12 schools in the budget year. (The set aside is part of the \$2 billion described in bullet #1.)
- Provided \$83.3 million in student enrollment growth for K-12 education programs. Enrollment growth is expected to grow by 0.69 percent, which is lower than the 0.79 percent increase originally estimated in the Governor's January budget.
- Approved \$1.8 billion in cost-of-living adjustments (COLAs) for K-12 education programs, which provides a 4.23 percent COLA increase. The COLA rate grew to 4.23 percent at May Revise from the 3.93 percent proposed in the Governor's January budget.
- Approved \$328 million proposed by the Governor to pay down the revenue limit deficit factor to compensate for revenue limit reductions that originated in the 2003-04 budget. Combined with the \$270 million provided in 2004-05, the additional \$328 million reduces the deficit factor by almost \$600 million, or almost two-thirds of the total deficit factor.
- Redirected \$123 million the Governor proposed in the May Revise for targeted Class Size Reduction to the following purposes in 2005-06:
  - \$71.0 million in funding for revenue limit "equalization;"
  - \$39.0 million to restore child care funding to current year service levels; and
  - \$13.0 million for other program restorations.
- Denied \$242.0 million in one-time settle-up funds the Governor proposed to use for nine new education programs and instead required that these funds be used to buy down the education credit card by paying for education mandate claims owed to schools. The state currently owes approximately \$1.4 billion in unpaid mandate claims to schools.
- Adopted the Governor's Budget proposal to defer payment of all education mandates in 2005-06 for a savings of approximately \$300 million.

- Continued \$100 million in funding for mental health related services proposed by the Governor. This continues \$69 million for AB 3632 services provided by county mental health agencies and \$31 million for pre-referral services for children and youth with exceptional needs. (Subcommittee #3 rejected language proposed by the Governor to permanently shift the state AB 3632 mandate back to schools.)
- Provided \$15 million in additional special education funds to implement the new out-of-home care formula for students with exceptional needs who reside in licensed children's institutions and other out-of-home placements.
- Augmented special education local grants by \$39.3 million to increase base funding as a result of an increase in federal IDEA funds.
- Provides \$60 million to fund a new cohort of low-performing schools eligible for the High Priority Schools program, pursuant to SB 550 (2004), which implemented provisions of the Williams lawsuit settlement agreement.
- Eliminated \$21 million in new funding for the K-12 High Speed Network and authorized funding at the same level from unused funds previously appropriated for Internet connectivity and network infrastructure for grades K-12 schools and county offices of education. Prior to expenditure of these funds, the Joint Legislative Audit Committee (JLAC) shall conduct an audit of the K-12 network.
- Provided \$21.0 million as a set-aside for legislation to assist students with passing the California High School Exit Exam.
- Adopted the May Revision to restore \$9 million in one-time funds for Charter Schools Facilities Grant program. The Governor's January budget proposed to eliminate funding for the program.
- Restored \$13 million in funding for several categorical programs the Governor proposed to eliminate: Local Education Art Partnerships (\$6 million); the Early Mental Health Initiative (\$5.0 million); and the Healthy Start program (\$2 million).
- Adopted the May Revision proposal to restore \$840,000 for the Advancement Via Individual Determination (AVID) program, which the Governor originally proposed to reduce in January.
- Continued to defer payments of approximately \$1.2 billion in Proposition 98 apportionment programs from one fiscal year to the next. This practice commenced with the 2002-03 budget as a method of meeting the state's budget shortfall without reducing schools programs and services.
- Denied the Governor's proposal to eliminate state general fund support -- estimated at \$469 million in 2005-06 -- for the CalSTRS Defined Benefit Program. By eliminating state support, the Administration proposed shifting responsibility for the CalSTRS program to school districts and teachers.

## CHILD DEVELOPMENT

### 6110 CALIFORNIA DEPARTMENT OF EDUCATION – CHILD DEVELOPMENT

- Reversed all of the Governor’s child care reform proposals and restored the programs to their current levels (adjusted for caseload) using a combination of General Fund (Proposition 98) and Temporary Aid to Needy Families (TANF) funds (totaling \$162.8 million), as follows:
  - Rejected Governor’s proposal to reduce number of child care slots due to the shift of 11- and 12-year-old children from subsidized child care to after school programs.
  - Denied administration’s proposal to index eligibility based on the Federal Poverty Level (as opposed to current use of State Median Income).
  - Rejected Governor’s proposal to implement a tiered reimbursement rate schedule for licensed and licensed-exempt child care providers. Adopted supplemental report language signaling the intent of the Legislature to work with the Administration in the future on the issue of provider rate reform.
  - Rejected Governor’s proposal to limit the length of time former CalWORKs recipients can receive subsidized child care services under Stage 3.
  - Adopted alternative trailer bill language aimed at addressing the calculation of reimbursement rates when providers serve only subsidized children.
  - Approved Governor's proposal to implement centralized eligibility (waiting) lists (CELs) on a county-by-county basis.

## HIGHER EDUCATION

### **6120 CALIFORNIA STATE LIBRARY**

- Denied Governor's proposal to reduce funding for the Public Library Foundation by \$2.2 million. This action brings the total appropriation level for 2005-06 to \$14.4 million which is the same amount provided in the current year.

### **6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)**

- Approved operational funding for CPEC, as budgeted.

### **6440 UNIVERSITY OF CALIFORNIA**

- Approved the Governor's higher education budget augmentation proposals, including:
  - \$37.9 million to grow student enrollments by 2.5 percent;
  - \$76.1 million to provide a 3 percent cost-of-living-adjustment (COLA);
  - \$300,000 to grow Medical School student enrollments by 20 full-time students (for the PRIME-LC program at UC Irvine);
  - Tacitly approved undergraduate fee increases of 8 percent, graduate student fee increases of 10 percent, and 3 percent increases for students in professional programs.
- Restored \$17.3 million GF to support student academic preparation and outreach programs at the UC. State funds will be matched with \$12 million of university funds. Governor's proposal called for all state funding to be eliminated from these programs.
- Approved the Governor's Math and Science Teaching initiative which provides UC with \$750,000 to enhance efforts to recruit math and science majors into the teaching profession.
- Restored funding for research related to Labor Studies at the UC and provided an augmentation of \$3.8 million GF for this purpose.
- Adopted supplemental report language calling for the Legislative Analyst, Department of Finance, UC, and California State University to examine the marginal cost of instruction methodology and make recommendations for possible changes and improvements to the process by which we fund student enrollments.
- Approved all Capital Outlay projects as proposed by the Administration.

**6610 CALIFORNIA STATE UNIVERSITY**

- Approved the Governor's higher education budget augmentation proposals, including:
  - \$50.8 million to grow student enrollments by 2.5 percent;
  - \$71.6 million to provide a 3 percent cost-of-living-adjustment (COLA);
  - Tacitly approved undergraduate fee increases of 8 percent, graduate student fee increases of 10 percent, and 3 percent increases for students in professional programs.
- Restored \$7 million GF to backfill the "unallocated" reduction proposed in the Governor's Budget.
- Approved the Governor's Math and Science Teaching initiative which provides CSU with \$250,000 to enhance efforts to recruit math and science majors into the teaching profession.
- Reverted \$15.5 million in unspent current-year funds for enrollment growth.
- Provided an additional \$309,000 in support for the Center for California Studies and Capitol Fellow programs.
- Adopted Supplemental Reporting Language calling for the Legislative Analyst, Department of Finance, UC, and California State University to examine the marginal cost of instruction methodology and make recommendations for possible changes and improvements to the process by which we fund student enrollments.
- Approved all Capital Outlay projects as proposed by the Administration, including \$26 million of General Obligation Bond funding for capital renewal projects (such as HVAC systems) to extend the useful life of CSU buildings.

**6600 HASTINGS COLLEGE OF LAW**

- Approved funding for Hastings, as proposed by Governor.

**6870 CALIFORNIA COMMUNITY COLLEGES**

- Increased funding for K-14 education by \$2 billion. Of this amount, the Community Colleges would be entitled to 10.46 percent (the current Proposition 98 "split") or \$209.2 million. States the intent of the Legislature regarding how the \$209.2 million would be expended.
- Approved \$141.9 million to support 3 percent enrollment growth.
- Provided funding in excess of \$210 million to support a 4.23 percent cost-of-living-adjustment.
- Approved the Governor's Career-Technical Education proposal which will provide \$37.4 million in one-time Proposition 98 reversion account dollars to better align K-12 and community colleges career and vocational curriculum.
- Approved \$10 million in one-time prior-year Proposition 98 "settle up" dollars to support an increase in nursing education and training at the community colleges.



- Provided \$40 million for Equalization (pursuant to the Governor's proposal); funds to be distributed pursuant to current law.
- Augmented the Governor's Budget by \$33 million (one-time prior-year Proposition 98 "settle up" dollars) to backfill lost property tax revenues to Community Colleges in the current year.
- Added \$1 million to support the Cal-PASS student data sharing system.
- Held student fees constant at \$26 per unit.
- Continued to defer \$200 million worth of general apportionment expenditures from June 2006 to July of 2006.

### **7980 CALIFORNIA STUDENT AID COMMISSION**

- Approved May Revision which reversed Governor's prior proposal to cut funding for Cal Grants to students attending private colleges and universities.
- Approved base budget increases of approximately \$15 million to account for caseload and population changes expected for the Cal Grant entitlement program in the coming year.
- Denied the Governor's proposal to fund the National Guard Assumption Program of Loans for Education (APLE).
- Denied Governor's proposal to establish a new SMART-APLE program to support Math and Science teacher and instead opted to expand the existing teacher loan assumption program.
- Approved Governor's proposal to shift \$51 million worth of ongoing Cal Grant expenditures from the General Fund to EdFUND's Student Loan Operating Fund.
- Adopted Budget Bill language requiring the Student Aid Commission to provide a 60-day notice to the Joint Legislative Budget Committee and the Department of Finance prior to making any significant changes in the governance structure, roles, responsibilities, or organization or managerial leadership at EdFUND.

Senate Committee  
on  
Budget and Fiscal Review

SUBCOMMITTEE 2  
Resources, Environmental Protection,  
and Energy

MAJOR ACTION  
REPORT

May 26, 2005

Senate Bill 52  
2005-06 Budget Bill

*Members*

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Alan Lowenthal

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# SUBCOMMITTEE No. 2

## RESOURCES, ENVIRONMENTAL PROTECTION, AND ENERGY

**Org  
Code**

| <b>Org<br/>Code</b> |   |      |
|---------------------|---|------|
|                     | <b>Natural Resources</b>  |      |
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| 3110                | Special Resources Programs.....   | 2-1  |
| 3125                | California Tahoe Conservancy.....                                       | 2-1  |
| 3340                | California Conservation Corps.....                                      | 2-1  |
| 3460                | Colorado River Board.....   | 2-1  |
| 3480                | Department of Conservation.....   | 2-1  |
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## NATURAL RESOURCES

### **0540 SECRETARY FOR RESOURCES**

- Approved \$30.5 million in Proposition 50 bond funds for grants to acquire and develop River Parkway projects.
- Approved \$11.7 million in Proposition 50 bond funds for grants to acquire property in the Sierra Nevada Cascade region of the state.
- Approved trailer bill language to require the Secretary for Resources to review CEQA equivalent certified regulatory programs to determine that they are equivalent to CEQA.
- Approved \$300,000 from Proposition 50 bond funds to contract for an independent programmatic and fiscal review of the CALFED program.

### **3110 SPECIAL RESOURCES PROGRAMS**

- Approved as budgeted.

### **3125 CALIFORNIA TAHOE CONSERVANCY**

- Approved \$34.2 million in resources bond funds to implement the Environmental Improvement Program to restore and protect the environment in the Lake Tahoe Basin.

### **3340 CALIFORNIA CONSERVATION CORPS**

- Approved \$3.3 million in resources bond funds for the Corps, \$1.2 million supports the state Corps and \$2.1 million supports local Corps programs.
- Approved \$37.1 million in lease revenue bonds for construction of the Delta Service District Residential Center and the Camarillo Residential Satellite Center.

### **3460 COLORADO RIVER BOARD**

- Approved as budgeted.

### **3480 DEPARTMENT OF CONSERVATION**

- Approved \$350,000 from special funds to establish three new positions to increase the department's Williamson Act enforcement unit.

- Approved \$3.3 million for support of the CALFED program. These funds are allocated to the following program elements: (1) \$96,000 for oversight and coordination and (2) \$3.2 million for the watershed program.

### **3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

- Approved \$9 million General Fund to augment off-season fire protection staffing in Southern California.
- Approved \$10.8 million ongoing General Fund for fire equipment replacement.
- Approved \$4.1 million General Fund to support increased costs associated with unemployment insurance.
- Approved \$2.4 million General Fund to replace radio equipment with narrowband capable equipment. This replacement will take five years and cost approximately \$12 million total.
- Approved \$1.5 million General Fund to cover increased costs associated with department's aircraft services and logistical support contracts.
- Redirected \$6 million General Fund from the department's central administrative support budget to augment forest resource management, assessment, and enhancement program activities. Total support for these activities is \$10.6 million including the General Fund redirection.
- Approved \$3.8 million in federal funds for fuels management in Southern California in areas infested by the Bark Beetle.
- Approved \$1.4 million in federal funds for activities to increase the utilization of biomass created by fuels management activities.
- Approved \$144 million (\$138 million from lease revenue bonds and \$6.2 million General Fund) for capital outlay projects to upgrade forest fire stations throughout the state.
- Rejected the Governor's May Revision proposal to provide \$5 million General Fund for additional fire engines requested beyond the budget augmentation to the department's fire equipment replacement budget.
- Rejected the Governor's proposal to restore the \$6.7 million General Fund unallocated reduction to the department.
- Approved \$154,000 from special funds to support the CALFED watershed program element.

### **3560 STATE LANDS COMMISSION**

- Approved as budgeted.

**3600 DEPARTMENT OF FISH AND GAME**

- Approved \$5 million from the General Fund to establish 40 new warden positions and adopted trailer bill language to direct the department to address current game warden recruitment problems resulting from low salary levels.
- Approved \$1 million from the General Fund to establish seven new positions to restore the Native Trout program to its 1980 levels.
- Approved \$1.7 million from the General Fund to establish 15 new positions to restore statewide review of timber harvest plans.
- Approved \$8 million from tidelands oil revenues for salmon and steelhead trout restoration projects.
- Approved \$500,000 from the Environmental License Plate Account to continue implementation of the Marine Life Protection Act.
- Approved trailer bill language to implement landing fee reform to fund commercial fishing programs. This reform could generate up to \$6 million in additional revenues to the department.
- Approved trailer bill language to reform and increase the collection of California Environmental Quality Act fees (commonly referred to as 3158 fees). This reform could generate up to \$8 million in additional revenues to the department.
- Approved \$200,000 General Fund for an independent contract to assist DFG in re-engineering its accounting systems and assist in preparing a report to the Legislature on its activities, funding sources, and outcomes to determine the level in which DFG is fulfilling its statutory mandates.
- Approved various expenditure reductions and revenue enhancements to make each dedicated account within the Fish and Game Preservation Fund solvent.
- Approved \$3.6 million to support the CALFED program. These funds are allocated to support the following program elements: (1) \$166,000 for oversight and coordination; (2) \$84,000 for the conveyance program; (3) \$528,000 for the science program; and (4) \$2.8 million for the ecosystem restoration program.
- Approved \$11.6 million from Proposition 13 bond funds to implement environmental enhancement and mitigation measures related to the Yuba Feather Flood Protection program.
- Approved \$2.2 million one-time from bond funds for various projects to manage and enhance lands owned by the department.
- Approved \$1.3 million primarily from federal funds for angler studies and fish health programs.

**3640 WILDLIFE CONSERVATION BOARD**

- Approved \$21 million in Proposition 50 bond funds for purposes of restoring and enhancing wildlife habitat as required by the Habitat Conservation Fund.

**3680 DEPARTMENT OF BOATING AND WATERWAYS**

- Approved \$18.6 million to fund additional marina projects, including the San Francisco Marina, the Long Beach Marina Alamitos Bay Basin 1, Long Beach Basins 2 and 3, and the Dana Point Marina.

**3720 CALIFORNIA COASTAL COMMISSION**

- Approved \$600,000 General Fund to establish five new positions to address the backlog of work related to tracking, accepting and opening offers to dedicate. Offers to dedicate are mitigation tools used by the commission when permitting development within the coastal zone.
- Approved \$350,000 General Fund to establish three new positions to increase the commission's review of energy-related projects, including the extension of marine oil terminal leases and liquefied natural gas proposals.
- Approved trailer bill language stating the intent of the Legislature that the Coastal Commission increases its fees to cover approximately 50 percent of its permitting program.

**3760 STATE COASTAL CONSERVANCY**

- Approved \$1.2 million from special funds for start-up costs for the Ocean Protection Council.
- Approved \$31.5 million in Proposition 50 bond funds and \$4 million in Proposition 40 bond funds for projects to restore and protect coastal watersheds.
- Approved \$4 million in Proposition 40 bond funds and \$2.2 million in Proposition 12 bond funds for restoration of wetlands, wildlife habitat, and public access in the San Francisco Bay Area.

**3780 NATIVE AMERICAN HERITAGE COMMISSION**

- Approved as budgeted.

**3790 DEPARTMENT OF PARKS AND RECREATION**

- Approved \$8 million from tidelands oil revenues to establish up to 40 new park positions and fund deferred maintenance activities.
- Approved \$1.3 million General Fund to support seven new positions of the initial phase of management and operation of the new Hearst acquisition.
- Approved \$11.8 million General Fund for modification of existing state park facilities to make them more accessible to visitors with disabilities.
- Approved an increase of state park fees of \$6 million to cover costs associated with upgrading outdated water and wastewater systems.

- Approved \$44.1 million in bond funds, special funds, and federal funds for grants to fund various local park projects.
- Approved \$7.5 million from federal funds and bond funds to acquire new state park properties.
- Approved \$5.6 million from special funds to acquire new off-highway vehicle properties.
- Approved \$35.7 million in bond funds for capital outlay projects to develop and improve existing state park facilities.

**3810 SANTA MONICA MOUNTAINS CONSERVANCY**

- Approved \$9.5 million in Proposition 50 bond funds for watershed protection projects.

**3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION**

- Approved \$88,000 General Fund for oversight and coordination activities related to the CALFED program.

**3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY**

- Approved \$4.5 million in Proposition 50 bond funds for projects consistent with the conservancy's watershed and open space plan.

**3830 SAN JOAQUIN CONSERVANCY**

- Approved \$1.5 million in Proposition 40 bond funds for land acquisitions for development of the San Joaquin River Parkway. These funds are provided in the Wildlife Conservation Board's budget.

**3835 BALDWIN HILLS CONSERVANCY**

- Approved \$8.7 million in Proposition 40 bond funds for grants to acquire open space.

**3840 DELTA PROTECTION COMMISSION**

- Approved as budgeted.

**3845 SAN DIEGO RIVER CONSERVANCY**

- Approved \$500,000 in reimbursements for grants.



**3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY**

- Approved \$218,000 in Proposition 40 bond funds for grants and land acquisitions by the conservancy.

**3855 SIERRA NEVADA CONSERVANCY**

- Approved \$3.2 million special funds to fund start-up costs for the conservancy. This is approximately \$400,000 less than what was proposed by the Governor's budget.

**3860 DEPARTMENT OF WATER RESOURCES**

- Approved \$103.1 million General Fund to cover settlements related to the Paterno lawsuit. Approximately \$67.1 million represents the first payment of a 10-year financing arrangement with Merrill-Lynch to pay off the \$428 million settlement reached with over 3,000 plaintiffs in this lawsuit.
- Approved trailer bill language to require all new residential subdivisions and building permits approved after January 1, 2006 to have adequate flood protection before they are approved.
- Approved \$117 million to support the CALFED program. These funds are allocated to the following program elements: (1) \$263,000 for oversight and coordination; (2) \$8.1 million for the ecosystem restoration program; (3) \$9 million for the environmental water account; (4) \$27 million for the water use efficiency program; (5) \$254,000 for the watershed program; (6) \$552,000 for the drinking water quality program; (7) \$19.2 million for levees program; (8) \$8.5 million for the storage program; (9) \$6.9 million for water supply reliability; (10) \$30.9 million for the conveyance program; and (11) \$6.2 million for the science program.
- Approved \$11.5 million in Proposition 50 bond funds for pilot and demonstration projects that remove contaminants from drinking water.
- Approved \$34.9 million in Proposition 13 bond funds for the Yuba Feather Flood Protection program, including \$14 million to fund the acceleration of levee improvements for the Three Rivers Levee Improvement Authority.
- Approved \$11.3 million (\$9.7 million General Fund) to increase DWR's flood management activities, including maintenance of the Central Valley flood project, floodplain management, emergency response, and a multi-year levee system reevaluation and rehabilitation project.
- Approved \$21 million (\$16.7 million General Fund) to fund capital outlay flood management projects in the Central Valley.
- Rejected Governor's proposal to expend \$1.8 million from Proposition 13 bond funds for restoration of the San Joaquin River.
- Approved \$54 million General Fund for the lining of the All-American Canal and other local projects that help the state live within its Colorado River allocation. This is \$5 million less than requested by the Governor's budget.

- Approved \$47.9 million from Proposition 50 bond funds for the Integrated Regional Water Management grant program.
- Approved \$21.3 million from Proposition 50 for feasibility and construction grants for desalination of ocean or brackish waters.
- Approved as budgeted the California Energy Resources Scheduling division.

**3870 CALIFORNIA BAY-DELTA AUTHORITY**

- Approved \$19.7 million to support the CALFED program. These funds are allocated to the following program elements: (1) \$6.9 million for oversight and coordination; (2) \$7.4 million for the ecosystem restoration program; (3) \$2.5 million for the conveyance program; and (4) \$3 million for the science program.

## ENVIRONMENTAL PROTECTION

### **0555 SECRETARY FOR ENVIRONMENTAL PROTECTION**

- Approved \$1 million from special funds for climate change activities, including \$500,000 to support the Climate Action Registry funded by the Public Interest Energy Research fund.
- Approved \$1.5 million of the \$12.2 million proposed by the Governor for the Hydrogen Highway. Funds approved will be used for additional research on the environmental impacts of hydrogen, including how the hydrogen is generated.

### **3900 AIR RESOURCES BOARD**

- Approved \$3.5 million from special funds to augment the board's mobile source review program.
- Approved \$3.7 million from special funds to augment enforcement in the Heavy-Duty Vehicle Inspection Program along the California-Mexico border and the Port of Long Beach.
- Approved \$8.6 million from special funds to increase funding to support the board's development of the State Implementation Plan and state regulations for reducing particulate matter (PM2.5).
- Approved \$12 million in one-time additional funding for the Carl Moyer Air Quality program. These revenues were received in the current year, but not proposed for expenditure.
- Approved trailer bill language to target Carl Moyer funding for a limited term on school bus retrofits and goods movement diesel emissions.

### **3910 INTEGRATED WASTE MANAGEMENT BOARD**

- Approved \$3.5 million from special funds to implement the Education and Environment Initiative.
- Approved trailer bill language to reduce the size of the board from six members to five members.

### **3930 DEPARTMENT OF PESTICIDE REGULATION**

- Approved trailer bill language to create a committee comprised of equal membership from the department, the Office of Environmental Health Hazard Assessment and the Scientific Review Panel that will make the final determinations of exposure levels for pesticide products that are deemed scientifically acceptable.

- Approved trailer bill language to require that all entities that are the first to sell pesticides in the state be subject to licensing requirements and to give authority to the Board of Equalization to collect the mill assessment fee.

### **3940 STATE WATER RESOURCES CONTROL BOARD**

- Approved \$1.5 million General Fund to start environmental work required to determine in-stream flows required for maintaining fisheries downstream of diversions on the Napa River and other rivers on the North Coast.
- Redirected \$4.5 million in federal funds that currently support the board's water quality permit program to increase funding for the state's surface water monitoring program. Funding for the water quality permit program was increased by a corresponding amount from the Waste Discharge Permit Fund.
- Approved \$11.5 million for loans and grants from the Repair and Replacement of Underground Storage Tanks program for small businesses.
- Approved \$15 million increase in funding from the Underground Storage Tank Cleanup Fund for the cleanup of contamination caused by underground storage tanks.
- Approved \$1.6 million in special funds to oversee cleanup of Brownfield properties, including closed military bases.
- Approved redirection of \$600,000 to establish 7.4 positions to operate a regulatory program that protects wetlands no longer protected under the jurisdiction of the federal government due to the U.S. Supreme Court SWANCC decision.
- Approved \$66.5 million from Proposition 50 bond funds for grants to finance projects that restore and protect coastal water quality.
- Approved \$55 million from Proposition 50 bond funds for Integrated Regional Water Management grants.
- Approved \$20.7 million from Proposition 50 bond funds for grants to assist in the construction of publicly owned wastewater treatment and collection facilities.
- Approved \$3.9 million from Proposition 13 bond funds for grants to finance projects that reduce non-point source pollution.
- Approved \$1.9 million from Proposition 13 bond funds for grants to finance watershed protection projects.
- Approved trailer bill language to reduce the regional boards from nine members to five members.
- Approved \$1.9 million for support of the CALFED program. These funds are allocated to the following program elements: (1) \$381,000 for the watershed program; (2) \$1.3 million for the water use efficiency program; and (3) \$212,000 for the drinking water quality program.

**3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL**

- Approved \$8.5 million General Fund to continue to fund the state takeover of the BKK landfill pending resolution of long-term financing plan with the potential responsible parties.
- Approved trailer bill language to increase and expand funding for Brownfield properties under the Underground Storage Tank Cleanup law and the environmental fee statutes.
- Approved \$1.7 million in special funds to oversee cleanup of Brownfield properties, including closed military bases.
- Approved \$3.1 million General Fund to support preliminary plans to construct a new pretreatment plant at the Stringfellow Hazardous Waste site.

**3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT**

- Approved \$1 million from the General Fund to establish five new positions to fund children's health program activities and other statutory mandates.
- Approved \$250,000 from the Waste Discharge Permit Fee fund to establish two new positions to address deficiencies in the department's fish health program.
- Approved \$250,000 from the Department of Pesticide Regulation fund to establish two new positions to support the department's pesticide related activities.

## ENERGY AND UTILITIES

### **3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION**

- Approved \$15.5 million from special funds to establish a new public interest natural gas research program at the commission. Allocated \$7.5 million of these funds for air quality and energy related research expended pursuant to a plan jointly developed and approved by the Air Resources Board and the commission
- Approved trailer bill language to allocate 50 percent of the public interest natural gas research program funds to air quality and energy related research annually.
- Approved trailer bill language to clarify that the commission may expend its Public Interest Energy Research Development and Demonstration funds on transportation related research.
- Approved \$796,000 from special funds to augment the commission's analytical resources related to energy demand forecasting, transportation information, and electricity procurement.
- Approved trailer bill language to direct the commission to develop a long-term workload and staffing plan for the Public Interest Energy Research Development and Demonstration program.
- Rejected Governor's proposal to allocate \$2.5 million in special funds to support development of the Frontier Line Transmission project.

### **8660 CALIFORNIA PUBLIC UTILITIES COMMISSION**

- Approved \$1.2 million from special funds to establish 12 new positions in the telecommunications division of the Office of Ratepayer Advocates.
- Approved \$1 million from special funds for expert contracts to review the forthcoming SBC/ATT merger.
- Approved trailer bill language to clarify that the Office of Ratepayer Advocates can present a budget to the commission in a public proceeding.
- Approved trailer bill language to specify that the director of the Office of Ratepayer Advocates is provided with the authority to directly supervise legal staff assigned by the General Counsel.
- Approved trailer bill language to specify that the Office of Ratepayer Advocates review of the SBC/ATT merger must be completed prior to a final decision on the merger by the commission.
- Approved \$6 million one-time from special funds to reimburse telephone providers for discounted telephone service provided through the Universal Lifeline Telephone Program.
- Approved \$486,000 from special funds for 8 additional positions to process informal complaints of utility customers.

- Approved \$521,000 from special funds to increase enforcement of household goods carriers, including trailer bill language that increases the maximum fee paid by household goods carriers.

**8665 CALIFORNIA CONSUMER POWER AND CONSERVATION  
FINANCING AUTHORITY**

- No funding provided in the budget year. The Authority has been disbanded.

**8770 ELECTRICITY OVERSIGHT BOARD**

- Approved as budgeted.

## FOOD AND AGRICULTURE

### **8570 DEPARTMENT OF FOOD AND AGRICULTURE**

- Approved \$8 million from the General Fund to support the Mediterranean fruit fly preventative release program.
- Approved \$1.3 million from the General Fund to eliminate the backlog of deferred purchases to replace obsolete equipment for the state's veterinary diagnostic laboratory system.
- Approved \$500,000 from the General Fund to establish five new positions to initiate a strategic approach to address emerging threats to the state's food supply. This is \$2.2 million less than what was proposed by the Governor's budget.
- Approved the restoration of \$597,000 General Fund that was proposed as an unallocated reduction to the County Agricultural Commissioners. A corresponding reduction was made to the General Fund budget for the department.
- Approved \$11.6 million from federal specialty crop grant funds for various activities, including \$3 million for activities to address emerging threats to the state's food supply.

### **7300 AGRICULTURAL LABOR RELATIONS BOARD**

- Approved as budgeted.



Senate Committee  
on  
Budget and Fiscal Review

SUBCOMMITTEE 3  
Health and Human Services

MAJOR ACTION  
REPORT

May 26, 2005

Senate Bill 52  
2005-06 Budget Bill

*Members*

Denise Moreno Ducheny, Chair  
George Runner  
Tom Torlakson

*Consultants*

Anastasia Dodson  
Diane Van Maren

# SUBCOMMITTEE No. 3

## HEALTH and HUMAN SERVICES

**Org  
Code**

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**Human Services**

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# HEALTH

## 4120 EMERGENCY MEDICAL SERVICES AUTHORITY

- Increased by \$6.2 million (federal Health Resources and Services Administration grant funds) to (1) fund six limited-term positions, (2) conduct a variety of special statewide projects, and (3) provide \$3.3 million in local assistance. These funds are part of the federal grant funds established by Congress after the events of 9/11/01. These resources are to be used to continue the development and implementation of a bioterrorism response system for the state.
- Increased by \$270,000 (federal funds) to continue a one-year limited-term state position and to contract for the development of an electronic management system to track training courses completed by emergency medical system personnel. The state position will be used to review existing and proposed terrorism response medical training programs for emergency medical personnel and implement state terrorism response training standards.
- Augmented by \$311,000 (federal funds) to fund two positions, overtime pay, and consultant expenditures to develop, implement, and operate a coordinated medical terrorism monitoring and analysis program within the state. This request is part of a broader proposal related to the establishment of a new Statewide Terrorism Threat Assessment Center.
- Provided \$77,000 (Emergency Medical Services Training Program Approval Fund) to fund a position to facilitate reviews and training program renewals associated with Child Care Centers as required by existing law.

## 4260 DEPARTMENT OF HEALTH SERVICES

### The Medi-Cal Program

- Reflected a savings of \$150.3 million (General Fund) due to a lower than anticipated caseload estimate and slower growth in the utilization of services.
- Saved \$191.7 million (General Fund) by authorizing the DHS and Managed Risk Medical Insurance Board (MRMIB) to submit a State Plan Amendment to the federal CMS in order to draw down a 65 percent federal match for the state's Prenatal Care Program for Undocumented Women and the Access to Infants and Mothers (AIM) Program. Trailer bill legislation was also adopted to ensure that California's existing reproductive rights protections, as well as full scope services to pregnant women, would be maintained.
- Rejected the Governor's proposal to require certain Medi-Cal enrollees to pay premiums, effective as of January 1, 2007. This action results in savings of \$6.2 million (General Fund) due to the elimination of administrative expenditures which were intended to begin the development of a system to identify, charge and collect the proposed premium.

- Modified the Administration’s proposal to expand Medi-Cal Managed Care and require the mandatory enrollment of the aged, blind, and disabled. Specifically, the following actions were taken:
  - 1) Rejected the mandatory enrollment of aged, blind and disabled;
  - 2) Provided for expansion into 13 new counties using the existing program enrollment method of the mandatory enrollment of children and families, and the voluntary enrollment of the aged, blind and disabled;
  - 3) Provided for existing County Organized Health Care Systems (COHS)—all five of them—to expand into additional counties. By the nature of this model, COHSs require the mandatory enrollment of aged, blind, and disabled individuals. Therefore, counties that choose to become part of an existing COHS would have mandatory enrollment;
  - 4) Adopted placeholder trailer bill language to codify key components of the Administration’s “plan readiness” requirements.
  - 5) Adopted placeholder trailer bill language to retain the integrity of the California Children’s Services (CCS) Program in a managed care environment.
  - 6) Adopted placeholder trailer bill language to require the DHS to provide the Legislature with quarterly updates, beginning January 1, 2006, on core activities to improve the Medi-Cal Managed Care Program and to expand to the 13 counties.
  - 7) Adopted placeholder trailer bill language to require the DHS to provide the Legislature with information regarding the rate analysis currently being conducted by Mercer, Incorporated.
- Adopted placeholder trailer bill legislation to implement three Acute Long-Term Care Projects in San Diego, Contra Costa, and Orange counties. Provided resources to the DHS for this purpose.
- Adopted a modified expenditure cap for Adult Dental services provided to Medi-Cal enrollees. This modified cap has a set limit of \$1,800 over a calendar year, and commences as of January 1, 2006. The cap excludes emergency services, dentures, dental services provided in a long-term care nursing home setting, and complex oral and maxillofacial surgeries. A three-year sunset date of January 1, 2009 was also adopted. Since the Administration’s proposal assumed a retroactive cap in order to obtain savings in the budget year, an increase of \$25.1 million (General Fund) was needed to backfill General Fund support.
- Rejected the Administration’s changes to the existing Single Point of Entry process for savings of \$3.4 million (\$2.1 million General Fund). This was another component piece to the Administration’s Medi-Cal redesign proposal.
- Contains no changes associated with the Administration’s proposed Hospital Financing Waiver since this proposal is still in flux even though California’s existing Waiver expires as of June 30, 2005.

- Rejected the Administration’s proposal to use a contractor, in lieu of state employees, to monitor counties performance for savings of \$600,000 (\$300,000 General Fund).
- Adopted trailer bill legislation to permanently establish in statute the cost-based reimbursement methodology presently provided in Los Angeles County for county-owned or operated hospital clinics and community care clinics that participated in the Los Angeles County Waiver (set to expire as of June 30, 2005). This is the same language as proposed by the Administration.
- Provided for a 62 percent rate increase for emergency physicians providing services to Medi-Cal enrollees. This results in expenditures of \$49.6 million (\$24.8 million in Proposition 99 funds).
- Appropriated \$29.1 million (federal funds) for local trauma centers located in Los Angeles and Alameda counties. The state funds used to draw this federal match come from county taxes as adopted by local voters.
- Saved \$25.8 million (General Fund) by using Proposition 99 funds to backfill for a portion of General Fund support in the Orthopaedic Hospital Settlement Agreement.
- Adopted several actions that pertain to the implementation of the federal Part D Drug Program by January 1, 2006. These actions within the Medi-Cal Program are as follows:
  - 1) Adopted placeholder trailer bill legislation to implement the federal Part D Drug Program. Among other things, this language will require the DHS to include counties and appropriate stakeholders in the development of any all county letters or other forms of instruction that are sent out, and requires the DHS to work with counties to develop an estimate of cost for eligibility processing which is to be presented in the Governor’s 2006-06 budget submittal to the Legislature;
  - 2) Concurred with the Administration to increase by \$93.6 million (\$46.8 million General Fund) to provide coverage under the Medi-Cal Program for dual eligibles for those specific categories of drugs excluded from the federal Part D Drug Program;
  - 3) Adopted placeholder trailer bill legislation for the DHS to develop a process for providing emergency drug coverage for a dual eligible for up to 60-days during the first year of implementation of the federal Part D Drug Program;
  - 4) Reduced by \$759.6 million (General Fund) (January 1, 2006 to June 30, 2006) as proposed by the DHS to capture the anticipated savings from shifting drug expenditures for the dual eligibles from Medi-Cal to the new federal Part D Drug Program;
  - 5) Increased by \$511 million (General Fund) due to the federal “clawback” in which the federal government requires states to make a “state contribution” payment to help finance the federal Part D Drug Program dual eligible enrollees;
  - 6) Reduced by \$57.6 million (\$28.8 million General Fund) the capitation rate paid to certain Medi-Cal Managed Care plans to reflect that the federal Part D Drug Program will be paying for the drugs provided to dual eligibles;

- 7) Adopted trailer bill legislation to enable the AIDS Drug Assistance Program to pay for the copays associated with the new federal Part D Drug Program, as is presently done in the existing ADAP Program; and
  - 8) Conformed to the Administration to provide \$1.6 million (General Fund) within the Medi-Cal Program to mail flyers to dual eligibles regarding the federal Part D Drug Program, and to conduct certain provider relations activities.
- Increased by \$59.8 million (\$29.9 million General Fund) to provide rate increases to various long-term care facilities not covered by AB 1629, Statutes of 2004, as provided for under existing state statute.
  - Reflected *net* savings of \$257 million (General Fund) through the implementation of AB 1629, Statutes of 2004, which (1) requires the DHS to provide a cost-of-living-adjustment to certain nursing homes, effective August 1, 2004, (2) provides for the establishment of a facility specific rate methodology by August 1, 2005, and (3) institutes a quality improvement fee to be effective August 1, 2004. This is all contingent upon federal CMS approval which is still pending.
  - Increased by \$26.4 million (\$13.2 million General Fund) for Adult Day Health Care (ADHC) providers to (1) implement a modest change to the existing moratorium on provider Medi-Cal certification, and (2) provide a rate adjustment as required by existing state law which the Administration did not include in their budget. The Administration's budget assumes the passage of trailer bill legislation which would negate an existing legal settlement agreement that requires the state to pay ADHC providers at the 90 percent of the "Level A" nursing home rate.
  - Provided 38 positions, in lieu of the requested 74.5 positions, to the DHS to continue with various third-party recovery activities in the Medi-Cal Program for savings of \$25.7 million (General Fund). No emergency regulation authority was provided for any component.
  - Assumed implementation of a quality improvement fee on Medi-Cal Managed Care plans as of July 1, 2005 for an overall net savings of \$37.7 million (General Fund).
  - Increased by \$3.4 million (\$1.2 million General Fund) to reflect funding for health care benefits and eligibility administration for implementation of an accelerated enrollment for certain children who have a high share-of-cost in Medi-Cal. These children would receive up to 60-days of coverage pending enrollment into the Healthy Families Program.
  - Reduced by \$7 million (\$3.5 million General Fund) to reflect a January 1, 2006 implementation date for obtaining federal government approval of the Department of Health Services' request regarding the states Medi-Cal Drug Rebate Program (i.e., "protecting rebates"). This action was approved by the Legislature in the Budget Act of 2002 and it still has not been implemented.
  - Augmented by \$4.2 million (\$2.1 million General Fund) to change the drug ingredient formulary pricing from a 30-day noticed update to a weekly noticed update. This proposed change will assist Pharmacists in receiving appropriate reimbursement for their drug ingredient expenditures.

- Provided six new positions to the DHS and resources for an internet application to expedite the processing of Medi-Cal provider enrollment (such as physicians).
- Provided an increase of \$997,000 (\$281,000 General Fund) to fund an additional seven positions at Delta Dental to process the enrollment of dentists into the Medi-Cal Program (Denti-Cal).
- Provided four positions for oversight of the existing SB 1732 hospital construction program and existing disproportionate share hospital program.
- Provided 12 positions for implementation of the pending Hospital Waiver.
- Provided a 3 percent rate increase to CalOPTIMA, the County Organized Health Care Systems of Orange County for increased expenditures of \$18.4 million (\$9.2 million General Fund).
- Provided \$6 million (\$3 million General Fund) for a rate adjustment to maintain fiscal solvency for the Alameda Alliance for Health.
- Continues to have Medi-Cal pay the premium for dual eligibles enrolled in Medicare Health Maintenance Organizations for three additional months (through March, 2006) for increased costs of \$2.8 million (General Fund). The intent of this action is to provide for a transition period for these dual eligibles as they are affected by the federal Medicare Modernization Act.
- Augmented by \$100,000 (\$50,000 General Fund) to reflect a rate increase for speech-generating devices. This proposal would settle litigation issues by providing adequate access to the product.
- Reduced by \$2.250 million (\$1.125 million General Fund) the Disease Management Program due to the late implementation by the DHS. The timeframe has slipped again, now to December, 2005.
- Adopted trailer bill legislation to add therapeutic diabetic shoes and inserts as a Medi-Cal benefit.
- Adopted trailer bill legislation to increase the rates paid for portable x-ray transportation to 100 percent of the Medicare rate.
- Increased by \$200,000 (\$100,000 General Fund) to provide two positions to expedite and process applications for the Program of All-Inclusive Care for the Elderly (PACE).
- Adopted Budget Bill language to encourage the DHS to process PACE applications in a more efficient manner.
- Adopted trailer bill legislation to require the DHS to provide the Legislature by no later than July 1, 2006 with a comprehensive review of nurse staffing levels that is a statistically valid sample of hospitals that are urban and rural, public and private, proprietary and non-profit, geographically-balanced, and small and large. At a minimum, this analysis shall include a comparison to the 2001 baseline staffing study, including the extent to which hospitals have increased registered nurse and licensed vocational nurse staffing.

- Adopted trailer bill legislation to require the DHS and the California Medical Assistance Commission (CMAC) to provide fiscal information to the Joint Legislative Audit Committee and the Joint Legislative Budget Committee on the funds provided to the contract hospitals participating in the Medi-Cal Program, and the health plans participating in the Medi-Cal Managed Care Program for implementation of the nurse-to-patient ratios.
- Adopted Budget Bill language that it is the Legislature's intent that funding appropriated to the DHS for the Medi-Cal Program shall be expended for purposes that are consistent with the assumptions and estimates as defined in Section 14100.5 of the Welfare and Institutions Code.
- Saved \$780,000 (General Fund) by rejecting changes to CalWORKs that would have affected the 1931 (b) eligibility category in Medi-Cal. The increase proposed by the Administration to hold harmless certain enrollees is not needed since the CalWORKs adjustment (i.e., "MAP") was not adopted.
- Adopted trailer bill language to continue pilot projects that provide continuous 24-hour skilled nursing care to medically fragile persons with developmental disabilities in certain Waiver facilities (ICF-DD-continuous nursing) as originally contained in AB 359, Statutes of 1999.
- Adopted Budget Bill language to appropriate \$898,000 General Fund for specified planning purposes associated with implementation of the Acute and Long-Term Care Integration Projects.
- Continued three positions at the DHS as requested for the Long-Term Care Integration efforts.
- Increased by \$487,000 (total funds) to fund nine positions at the DHS to process reimbursements submitted by Tribal Organizations under with the Targeted Case Management (TCM) Program.
- Increased by \$938,000 (total funds) to provide 10 positions to the DHS to process reimbursements from local government agencies associated with Medi-Cal Assistance Claiming (MAC) and the Targeted Case Management (TCM) Program.

### **Public Health Programs**

- Augmented by \$12 million (General Fund) to assist in mitigating the spread of West Nile Virus. Of this amount, \$10 million will be allocated to local vector control districts.
- Appropriated a total of \$268.3 million (\$91.1 million General Fund, \$76.3 million ADAP Drug Rebate funds, and \$100.9 million federal Ryan White CARE Act funds) to fully fund the AIDS Drug Assistance Program (ADAP).
- Restored the California Office of Binational Border Health by providing an increase of \$604,000 (General Fund). This funding level reflects an unallocated reduction of \$90,000 that was taken in the current-year by the DHS.
- Provided a total of \$2.180 million (\$1.43 million General Fund) towards the Governor's obesity program in lieu of the \$6 million (General Fund) requested. The Senate provides a Medical



Office position as requested, as well as \$500,000 towards local grants and \$1.5 million (total funds) for the Medi-Cal Program best practices.

- Adopted trailer bill language to provide for a four-fifths vote of the Legislature to enable Proposition 99 funds to be matched with federal funds, including federal Medicaid funds, federal hospital Waiver funds (when available), and federal S-CHIP funds.
- Used \$3 million (\$2 million Physician Services Account and \$1 million Unallocated Account) in one-time funds to be transferred to the Steven M. Thompson Medically Underserved Account to provide for medical school loan assistance to physicians so they will serve in medically underserved areas for up to three years.
- Provided \$3 million (Proposition 99 funds) in one-time only funds for activities associated with mitigating Asthma. This is \$1 million less than the Administration.
- Increased by \$3.6 million (Proposition 99 funds) for the Competitive Action Grants to fund a variety of local, regional, statewide, and pilot projects that seek to educate people about the dangers of tobacco use.
- Augmented by \$400,000 to allow the DHS to evaluate the Competitive Action Grants.
- Provided an additional \$1.1 million (Proposition 99 funds) to support increased caseloads in the Breast Cancer Early Detection Program.
- Provided 94.8 positions to the DHS to continue implementation of various activities associated with the receipt of federal bioterrorism funds. Also adopted several pieces of trailer bill language and Budget Bill language to ensure both the fiscal and policy integrity of the program.
- Denies \$1.266 million (federal bioterrorism funds) for preliminary plans, working drawings and construction of an Emergency Operations Center since the information was received late.
- Provided \$1.1 million (total funds) to conduct activities associated with having underserved communities access shelter services provided to individuals needing assistance with domestic violence. Adopted Budget Bill language on how these funds are to be expended.
- Eliminated \$11.7 million (General Fund) associated with the implementation of the Governor's California Rx Program. Policy legislation to implement this proposal has stalled in the Senate Health Committee.
- Adopted trailer bill language as proposed by the Administration to continue to defer the state's \$20.2 million in General Fund support for the County Medical Services Program (CMSP).
- Saved \$22 million (General Fund) by shifting the Genetically Handicapped Persons Program (GHPP) from an accrual accounting system to a cash accounting system as proposed by the Administration.
- Provided an increase of \$761,000 (Proposition 50 Bond funds) to support seven new, two-year limited-term positions for activities associated with analyzes of applications received from water districts.

- Provided \$125,000 (Proposition 50 Bond funds) to fund a position at the California Bay-Delta Authority provided through an interagency agreement.
- Increased by \$400,000 (Water System Reliability Account funds) to fund three contract positions for technical assistance for the Capacity Development Program within the Safe Drinking Water State Revolving Fund Program.
- Adopted Budget Bill language to enable the Genetic Disease Testing Fund to repay its General Fund loan by June 30, 2006 which reflects an expedited repayment schedule.
- Fully funded the Genetic Disease Testing Program, including the new expansion for the Newborn Screening Program portion, as proposed by the Administration.
- Fully funded the Child Health Disability Prevention (CHDP) Program as proposed by the Administration.
- Fully funded the California Children's Services (CCS) Program as proposed by the Administration.
- Adopted trailer bill legislation regarding reimbursement to hospitals for expenditures associated with the purchase of BabyBIG vaccine.
- Augmented by \$1.2 million (Drug and Device Safety Fund) to fund 11 new positions to inspect and license Home Medical Device Retailer facilities.
- Increased by \$644,000 (Clinical Laboratory Improvement Fund) to fund 8 positions to conduct activities associated with auditing Medi-Cal laboratories, conducting phlebotomy certification, and conducting genetic scientist licensure.
- Provided \$105,000 (\$52,000 Mental Health Services Fund) for one position for implementation activities associated with Proposition 63.
- Approved funding adjustments as proposed by the Administration for implementation of the Medical Marijuana Identification Card.

#### **4270 CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

- Reduced by \$171,500 (General Fund) and adopted trailer bill legislation to reduce the salaries paid to the Commissioners from \$100,000 annually to \$50,000 annually, with an adjustment as applicable for inflation, as is done with other boards.

#### **4280 MANAGED RISK MEDICAL INSURANCE BOARD**

- Provided a total of \$957.6 million (\$346.8 million General Fund) for the Healthy Families Program to provide health, dental and vision coverage to 867,418 children (June 30, 2006).
- Deleted \$1.8 million (\$624,000 General Fund) from the Administration's proposal for Healthy Families which is attributable to the passage of AB 1396 (Garcia) which is pending in the Assembly Appropriations Committee.

- Approved the Administration's proposal to restore outreach activities to improve enrollment in both the Healthy Families Program and the Medi-Cal for Children Program. An increase of \$14.5 million (\$6 million General Fund) was provided for this purpose, including three new positions.
- Rejected the Administration's proposed changes to the existing Single Point of Entry process for savings of \$1.9 million (total funds).
- Appropriated \$4.7 million (no General Fund) for the County Health Initiative Matching Fund Program.
- Eliminated the Administration's unallocated state support reduction to the MRMIB by providing an increase of \$937,000 (\$328,000 General Fund). This action enables the MRMIB to retain 10 existing positions.
- Provided an increase of nine positions, in addition to eliminating the unallocated reduction as referenced above, to conduct a variety of contractor oversight functions and program integrity functions related to the operations of the Healthy Families Program.
- Adopted trailer bill language that enables health plans to partner with schools to conduct outreach and enrollment activities for the Healthy Families Program.
- Adopted trailer bill language as proposed by the Administration to enable counties to buy into the Healthy Families Program (i.e., in essence to use it as a purchasing pool). No state funds would be used for this purpose, only county or other local funds.
- Shifted the funding of the Access for Infants and Mothers (AIM) program from General Fund support to the use of Proposition 99 funds as proposed by the Administration. This fund shift saves \$27.4 million (General Fund). This action assumes the receipt of federal S-CHIP funds as a match to the Proposition 99 funds. As such, it is also assumed that a four-fifths vote of the Legislature will be obtained to change Proposition 99 to allow for Proposition 99 funds to be used to match federal funds.
- Adopted trailer bill language as proposed by the Administration that would provide explicit retroactive (up to 12-months) authority for authorization of services provided under the California Children's Services (CCS) Program for infants born to mothers enrolled in the Access for Infants and Mothers (AIM) Program.
- Fully funded the Managed Risk Medical Insurance Program (MRMIP) at \$40 million (Proposition 99 funds) by expending a \$20 million reserve and only transferring \$20 million in new Proposition 99 funds. Technical trailer bill language was also needed for this action.

#### **4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**

##### **Community-Based Services**

- Concurred with the Administration to continue the existing cost containment measures on the purchase of services expenditures which have been in effect since the Budget Act of 2003. This

includes all of the rate freezes, the extended assessment timeframe (60 days to 120 days), the revision to eligibility, the Family Cost Participation Program, and the unallocated reductions.

- Rejected the Governor's additional cost containment measures on the purchase of services expenditures. An increase of \$13.7 million (\$10.3 million General Fund) was needed to backfill for this elimination of proposed savings.
- Eliminated the \$6 million (General Fund) augmentation to the Regional Center's operations to implement the proposed additional cost containment measures.
- Provided a total of \$9.2 million (total funds) for the Regional Center's operations budget to hire 103 Service Coordinators, 9 Physicians, and 13 Psychologists to help Regional Centers maintain compliance with the federal CMS regarding the Home and Community-Based Waiver. This amount is in lieu of the \$20.2 million (total funds) as requested by the Administration. Placeholder trailer bill language was also adopted to provide oversight of the funds and their intended purpose.
- Approved an increase of \$9.3 million (General Fund) to implement the federal Part D Drug Program. This includes \$4.4 million to fund those medications no longer covered by Medi-Cal or Medicare, and \$4.9 million for the Regional Centers to contract with enrollment brokers for assistance to consumers in enrollment and appeals, and to provide for enhanced medical review and consultation. Budget Bill language was also adopted to capture data related to drug expenditures.
- Reappropriated \$11.1 million (General Fund; one-time only) to facilitate the initial development of community-based living options for the current residents of Agnews. The DDS approved this plan on May 11, 2005, after consultation with the California Housing and Finance Agency and the Department of Housing and Community Development.
- Increased by \$1.4 million (\$1.1 million General Fund) in the DDS item, and \$2.1 million (\$459,000 General Fund) in the DOR item to return the Supported Employment Program "group size" back to a total of three individuals, versus its present size of four individuals.
- Approved the Administration's fiscal assumptions for implementation of a Self-Directed Services Delivery Model but adopted different trailer bill language.
- Approved the \$2 million (General Fund) request by the DOF to require the DDS to have an independent assessment conducted on the California Developmental Disabilities Information System (CADDIS). CADDIS implementation has been further delayed to June 30, 2006.
- Increased by \$559,000 (\$467,000 General Fund) for Regional Center operations to hire 42 positions to manually process data necessary for billing contracted and other services to the Home and Community-Based Waiver, thereby accessing federal funds.
- Eliminated \$1.1 million (General Fund) provided as an augmentation by the Administration to purchase dental services due to the Administration's proposed Medi-Cal Program dental cap of 1,000 annually. This augmentation was eliminated because it is not needed. The Senate

adopted an annual cap of \$1,800. As such, individuals with developmental disabilities should not be affected by the cap.

- Adopted the Administration's proposed suspension of the Guardianship/Conservatorship Filing Mandate.

### **Developmental Centers**

- Provided total expenditures of \$708 million (\$379.2 million General Fund) for the Developmental Centers as proposed by the Administration. This level of funding assumes a resident population of 3,016 people. This funding level includes various adjustments for worker's compensation, employee compensation, certain federally required quality management enhancements and activities related to implementation of the federal Part D Drug Programs.
- Adopted all fiscal adjustments related to the closure of Agnews Developmental Center by June 30, 2007.
- Adopted Budget Bill language to require the DDS to report back to the Legislature regarding closure activities as specified as of January 10, 2006 and May 15, 2006.

## **4440 DEPARTMENT OF MENTAL HEALTH**

### **Community-Based Services**

- Provided an increase of \$13.4 million (Mental Health Services Fund) to fund 90 positions, instead of the requested 109 positions, to administer Proposition 63—the Mental Health Services Act (Act).
- Adopted placeholder trailer bill language directing the DMH to provide ongoing information to the Legislature regarding expenditure of the Mental Health Services Fund and implementation of the overall Act.
- Adopted Budget Bill language as proposed by the Administration regarding the expenditure of Proposition 63 funds under the state support item. Specifically, this language states that the funds appropriated in the Budget Act for state support is in lieu of the amounts that otherwise would have been appropriated for state support through the Act.
- Reduced by \$1 million General Fund due to the addition of 6 new audit positions associated with the Proposition 63 implementation.
- Made a series of adjustments related to the continued implementation of AB 3632, Statutes of 1984. These include:
  - 1) Rejecting the Administration's trailer bill language to repeal sections of Government Code that create the mandate on the counties and modified SB 1895 (Burton -- Chapter 493, Statutes of 2004);

- 2) Rejecting the Administration's proposed Budget Bill language to use funds for past mandate claims;
  - 3) Appropriating \$90 million (General Fund)—the same amount as contained in the Governor's May Revision. Of the amount appropriated, \$45 million is to be spent on 2004-05 expenditures and \$45 million is for 2005-06 expenditures.
  - 4) Adopting Budget Bill language that it is the intent of the Legislature for the \$90 million in funds, as well as those appropriated within the State Department of Education for services to students enrolled in special education and requiring mental health assistance in order to benefit from the education services provided, to be fully expended to address needs in the 2004-05 and 2005-06 fiscal years.
- Provided \$3.15 million (Mental Health Services Fund) for the Governor's initiative on Chronic Homelessness. Of this amount, \$750,000 is used to backfill for General Fund support for predevelopment loans to fund upfront housing project costs.
  - Approved all technical adjustments for the baseline Mental Health Managed Care Program as proposed by the DMH.
  - Reduced by \$4.4 million (\$2.2 million General Fund) the amount proposed to implement federal requirements regarding "informing materials" as they pertain to the state's Mental Health Managed Care Waiver. Corresponding Budget Bill language was also adopted.
  - Reduced by \$11.8 million (\$4.996 million General Fund) the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program to account for anticipated savings on program costs from new auditing activities that will commence in the current year.
  - Reflected an increase of \$303,000 (federal Substance Abuse and Mental Health Services Administration grant funds) to be allocated by the DMH to County Mental Health Plans. This increase provides a total of \$55 million (federal funds) for this purpose.
  - Reflected an increase of \$750,000 (federal Projects for Assistance in Transition from Homelessness grants) in grants to be allocated to the County Mental Health Plans. This increase provides a total of \$7.4 million (federal funds) for this purpose.
  - Provided \$94,000 (federal bioterrorism funds) to fund a two-year limited-term position to assist in implementing bioterrorism preparedness and capacity building.
  - Concurred with the Administration on needed technical adjustments to the supplemental mental health services provided to children enrolled in the Healthy Families Program.
  - Adopted the proposed adjustments to the San Mateo Field Test Model as proposed by the DMH.

### **State Hospitals**

- Concurred with the Administration to provide a total of \$888.6 million (\$802.1 million General Fund) for the support of the State Hospitals. The population of the State Hospitals is now 87 percent Penal Code-related.

- Increased by \$120,000 (General Fund) to restore a reduction made to the contractor that provides patient's rights. Due to grave concerns expressed by the federal Department of Justice regarding these hospitals, this restoration is viewed as a mitigation measure to avoid further federal concerns.
- Made three adjustments to the budget related to implementation of the federal Part D Drug Program. These adjustments are as follows:
  - 1) Adopted the Administration proposal to provide \$69,000 (General Fund) to fund a position at headquarters;
  - 2) Recognized \$1.1 million (General Fund) in increased revenue to the state due to generating additional Medicare revenue from the Pharmacy Drug Plans (PDPs) in the budget year;
  - 3) Provided seven positions, in lieu of the nine requested, at the State Hospitals and related computer equipment to enable the State Hospitals to operate as long-term care pharmacies under each PDP, as applicable.
- Transferred \$61 million (General Fund) from the California Department of Corrections to the DMH State Hospital appropriation to reflect a mutually agreed to decision by both departments to reflect expenditures associated with CDC caseload being treated in the State Hospitals.
- Concurred with the Administration to save \$6 million (General Fund) by restructuring the Sexually Violent Predator (SVP) Treatment Program but adopted different trailer bill language.
- Made adjustments to the Sexually Violent Predator evaluation and court testimony estimate and saves an additional \$811,000 (General Fund) off of the Administration's proposed adjustment.
- Provided all funding as proposed by the Administration for State Hospital capital outlay projects proposed at Metropolitan State Hospital, Napa State Hospital, and Patton State Hospital.

## HUMAN SERVICES

### **4130 HEALTH AND HUMAN SERVICES AGENCY DATA CENTER**

- Transferred \$223 million and 176 positions for 10 automation projects from the Health and Human Services Data Center (HHSDC) to the newly established Office of Systems Integration in the Health and Human Services Agency. The Legislature is currently reviewing a Governor's Reorganization Plan that would consolidate the HHSDC operations component and the Teale Data Center into the newly proposed Department of Technology Services.
- Approved \$2 million and 20 positions to transfer the Child Welfare Services/Case Management System (CWS/CMS) application hosting from a private vendor location to HHSDC Operations (or the Department of Technology Services, if the Governor's Reorganization Plan is approved).

### **4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

- Maintained \$4.2 million (\$2.1 million GF) for the Song Brown Family Physician Training Program.
- Approved \$223,000 from the Hospital Building Fund for Logbook system redesign planning and procurement activities.

### **4170 DEPARTMENT OF AGING**

- Approved an additional \$1.8 million federal funds, \$2 million in assessments, and four positions for the Health Insurance Counseling and Advocacy Program (HICAP). The additional funding and positions would be used to address the increased need for consumer counseling during the initial enrollment period for Medicare Part D Prescription Drug benefits in spring 2006.

### **4180 COMMISSION ON AGING**

- Approved as budgeted.

### **4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

- Reappropriated \$200,000 in unspent prior year funding for the Office of Problem Gambling to develop culturally appropriate literature on problem gambling.
- Approved \$900,000 federal funds to support dependency drug court programs. Note: the Department of Social Services' budget also reflects \$200,000 to evaluate the effect of dependency drug courts on child welfare and foster care outcomes and costs.



- Approved two positions to support implementation of Proposition 63, the Mental Health Services Act of 2004.
- Increased Drug Medi-Cal provider rates above the 2002-03 rate level by \$2.2 million (\$1.1 million GF). In 2004-05 Drug Medi-Cal rates were reduced to the 2002-03 level.
- Approved \$7.6 million for a federal Access to Recovery grant, which will provide vouchers to substance abusing 12 to 20 year olds for treatment and recovery support services.

#### **4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT**

- Rejected the proposed elimination of the Naturalization Services Program and appropriated \$2.5 million GF for this program.

#### **5160 DEPARTMENT OF REHABILITATION**

- Approved \$908,000 (\$193,000 GF) to fund an increase in tuition costs for Department of Rehabilitation consumers attending the University of California or the California State University systems, consistent with tuition increases budgeted in both university systems.
- Increased funding by \$2.2 million (\$459,000 GF) to reflect a reduction in Supported Employment Program group size from four to three consumers per counselor, consistent with budget actions taken in the Department of Developmental Services.

#### **5170 STATE INDEPENDENT LIVING COUNCIL**

- Approved as budgeted.

#### **5175 DEPARTMENT OF CHILD SUPPORT SERVICES**

- Approved \$269 million (\$92 million GF) for the continued development of the California Child Support Automation System (CCSAS). This includes an augmentation of \$92 million (\$25 million GF) and 36 positions in the Department of Child Support Services (DCSS) and 16 positions in the Franchise Tax Board, which acts as DCSS' agent for the procurement, development and maintenance of the CCSAS project.
- Approved \$218 million GF for payment of the federal fiscal year (FFY) 2005 alternative federal penalty in 2005-06. Since 1997, California has been subject to substantial federal penalties due to the state's failure to establish a single statewide system for the collection of child support. The 2004 Budget Act did not include funding for this penalty, as the payment was entirely deferred to state fiscal year 2005-06. The federal government recently informed the department that payment of the FFY 2006 penalty will be deferred to state fiscal year 2006-07.
- Transferred 168.5 positions and \$12.4 million (\$5.5 million GF) for the Child Support Full Collections Program from the FTB to the DCSS, as authorized by AB 2358 (Steinberg) (Chapter 806, Statutes of 2004).

- Approved \$20 million federal funds to match additional county funding for local child support agencies.
- Approved \$721,000 (\$245,000 GF) to maintain 9 of 23 expiring limited-term positions to redesign and implement the Compromise of Arrears Program. This program offers reduced lump sum settlements to parents in exchange for their commitment to make ongoing payments.

## **5180 DEPARTMENT OF SOCIAL SERVICES**

### **In-Home Supportive Services**

- Rejected the Governor's proposal to reduce state participation in In-Home Supportive Services (IHSS) provider wages and benefits to the minimum wage (\$6.75/hour), and restored \$206.3 million GF.
- Approved \$10.6 million GF to apply Medi-Cal share of cost rules to IHSS consumers. Due to the federal IHSS Plus waiver adopted last year, IHSS consumers must now have a Medi-Cal eligibility determination, which in some cases results in a higher share of cost to be funded by the state.
- Approved \$173.9 million (\$55.4 million GF) savings to reflect the IHSS Quality Assurance efforts to improve the consistency of IHSS, prevent fraud, and protect consumer access to services.

### **Supplemental Security Income/State Supplementary Payment**

- Rejected the Governor's proposal to withhold the federal Supplemental Security Income/State Supplementary Payment (SSI/SSP) cost-of-living adjustment (COLA), and restored \$98 million GF.
- Rejected the Governor's proposal to suspend the state SSI/SSP COLA, and restored \$132 million GF.
- Approved an increase of \$1.6 million GF due to delayed implementation of the Cash Assistance Program for Immigrants (CAPI) Advocacy program.
- Reduced funding for CAPI by \$2.5 million GF below May Revision to reflect updated caseload projections identified by the Legislative Analyst's Office.

### **CalWORKs and Food Programs**

- Rejected the Governor's proposal to reduce CalWORKs grants by 6.5 percent, and restored \$166.0 million in federal Temporary Assistance for Needy Families (TANF) funding.
- Rejected the Governor's proposal to suspend the July 2005 CalWORKs COLA, and restored \$135.5 million TANF funding.

- Rejected the Governor's proposal to reduce license-exempt child care reimbursement levels, and restored \$66.1 million TANF in the Department of Social Services and \$58 million TANF in the California Department of Education.
- Rejected the Governor's proposal to use \$201 million in TANF funding to supplant existing General Fund resources in Juvenile Probation.
- Rejected the Governor's proposal to use \$129 million in TANF funding to supplant existing General Fund resources in Child Welfare Services, Foster Care, and Developmental Services via the Title XX Social Services Block Grant.
- Approved the May Revision withdrawal of the Governor's January proposal to reduce the CalWORKs Earned Income Disregard, and restored \$82 million GF and TANF funding.
- Approved the May Revision withdrawal of the Governor's January CalWORKs Sanctions proposal, and restored \$12 million GF and TANF funding. The sanctions proposal was withdrawn by the Administration due to an incomplete report by an outside vendor.
- Approved the Governor's CalWORKs county pay for performance proposal, to reflect savings of \$22.2 million GF and TANF based on anticipated caseload and grant reductions. This proposal also includes \$30 million TANF funding in 2006-07 for county performance incentives. Adopted placeholder trailer bill language to establish outcome measures and criteria for allocation of the incentive funding.
- Approved the Governor's proposal to eliminate the \$50 million TANF augmentation for CalWORKs employment services in 2005-06.
- Increased CalWORKs county administration funding by \$50 million to reflect reduced savings for prospective budgeting/quarterly reporting. This funding increase is funded by a reappropriation of \$50 million in unspent current year funding for CalWORKs employment services.
- Increased Food Stamp county administration funding by \$23.7 million (\$10 million GF) to reflect reduced savings for prospective budgeting/quarterly reporting.
- Approved \$55,000 GF net increase to implement several federal options to simplify Food Stamp administration and increase Food Stamp eligibility and benefit amounts.

### **Community Care Licensing**

- Rejected the Governor's proposal to eliminate the statutory trigger to increase the number of random sample visits to licensed community care facilities if citations issued by the department exceed the previous year's total by 10 percent.
- Approved \$1.1 million GF to establish 14.5 new positions to reflect caseload growth in the number of facilities licensed by Community Care Licensing (CCL).
- Approved \$596,000 (\$392,000 GF) in CCL state operations for six limited-term positions and \$847,000 (\$837,000 GF) to comply with the *Greshner v. Anderson* court decision ordering CCL

to revise its criminal background check process to protect the privacy rights of applicants with criminal backgrounds seeking to work in community care facilities.

- Adopted trailer bill language to require the department to report by September 30, 2005 on the distribution and programmatic affects, particularly for CCL, of the Governor's proposed \$8.7 million GF unallocated reduction for state operations in the Department of Social Services.

### **Automation Projects**

- Approved \$13.2 million (\$6.6 million GF) for development, support and implementation of an automation system for the IHSS program, known as Case Management Information and Payrolling System (CMIPS) II. The contract for CMIPS II is scheduled to be awarded in 2005-06.
- Approved \$153.8 million (\$56.4 million GF) for implementation and maintenance of the Statewide Automated Welfare System (SAWS) CalWIN system. This amount represents an increase of \$24.2 million GF over current year, due to additional costs to convert closed cases from the previous automation system and additional training and coaching for counties transitioning to the new system.
- Approved \$48.1 million (\$16.9 million GF) for maintenance and operations of the SAWS C-IV system. This amount represents a decrease of \$10.9 million GF compared to current year, due to the completion of C-IV implementation activities.
- Approved \$121.0 million (\$60.5 million GF) for the Child Welfare Services/Case Management System (CWS/CMS). This amount reflects an increase of \$27.6 million (\$14.2 million GF), due to activities associated with the CWS/CMS Go Forward Plan, including migration of the CWS/CMS application hosting to the HHSDC or DTS, as discussed under Item 4130.

### **Children and Youth Services**

- Rejected the Governor's proposal to adopt legislation to allow the state to pass on to counties penalties that may result if California is determined to be out of compliance with federal law regarding child welfare and foster care outcomes.
- Approved the May Revision proposal for \$14.3 million (\$4.4 million GF) million and adopted an increase of \$5.6 million (\$3.5 million GF) for the Child Welfare Services (CWS) Outcome Improvement Project. This funding would support program reforms and improvements to the child welfare services system, including implementation of the CWS outcomes and accountability system, the state's program improvement plan, and expanded child abuse prevention efforts.

Senate Committee  
on  
Budget and Fiscal Review

SUBCOMMITTEE 4  
State Administration,  
General Government,  
Judicial, and Transportation

MAJOR ACTION  
REPORT

May 26, 2005

Senate Bill 52  
2005-06 Budget Bill

*Members*

Joseph Dunn, Chair  
Tom McClintock  
Christine Kehoe

*Consultants*

Brian Annis  
Alex MacBain  
Dave O'Toole

# SUBCOMMITTEE No. 4

## STATE ADMINISTRATION, GENERAL GOVERNMENT, JUDICIAL, and TRANSPORTATION

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# TRANSPORTATION

## **2600 CALIFORNIA TRANSPORTATION COMMISSION**

- Approved as budgeted.

## **2640 SPECIAL TRANSPORTATION PROGRAMS**

- Approved Finance Letter to augment the Special Transportation Programs by \$63.5 million, based on the Governor rescinding his January Budget proposal to suspend Proposition 42.

## **2660 DEPARTMENT OF TRANSPORTATION**

- Approved Finance Letter to restore Proposition 42 funding of \$1.3 billion GF and make related budget adjustments.
- Approved Finance Letter that revises the estimate of revenues from tribal-gaming bonds from \$1.2 billion to \$1.0 billion.
- Approved Finance Letter that reverts \$51.6 million in 2004-05, and adds an unallocated reduction of \$50 million in 2005-06, to generate savings to be redirected to highway capital-outlay expenditures.
- Approved three Finance Letters that add expenditure authority and positions related to capital-outlay-support project workload; however, reduced the funding for each Finance Letter by \$1,000 to put the issues into the Conference Committee for further review.
- Approved Finance Letter to augment maintenance funding by \$25.9 million (\$14.8 million ongoing) and 82 positions for new storm-water workload related to recent legal settlements.
- Approved Finance Letter to hold highway maintenance funding at the 2004-05 level, but augmented the request by \$1.0 million to put the issue into the Conference Committee for further discussion.
- Restored Environmental Enhancement and Mitigation (EEM) funding to its historic level of \$10 million.

### *Budget Bill Language*

1. Added a new appropriation item and provisional language to separately appropriate funds for specialty building facilities from funds for highway preservation and rehabilitation.



*Trailer Bill Language*

1. Approved language appropriating Proposition 42 funds pursuant to the requirements of Article XIXB of the Constitution.
2. Approved language suspending the General Fund to Public Transportation Account “spillover” transfer for 2005-06, which results in savings to the General Fund of \$380 million.
3. Modified the Administration’s trailer bill language related to tribal-gaming bonds to specify that any outstanding transportation loans not repaid by the bonds remains a debt of the General Fund.
4. Approved language to eliminate the Transportation Development Advisory Committee. The Administration indicates there is no longer a need for this formalized advisory body.
5. Approved language requiring the Department to annually report on the lane-miles of capacity added to the state highway system.

**2665 HIGH SPEED RAIL AUTHORITY**

- Approved Governor’s Budget proposal to augment funding by \$2.2 million (special fund) for legal costs related to the environmental impact report, and a “next-tier” program environmental impact report to study the Central Valley to San Francisco Bay Area portion of the planned high-speed train route.
- Approved Governor’s Budget proposal to augment funding by \$500,000 for a financing plan, but added provisional language to prohibit expenditure of those funds if legislation is enacted in 2005 to delay the November 2006 high-speed rail bond vote.
- Augmented funding by \$325,000 (special fund) and \$325,000 (reimbursements from locals) to complete a Southern San Joaquin Valley Station Study.

**2720 CALIFORNIA HIGHWAY PATROL**

- Approved Governor’s Budget proposal to increase funding by \$5.4 million to fully fund overtime costs.
- Approved Governor’s Budget proposal to increase funding by \$17.2 million for inflation, including gasoline costs and insurance; however, reduced the amount by a net of \$1.8 million to reflect updated cost estimates.
- Approved Governor’s Budget proposal to increase funding by \$10.2 million for various capital outlay projects.

**2740 DEPARTMENT OF MOTOR VEHICLES**

- Approved Finance Letter to augment expenditure authority by \$4.1 million for a vehicle insurance reporting information technology project related to meeting the requirements of SB 1500 (Chapter 920, Statutes of 2004, Speier) and AB 2709 (Chapter 948, Statutes of 2004, Levine). Rejected trailer bill language that would delay the implementation date of requirements associated with those bills.
- Approved Finance Letter to augment funding by \$6.6 million to pay credit card convenience fees, which have previously been paid by customers or absorbed within the existing Department budget. Changed funding from permanent to two-year limited-term.

## STATE ADMINISTRATION

### **0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING**

- Augmented the Agency's budget by \$2.0 million GF to restore funding for the Manufacturing Technology Program.
- Approved Finance Letter to augment the Agency's budget to fund the California Travel and Tourism Commission, but reduced the funding from \$7.3 million to \$7.0 million to put the issue into the Conference Committee for further discussion.
- Rejected Finance Letter to augment the Agency's budget by \$500,000 GF to upgrade the CinemaScout server and software, which is a digital library used in selecting potential film location sites.

### **0595 OFFICE OF THE STATE INSPECTOR GENERAL**

- Rejected the proposed establishment of an Office of the State Inspector General and associated trailer bill. Funding of \$2.3 million diverted to the existing investigations and audit programs of the Office of State Audits and Evaluations located within the Department of Finance (\$1.15 million) and the Bureau of State Audits (\$1.15 million).

### **0650 OFFICE OF PLANNING AND RESEARCH**

- Approved trailer bill to eliminate the Small Business Reform Task Force. This task force has been largely inactive and was last required to report to the Legislature on May 1, 2002. The elimination is a component of the Governor's proposal to eliminate 13 "nonessential" boards and commissions.
- Approved funding of \$188,000 for writing and assisting in the implementation of consultation guidelines for local agencies to use when negotiating with tribal communities. The primary purpose of these guidelines is to encourage the protection of Native American lands.

### **0840 STATE CONTROLLER'S OFFICE**

- Augmented the budget by \$996,000 GF and 11 positions to expand audits of state mandate claims. Based on audit finding rates in the last few years, a benefit to cost ratio of over 30 to 1 is anticipated.
- Approved a funding level of \$10.4 million and 23 positions for the Human Resource Management System—21st Century Project. This multi-year project will replace the State's employment history, payroll, leave accounting, and position control systems.

- Approved a funding request of \$1.2 million GF to establish a local government “e-claims” filing system for mandate claims. The product will enable state mandate claimants to enter costs claims directly into the State Controller’s Office (SCO) main database via the Internet, using e-forms and electronic signatures. Based on the improved data management and audit capacity, this system is expected to save \$14 million in subsequent years.
- Rejected a \$100,000 GF and two position augmentation for the SCO’s Property Tax Postponement Program. The Administration anticipated that this program would have encountered increased workload resulting from the Governor’s move to augment the Senior Citizens’ Property Tax Deferral Program. The Senior Citizens’ Property Tax Deferral Program is also discussed under Item 9100, Tax Relief.

#### **0845 DEPARTMENT OF INSURANCE**

- Augmented the Fraud Workers’ Compensation Program by \$1.0 million (Insurance Fund) to fund increased investigation and prosecution of workers’ compensation fraud and the willful failure to secure payment of workers’ compensation.
- Increased funding for the Organized Automobile Fraud Activity Interdiction Program (Urban Grant Program) by \$2.5 million (Insurance Fund).
- Distributed \$2.9 million (Insurance Fund) from the Fraud Automobile and Urban Grant Programs to local District Attorneys.

#### **0850 STATE LOTTERY COMMISSION**

- Approved as budgeted--\$107.9 million.

#### **0860 BOARD OF EQUALIZATION**

- Appropriated \$3.0 million for ongoing implementation of an electronic tax stamp for cigarette packages. The new encrypted stamp is expected to diminish black market sales by up to \$28.1 million annually.
- Augmented the budget by \$690,000 GF for preliminary plans, working drawings, and a prototype fix to repair the exterior windows of the BOE headquarters building in Sacramento.
- Adopted Budget Bill language to require the BOE to report by April 1, 2006, on the actual costs for closure and consolidation of certain field offices and the decision criteria used to determine when an office will be closed.
- Adopted trailer bill to reduce the threshold for mandatory payment of taxes by electronic means from \$20,000 to \$10,000 and adopted Supplemental Report Language for the BOE to report on the impact of this change on taxpayer behavior.

- Appropriated \$2.3 million (reimbursements) to provide the BOE with sufficient resources to support the 24 newly-established Special Taxing Jurisdictions (STJ). These new STJs were established by local election in November 2004.
- Adopted Supplemental Report Language to express the intent of the Legislature for the BOE to complete full implementation of the e-filing system for multiple location retailers (which would enable these businesses to file their claim forms online) by 2007.
- Reduced funding for the e-waste recycling fee collection program by 11 positions and \$716,000 GF, based on revised estimates of workload.

#### **0890 SECRETARY OF STATE**

- Augmented the budget by \$242 million (federal funds) to carry out provisions of the Help America Vote Act (HAVA). Key components of the recently approved spending plan will be replacement of outmoded voting equipment, creation of a statewide database of voters, and an information campaign on voters' rights.
- Approved trailer bill to eliminate the California Heritage Preservation Commission. The duties of the Commission, formerly shared with the California State Library, will be carried out solely by the California State Library. The proposal is a component of the Governor's plan to eliminate 13 "nonessential" boards and commissions.

#### **0950 STATE TREASURER'S OFFICE**

- Adopted Budget Bill language to allow short term GF loans (specified as less than two months) to the State Treasurer's Office to meet cash flow needs.

#### **0985 CALIFORNIA SCHOOL FINANCE AUTHORITY**

- Augmented the budget by \$19.7 million (federal funds) to provide expenditure authority for new federal fund grant awards for the lease and construction of charter school facilities.

#### **1700 FAIR EMPLOYMENT AND HOUSING**

- Approved Governor's Budget, including an unallocated \$211,000 GF reduction, and a Finance Letter technical correction.

#### **1730 FRANCHISE TAX BOARD**

- Augmented the Franchise Tax Board (FTB) budget by \$8.3 million GF and 96 positions for tax gap enforcement activities. These activities will include enhanced detection of tax preparers filing fraudulent returns, audit staff augmentation, additional tax information resources, and underground economy criminal investigations. Expected revenues from these activities in 2005-06 are \$33.7 million.

- Transferred the FTB's Child Support Full Collection Program to the Department of Child Support Services (DCSS), in accordance with Chapter 806, Statutes of 2004 (AB 2358, Steinberg). A total of 167 positions and \$12.4 million will be shifted to DCSS.
- Increased the FTB budget by \$3.9 million GF to carry out the final stages of the staff relocation to a new state office building and to renovate existing buildings on the Butterfield Campus in Sacramento.
- Augmented the FTB's budget by \$17,473,000 (\$5.9 million GF and \$11.5 million reimbursements) budget to provide funding for nine positions and vendor payments in order to continue the development phase for the California Child Support Automation System (CCSAS) project.
- Extended 47 expiring limited term positions (\$2.8 million GF) for two additional years for tax collection activities. Expected annual revenues are \$12.6 million.
- Reestablished a misdemeanor program in FTB's investigations bureau (\$1.3 million GF). Expected revenues are \$2.5 million in the budget year and approximately \$5 million thereafter.
- Extended, for three years, two attorney positions in order to continue efforts to expedite settlement of tax cases. Anticipated annual revenues in 2005-06 are \$5.8 million
- Reestablished a "Discovery Audits" Program (\$1.7 million GF and 20 positions), which will unearth information on tax noncompliance by exploring avenues of tax evasion that are new or not fully understood by the FTB. Revenues are expected to exceed program costs.

## **1760 DEPARTMENT OF GENERAL SERVICES**

- Rejected a budget change proposal to reduce the Office of State Publishing by 120 positions and \$6.2 million. The Administration had proposed this reduction to address recent operating losses and the growth of office-based printing.
- Adopted reappropriations for capital outlay projects including: the Sacramento Central Plant renovation; Department of Corrections' San Quentin Building 22, Tehachapi Dormitories, and Tracy hospital; City of Richmond municipal buildings; Oakland Police Administration building; a Sacramento Department of Education building; and the Department of Transportation's Marysville Office Building.
- Adopted Budget Bill language to facilitate the purchase of tickets from the state's primary carrier at least two weeks before the flight (with exceptions for certain activities and emergencies). Anticipated savings are \$7.1 million. Support costs of \$250,000 will be paid by client departments.
- Adopted Budget Bill and trailer bill language to identify various areas of significant savings in the purchase of prescription drugs. Several million dollars in savings are expected by creating more drug purchasing contacts, requiring collaboration between departments, requiring DGS to develop an annual work plan for purchasing drugs, requiring DGS participation in drug review,

and other initiatives to reduce the state's cost for purchasing drugs. Funding for three pharmacist staff is also included (\$306,000 GF).

- Adopted budget provisional language to clarify DGS's authority to increase reimbursements for unanticipated expenses.

#### **1880 STATE PERSONNEL BOARD**

- Approved Finance Letter to augment the Peace Officer Procedural Bill of Rights mandate budget item by \$18.2 million to cover reimbursements to locals for their costs of administering the mandate in 2005-06.

##### Trailer Bill Language

1. Adopted language to request the Commission on State Mandates to review its Statement of Decision regarding the Peace Officer Procedural Bill of Rights test claim and make any modifications necessary to be consistent with recent court decisions.

#### **1920 STATE TEACHERS' RETIREMENT SYSTEM**

- Rejected the Governor's Budget proposal to discontinue the state's 2 percent contribution to teachers' retirement, which is a \$469 million GF expenditure in 2005-06.

#### **1955 DEPARTMENT OF TECHNOLOGY SERVICES**

- Approved contingency Budget Bill language that assumes the Legislature will approve the Governor's Reorganization Plan to consolidate the Stephen P. Teale Data Center (Teale), the Health and Human Services Data Center (HHSDC), and certain telecommunications functions of the Department of General Services, into the new Department of Technology Services (DTS). The Legislature will separately review the Reorganization Plan itself – likely in June.

##### Trailer Bill Language

1. Adopted language to delete the continuous appropriation for DTS in the Administration's proposed language.

#### **2100 ALCOHOLIC BEVERAGE CONTROL**

- Approved Governor's Budget proposal to augment one-time funding by \$246,000 (special fund) for facility renovations.

#### **2150 DEPARTMENT OF FINANCIAL INSTITUTIONS**

- Approved Finance Letter and related trailer bill language to eliminate the Credit Union Advisory Committee within the Department; however, increased the budgeted saving to \$2,000

to put the issue into the Conference Committee for further discussion. The Administration indicates there is no longer a need to have a formalized advisory body.

## **2180 DEPARTMENT OF CORPORATIONS**

- Approved Governor's Budget proposal to augment the department's budget by \$1.5 million (special fund) and 16 positions (seven limited-term) to address increased exam and licensing workload.
- Approved the Governor's Budget request to continue the Seniors Against Investment Fraud (SAIF) Program with the department's special funds, instead of lapsing grant funds. Reduced the funding from \$400,000 to \$225,000 to maintain the core program but reduced costly conference attendance, media purchases, and video production.
- Approved Finance Letter to allow the department to receive grant funding of \$150,000 to institute a Troops Against Predatory Scams (TAPS) Investor Education Program.
- Reduced funding requested in the Governor's Budget to implement AB 2693 (Chapter 940, Statutes of 2004, Wiggins) by \$191,000 and two positions because the reduced amount would be sufficient to fund compliance investigations and "red flag" audits. Added provisional language requiring the department to report on non-compliance with AB 2693 by January 10, 2007.
- Approved the Finance Letter proposal and related trailer bill language to eliminate the Mortgage Bankers' Advisory Commission within the department. The Administration indicates there is no longer a need to have a formalized advisory body.

## **2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

- Modified the Governor's Chronic Homeless Initiative to: reduce GF support for the Governor's Interagency Council on Homelessness by \$125,000; eliminate \$750,000 GF for predevelopment loans and replace that funding with Proposition 63 bond funds; modify the Administration's trailer bill language (see #5 below); and use the GF savings to restore Emergency Housing Assistance Program (EHAP) funding to the 2004-05 level.
- Approved Finance Letter to increase funding by \$1.0 million (special fund) and seven positions to reduce the backlog and meet future workload related to mobile home inspections. Funding requested for 2005-06 is half-year and the ongoing funding and positions double in 2006-07.

### *Trailer Bill Language*

1. Adopted language to allow the use of \$9.5 million in Proposition 46 bond funds to pay for repair, rehabilitation, and replacement of facilities and equipment at various state-owned migrant centers.
2. Adopted language authorizing a fee to reimburse the state for the cost of administering eight Local Agency Military Base Recovery Areas



(LAMBRAs), two Manufacturing Enhancement Areas (MEAs), and one Targeted Tax Area (TTA). Moved the existing Enterprise Zone (EZ) Program fee-authority sunset date from 2006 to 2009.

3. Adopted language that would require the Department, instead of Councils of Governments, to perform Housing Need Assessments in specified circumstances. Approved an augmentation of \$1 million GF for a related grant program.
4. Adopted language to limit future rent increases for residents of Office of Migrant Services facilities.
5. Adopted language to allow a portion of the housing-preservation Proposition 46 funds to be used for supportive-housing purposes.

#### **2320 DEPARTMENT OF REAL ESTATE**

- Approved Finance Letter to eliminate the Real Estate Advisory Commission within the Department. The Administration indicates there is no longer a need to have a formalized advisory body.

#### **2400 DEPARTMENT OF MANAGED HEALTH CARE**

- Approved Finance Letter and related trailer bill language to eliminate the Clinical Advisory Panel and the Managed Care Advisory Committee within the Department. The Administration indicates these entities were primarily needed when the department was being implemented.

#### **2780 STEPHEN P. TEALE DATA CENTER**

- Approved contingency Budget Bill language that assumes the Legislature will approve the Governor's Reorganization Plan to consolidate the Teale Data Center, the Health and Human Services Data Center, and certain telecommunications functions of the Department of General Services into the new Department of Technology Services (see organization 1955 on a previous page).

#### **8260 CALIFORNIA ARTS COUNCIL**

- Approved as budgeted.

#### **8320 PUBLIC EMPLOYEE RELATIONS BOARD**

- Rejected the Administration's budget trailer bill that would shift some mediation responsibilities from the Public Employee Relations Board (PERB) to the Division of Conciliation in the Department of Industrial Relations, and shift some costs from PERB to employers and to employee organizations.

- Approved Governor's Budget proposal to augment the Board's budget by \$438,000 GF and 3 positions to fund workload associated with recent legislation that has added new public employers to PERB's jurisdiction.

**8380 DEPARTMENT OF PERSONNEL ADMINISTRATION**

- Approved Finance Letter to revert Rural Health Care Equity Program funding to the GF, but reduced the amount from \$15.3 million to \$1.0 million with the intent to put this issue into Conference Committee for further consideration.
- Augmented the Department's budget by \$482,000 (\$241,000 GF) and 5 positions to implement a comprehensive salary survey.

**8620 FAIR POLITICAL PRACTICES COMMISSION**

- Approved as budgeted--\$6.1 million.

**8855 BUREAU OF STATE AUDITS**

- Augmented by \$1.15 million (GF) for investigative audits pursuant to Chapter 251, Statutes of 2004 (SB 1437, Speier). This augmentation was made by redirecting funding from the proposed Office of the State Inspector General.

**8860 DEPARTMENT OF FINANCE**

- Augmented by \$1.15 million (GF) for auditing activities by the Office of State Audits and Evaluations. This augmentation was made by redirecting funding from the proposed Office of the State Inspector General.
- Approved funding of \$494,000 for ongoing development of the web-based presentation of the Governor's Budget. In addition, a specified number of hard copies will be provided to the Legislature, Legislative Counsel, Legislative Analyst's Office, and state libraries.
- Approved a request for \$1.8 million GF and two positions to continue development of a Budget Information System to streamline budget processes and develop a year-round integrated budget system.
- Rejected a request to establish an Executive Council for Business Management Functions and associated Control Section 8.81 funding to pay for consultants to initiate a project to establish an enterprise architecture for business management functions. (See also Control Section 8.81)
- Established three positions and \$500,000 for two years limited term to coordinate bond activities and fund contracts with financial advisors to improve management of the state's bond debt.

**8885 COMMISSION ON STATE MANDATES**

- Adopted intent language for the Commission on State Mandates to reconsider the Mandate Reimbursement Process mandate and develop reasonable reimbursement methodology if a mandate is found to exist.

**8910 OFFICE OF ADMINISTRATIVE LAW**

- Adopted a proposed \$224,000 GF and two-position increase for a two-year limited-term assignment to address underground regulations. Supplemental Report Language to require reporting on findings and benefits to the state was added.

**9100 TAX RELIEF**

- Rejected a Governor's Budget proposal to reduce the Senior Citizens' Renters Tax Assistance program by \$100 million GF.
- Rejected a Governor's Budget proposal to reduce the Senior Citizens' Property Tax Assistance Program by \$40.6 million GF.
- Rejected a related Governor's Budget proposal to augment the Senior Citizens' Property Tax Deferral Program by \$4.7 million GF. This proposal was meant to cover some of the seniors who would lose their property tax assistance due to the elimination of the Senior Citizens' Property Tax Assistance Program.

**9210 LOCAL GOVERNMENT FINANCING**

- Approved funding of \$200 million GF for the Citizen's Option for Public Safety (COPS) and the Juvenile Justice Crime Prevention Act (JJCPA) grant programs. This action involved rejecting the Governor's two proposals to eliminate funding for the JJCPA and (subsequently) amend that elimination to provide funding of \$25 million.
- Restored \$18.5 million GF in for grants to rural and small county sheriffs for law enforcement activities.
- Adopted the Governor's May Revision proposal to restore \$593 million to cities and counties for Vehicle License Fee revenues not received in 2003-04 due to suspension of the VLF offset. The state owes \$1.2 billion to cities and counties due by August 15, 2006.
- Adopted the Governor's proposal to restructure the Open Meetings Act mandate by redefining allowable costs and funding at \$2 million GF. (Current year expense is approximately \$15 million.)

**9650 SUPPORT FOR HEALTH AND DENTAL BENEFITS FOR ANNUITANTS**

- Approved Finance Letter to provide \$34.5 million GF in previously anticipated Medicare Modernization Act savings, which are now not expected to accrue in 2005-06.

**9800 AUGMENTATION FOR EMPLOYEE COMPENSATION**

- Approved Finance Letter adjustments for the Administration's new cost estimates, but also added funding of \$8.9 million to cover costs that were omitted, but that will be incurred by the state.

**9840 AUGMENTATION FOR CONTINGENCIES AND EMERGENCIES**

- Adopted budget provisional language to clarify that supplemental appropriation bills will conform to the same requirements that are contained in this item.

**9955 REDUCTION FOR EMPLOYEE COMPENSATION**

- Rejected the Governor's Budget proposals, and related trailer bill language, to reduce employee compensation benefits in the areas of retirement contributions, healthcare, overtime pay, and vacation days.

**CONTROL SECTIONS****3.60 CONTRIBUTIONS TO PUBLIC EMPLOYEE RETIREMENT BENEFITS**

- Adopted revised rates for the six retirement classes, pursuant to the PERS Board policy for calculating the actuarial value of assets, spreading market value asset gains and losses over 15 years as opposed to the current three years. Relative the Governor's Budget, this change reduces GF costs by \$152.7 million in 2005-06.
- Approved Finance Letter adjustments associated with the sale of Pension Obligation Bonds, which reduce expected revenues to \$525 million GF (relative to \$929 million GF indicated at the time of the 2004 Budget Act).

**4.01 EMPLOYEE COMPENSATION SAVINGS**

- Approved language to authorize the Director of Finance to reduce Budget Act appropriations for savings related to the Alternative Retirement Plan and savings related to new collective bargaining agreements.

**5.50 CONTRACT SAVINGS**

- Reversed projected ongoing savings of \$100 million, per the May Revise, that were built into the current-year budget. Savings were unachievable largely due to double counting by departments.

**8.53 NOTICE OF FEDERAL AUDIT**

- Adopted language to require reporting to the Legislature when a final federal audit has been issued that results in a reduction in funds to the state.

**8.81 CONSULTANT SUPPORT FOR ENTERPRISE BUSINESS SYSTEM**

- Rejected the Governor's proposed Budget Bill language to provide \$1.25 million GF to the proposed Executive Council for Business Management Functions. This Council would be tasked with mapping the state's enterprise-wide business application development plan.

**14.00 SPECIAL FUND LOANS: DEPARTMENT OF CONSUMER AFFAIRS**

- Approved special fund loan authority for loans between Boards and Commissions in the Department of Consumer Affairs.

**25.50 APPORTIONMENT PAYMENT SYSTEM**

- Adopted an amended Control Section 25.50, which displays the contributions by fund for the development of the Apportionment Payment System.

**33.50 STRATEGIC SOURCING**

- Adopted the Governor's May Revision estimate of 2005-06 of savings (\$0), a reduction of \$96 million relative to the Governor's Budget. The Administration will report to the Legislature in 2005-06 as actual strategic sourcing savings are achieved.
- Adopted Budget Bill provisional language to require reporting to the Legislature on the amount of strategic savings achieved and detail on the nature of the savings.

## JUDICIARY AND GENERAL GOVERNMENT

### 0250 JUDICIAL BRANCH

- Approved combining the Judicial and the Trial Court Funding budgets into one budget for the Judicial Branch.
- Approved the proposed increase of \$92.6 million for the trial courts to address increases in costs facing the trial courts. The increase is allocated for increased retirement costs (\$39 million), pay parity due to court unification (\$3.7 million), discretionary costs including salary and benefit increases (\$37.2 million), increased court security costs (\$7.9 million), and increased county charges (\$4.9 million).
- Approved proposal for \$13.1 million and 91.5 positions for the continuation and expansion of various administrative and information technology services to support the trial courts.
- Approved proposed trailer bill language to increase the county obligations associated with the Maintenance of Effort payments by \$5.5 million to address unanticipated cost increases to the trial courts for various forensic evaluations.
- Approved proposed trailer bill language to permanently reauthorize the transfer of \$31 million from counties to the courts in revenue from undesignated fees.
- Approved trailer bill language to create a uniform civil fee. The fee provides sufficient revenue to offset the \$16.8 million that will be reduced with the sunset of the court security fee, and generates an additional \$28.2 million in new revenues. These new revenues would be allocated as follows: to the Equal Access Fund (\$3.8 million), technology projects (\$10.8 million), facilities (\$9.9 million), and as a set aside for county law library fee increases (\$3.7 million).
- Approved an increase of \$134.8 million to provide for the statutorily required adjustment for trial court funding related to the percentage change in the State Appropriations Limit (SAL). This total represents an increase of 6.64 percent – the final SAL May Revise calculation.
- Approved budget bill language requiring the Judicial Council to draft trailer bill language to expand the application of the SAL to include funding for judicial compensation, and funding for the Supreme Court, the courts of appeal, and Administrative Office of the Courts, and the Habeas Corpus Resource Center.
- Approved supplemental report language directing the Judicial Council to assess the effectiveness of the Judges' Retirement System II.

### 0280 COMMISSION ON JUDICIAL PERFORMANCE

- Approved as budgeted -- \$4.1 million GF.

**0390 CONTRIBUTIONS TO JUDGES' RETIREMENT SYSTEM**

- Approved as budgeted.

**0820 DEPARTMENT OF JUSTICE**

- Approved proposal for \$1.8 million GF and four positions to begin renovation of the Violent Crime Information Network and to provide the necessary level of program and technical support staff.
- Approved proposal for \$4.7 million in special funds and 12.5 positions to establish a Corporate Responsibility Unit, which would be self-funded through the Public Rights Division Law Enforcement Fund. The proposal includes trailer bill language clarifying that no General Fund augmentations shall be used for this purpose and budget bill language restricting new positions until there are sufficient funds in the Public Rights Division Law Enforcement Fund.
- Approved proposal for \$4 million GF and eight limited-term positions to begin replacement of five automated databases.
- Approved trailer bill language to establish the Legal Services Revolving Fund to improve the management of the Public Rights and the Civil Law Divisions.
- Approved proposal for a one-time augmentation of \$1.5 million GF for external consultants related to the Lloyd's of London (Stringfellow) litigation to continue to fund specialist counsel with expertise in insurance coverage litigation.
- Approved proposal for \$1.1 million GF and \$7.7 million special funds to handle increased litigation workload in the Criminal Law Section.
- Approved an augmentation of \$283,000 to restore funding for the Spousal Abuser Prosecution Program.
- Approved proposal for a one-time increase of \$3.2 million in federal funds for the California Methamphetamine Strategy (CALMS) Program.
- Approved proposal for a one-time increase of \$2.6 million in federal funds for the Threat, Analysis, Reporting, and Geographic Evaluation Tool (TARGET) information system.
- Approved proposal for a one-time increase of \$2 million in federal funds for the Single-Point Information Collection and Evaluation System (SPICES).
- Adopted proposed trailer bill language to establish the Registry of Charitable Trusts Funds and approved an increase of \$2.1 million and 6.6 positions from the fund to address workload for the Registry of Charitable Trusts. As part of this request, reimbursements were reduced by \$410,000 and GF was reduced by \$906,000.
- Approved proposal for \$2.3 million and 10.8 positions for the enforcement of unfair competition and consumer protection laws, as required by Proposition 64.

- Approved proposal for \$2.5 million GF for purchase of old, outdated, and unreliable equipment for the Bureau of Forensic Services' Criminalistics Laboratory system on a one-time basis.
- Approved proposal for \$9.8 million in lease revenue funds for the construction phase of the Santa Rosa Replacement Laboratory.
- Approved proposal for a total of \$11.2 million (\$7 million from a GF loan) for the workload at the DOJ associated with the passage of Proposition 69, the DNA fingerprint, Unsolved Crime and Innocence Protection Act.
- Rejected proposal to suspend the Custody of Minors/Child Abduction and Recovery mandate and approved funding of \$13.6 million GF for the mandate.

**0855 GAMBLING CONTROL COMMISSION**

- Approved \$1.6 million from the Special Distribution Fund and 17.2 positions to address workload at the Gambling Control Commission. The augmentation includes funding for additional audit workload, additional licensing workload, administrative functions and information technology, and for a staff counsel position. Approved five positions and funding for field testing on a two-year, limited-term basis, rejected the state lab funding and positions, and approved two limited-term special consultant positions to provide technical expertise to the commission.
- Rejected proposal for \$276,000 from the Special Distribution Fund to reimburse the Department of General Services for inspection and validation of construction projects.
- Approved an augmentation of \$20 million on a one-time basis from the Special Distribution Fund to mitigate the impact of gaming operations on local governments.

**8550 CALIFORNIA HORSE RACING BOARD**

- Approved as budgeted -- \$8.7 million from special funds.

**8690 SEISMIC SAFETY COMMISSION**

- Approved as budgeted -- \$1.1 million from special funds.

**8830 CALIFORNIA LAW REVISION COMMISSION**

- Approved an augmentation of \$40,000 and 0.5 of an administrative position to reduce the amount of time that attorneys spend on administrative functions.

**8840 COMMISSION ON UNIFORM STATE LAWS**

- Approved an augmentation of \$49,000 to fully fund the activities of the commission.



**8940 MILITARY DEPARTMENT**

- Approved proposal for \$250,000 from special funds to establish the California Military Family Relief Fund to provide financial aid grants to members of the California National Guard who have been called to active duty.
- Approved proposal for \$190,000 GF to implement the California National Guard Surviving Spouses and Children Relief Act.
- Approved proposal to increase funding by \$1.3 million for the Oakland Military Institute.
- Approved proposal for \$6 million GF (\$3.1 million) and federal funds (\$2.9 million) to fund preliminary plans, working drawings, and construction for the renovation and addition to the Roseville Armory.
- Approved proposal for \$1.1 million GF and federal funds to pay for the full year impact of a Congressionally-mandated State Active Duty pay increase effective January 2005.
- Approved proposal for \$858,000 federal funds and \$431,000 GF to renovate kitchens and latrines and security lighting at selected armories.
- Approved proposal for \$1.5 million from the Armory Fund and augmented by \$700,000 for necessary repair projects at various armories to reduce the backlog of maintenance and repairs that is over \$43 million. Also augmented by \$3 million GF for this purpose.
- Rejected proposal for \$7.2 million GF for acquisition of 30 acres for a new headquarters complex.

Senate Committee  
on  
Budget and Fiscal Review

SUBCOMMITTEE 5  
Public Safety, Labor, and  
Veterans Affairs

MAJOR ACTION  
REPORT

May 26, 2005

Senate Bill 52  
2005-06 Budget Bill

*Members*

Gloria Romero, Chair  
John Campbell  
Mike Machado

*Consultants*

Brian Annis  
Alex MacBain

# SUBCOMMITTEE No. 5

PUBLIC SAFETY, LABOR, and VETERANS AFFAIRS

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## PUBLIC SAFETY AND CRIMINAL JUSTICE

### **0550 YOUTH AND ADULT CORRECTIONAL AGENCY (YACA)**

- Approved a Finance Letter proposal to combine the programs of this agency into the new Department of Corrections and Rehabilitation, starting July 1, 2005. Budget Item 0550 has been deleted and the funding and programs have been included within Budget Item 5225 for the Department of Corrections and Rehabilitation. For display purposes in this report, the issues are separated by the current budget items.
- Reduced budget by \$850,000 related to a contract to develop a Request for Proposals (RFP) for CDC healthcare services.
- Approved a Finance Letter proposal for \$3.1 million General Fund to develop a plan for reforming the juvenile justice system and approved Budget Bill language restricting the use of the funds and requiring YACA to report monthly on how the funding is being spent and on the progress of the development of a plan.

### **0552 OFFICE OF THE INSPECTOR GENERAL**

- Approved Finance Letter for \$4.1 million GF and 23 positions based on new workload adjustments for the OIG budget.
- Approved Finance Letter for an additional \$3.4 million and 19 positions to provide staff and resources to support additional workload resulting from the YACA Reorganization.
- Approved Budget Bill language requiring unspent funds from the augmentations for workload and the YACA Reorganization to revert to the General Fund.

### **0690 OFFICE OF EMERGENCY SERVICES**

- Approved a proposal for a \$4 million reduction to various local assistance grant programs. Specifically, the proposal eliminates funding for the following programs: Community Crime Resistance Program (\$231,000); Career Criminal Apprehension Program (\$866,000); Serious Habitual Offender Program (\$137,000); Vertical Defense of Indigents (\$172,000); and Drug Abuse Suppression in Schools Program (\$690,000). In addition, the Rural Crime Prevention Program is reduced from \$3.3 million to \$1.4 million.
- Approved a proposal for \$1.8 million (federal funds and special funds) and 19 limited-term positions to manage current and future federal homeland security grants.
- Approved a Finance Letter proposal for \$35 million to provide funding for the estimated costs of response and recovery from recent federally declared disasters.

- Approved a Finance Letter proposal for \$5 million GF to purchase new fire engines for mutual aid response.
- Approved \$7.4 million in federal funds and 21 positions for additional support of Office of Homeland Security activities. Also approved \$139 million in federal funds for additional homeland security grants.
- Rejected Budget Bill and trailer bill language to establish the Office of Homeland Security as a separate department.

### **1870 VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD**

- Approved as budgeted.

### **5240 DEPARTMENT OF CORRECTIONS**

- Approved a Finance Letter proposal to combine the programs of this department into the new Department of Corrections and Rehabilitation, starting July 1, 2005. Budget Item 5240 has been deleted and the funding and programs have been included within Budget Item 5225 for the Department of Corrections and Rehabilitation. For display purposes in this report, the issues are separated by the current budget items.
- Approved a proposal for an increase of \$7.5 million to reimburse local entities for the prosecution of crimes committed by inmates while incarcerated in the correctional system.
- Approved a proposal for \$956,000 and 8 half-time Jewish chaplain positions for equipment, food, and feeding materials to implement and maintain a statewide Jewish Kosher Meal Program being implemented as a result of a federal court order. Total on-going costs for the program will be approximately \$2 million.
- Approved authority to establish 53.5 two-year limited-term pharmacy technician positions to be used in place of contract registry positions. These positions would be funded through redirection of existing funds.
- Approved a proposal for \$9.8 million GF and 145.7 new positions to fund post relief for increased sick leave use and training requirements for registered nurses, supervising cooks, and Medical Technical Assistants (MTAs) and a Finance Letter proposal for a decrease of \$2.9 million GF to reflect a correction in the number of supervisory cooks.
- Rejected a proposal for \$2.6 million and 32 positions to provide supervision of inmate grounds-keeping crews.
- Approved \$2 million and 20 positions to staff Employee Relations Offices uniformly across prisons.
- Approved a reduction of \$300,000 to reclassify 25 headquarters peace officer positions, and adopted Budget Bill language directing the department to report on the conversion of peace officer positions in headquarters and regional offices.

- Approved \$2.6 million GF to implement DNA testing consistent with Proposition 69, a reduction of \$948,000 from the original request.
- Approved \$34.8 million GF for a price increase, a reduction of \$7.3 million from the original request.
- Approved a Finance Letter reduction of \$1.4 million related to estimated energy savings from two energy projects.
- Approved a Finance Letter proposal for \$1.1 million GF to fund recruitment and retention pay differentials for mental health positions at 12 institutions to comply with a court order issued in the *Coleman* lawsuit.
- Approved a Finance Letter proposal for \$4.1 million GF to implement revised guidelines for additional mental health staff in Administrative Segregation Units and Security Housing Units at Corcoran State Prison to comply with a court order issued in the *Coleman* lawsuit.
- Approved a May Revise Finance Letter proposal for an additional \$86.1 million (\$85.4 million GF) to reflect revisions in the projected growth in the inmate and parole populations.
- Approved a proposal for \$35 million GF for salary savings adjustments and adopted Budget Bill language requiring the department to revert any funds not used to fill specified positions.
- Approved a proposal for \$29.1 million GF to increase the number of Basic Correctional Officer Academy cadets from 640 to 1,920 annually.
- Approved a Finance Letter proposal to restore \$51.2 million of the unallocated reduction of \$95 million proposed for inmate and parolee programs. The revised reduction of \$44.1 million was allocated by eliminating and reducing a number of intermediate sanction and parole programs. Also adopted Budget Bill language requiring the department to report on the implementation of various parole programs.
- Approved a Finance Letter proposal for \$15 million GF to expand and improve parole and inmate programs that are evidence based. Also adopted Budget Bill language requiring the department to provide the Legislature with plans for expending these funds.
- Approved a Finance Letter proposal for \$17.3 million and 88.5 positions to implement improvements in the dental program.
- Approved a Finance Letter proposal for \$5.8 million GF and 46 positions to increase staff, improve staff and inmate safety, and address critical physical plant deficiencies at the California Institution for Men, Chino.
- Rejected a proposal to fund \$4.9 million for Phase III of a Pharmacy Health Care Management System.
- Rejected a Finance Letter proposal for \$12 million GF for preliminary plans for a new mental health facility at California Institution for Men, Chino, and a Finance Letter for \$3.3 million for a study for a new mental health facility at California Men's Colony, San Luis Obispo. These

are two of three new facilities that the department is proposing to build. The three facilities would house approximately 6,000 inmates and would cost an estimated \$1.4 billion to construct.

#### **5430 BOARD OF CORRECTIONS**

- Approved a Finance Letter proposal to combine the programs of this department into the new Department of Corrections and Rehabilitation, starting July 1, 2005. Budget Item 5430 has been deleted and the funding and programs have been included within Budget Item 5225 for the Department of Corrections and Rehabilitation. For display purposes in this report, the issues are still separated by the current budget items.
- Augmented funding by \$201.4 million GF to provide funding to County Probation that was proposed to be provided by federal TANF funds.

#### **5440 BOARD OF PRISON TERMS**

- Approved a Finance Letter proposal to combine the programs of this department into the new Department of Corrections and Rehabilitation, starting July 1, 2005. Budget Item 5440 has been deleted and the funding and programs have been included within Budget Item 5225 for the Department of Corrections and Rehabilitation. For display purposes in this report, the issues are separated by the current budget items.
- Approved a proposal for an increase of \$7 million and 61 positions to meet the estimated workload associated with the *Valdivia* Remedial Plan.
- Approved a May Revise Finance Letter for \$2.1 million and 20 positions to meet the increased caseload projections for parole revocation cases.

#### **5460 DEPARTMENT OF THE YOUTH AUTHORITY (CYA)**

- Approved a Finance Letter proposal to combine the programs of this department into the new Department of Corrections and Rehabilitation, starting July 1, 2005. Budget Item 5460 has been deleted and the funding and programs have been included within Budget Item 5225 for the Department of Corrections and Rehabilitation. For display purposes in this report, the issues are separated by the current budget items.
- Approved a Finance Letter proposal for a reduction of \$3.3 million (all funds) to reflect revisions in the projected growth of ward and parole populations. This decrease is composed of an increase of \$10.1 million GF, a decrease of \$3.6 million Proposition 98, and a decrease of \$9.8 million in reimbursements
- Approved a Finance Letter proposal for an increase of \$25 million GF and a decrease of \$25 million in reimbursements to reflect the permanent change of budgeting the amounts received from the counties as revenues instead of reimbursements.
- Approved a Finance Letter proposal for an increase of \$6.6 million GF and 66 positions to augment the funding provided for relief of posted positions. This increase is primarily

attributable to an increase in the relief needed to fund the accrual amounts for vacation and sick leave for posted positions.

- Approved a Finance Letter proposal for an increase of \$1.4 million GF to backfill the loss of federal funds previously used to fund substance abuse treatment programs.
- Approved \$23.9 million GF (\$14.8 million Proposition 98) to fund four remedial plans related to the *Farrell* settlement. The funding includes: \$17.1 million GF (\$14.8 million Proposition 98) and 208 positions for the Education Remedial Plan; \$1.2 million and 14 positions for the Interim Mental Health Remedial Plan; \$2.5 million and 19 positions for the Sex Offender Treatment Remedial Plan; and \$3.1 million and 12 positions for the Disability Remedial Plan. Also approved supplemental report language directing the department to report on implementation of the remedial plans.
- Approved a Finance Letter proposal for an increase of \$1.1 million GF to update the Ward Information Network information technology system.
- Rejected a Finance Letter proposal for an increase of \$1.5 million GF for a training needs assessment.

#### **5480 COMMISSION ON CORRECTIONAL PEACE OFFICERS STANDARDS AND TRAINING**

- Approved a Finance Letter proposal to combine the programs of this department into the new Department of Corrections and Rehabilitation, starting July 1, 2005. Budget Item 5480 has been deleted and the funding and programs have been included within Budget Item 5225 for the Department of Corrections and Rehabilitation. For display purposes in this report, the issues are separated by the current budget items.
- Approved as budgeted.

#### **8120 COMMISSION ON PEACE OFFICERS STANDARDS AND TRAINING**

- Approved as budgeted.

#### **8140 STATE PUBLIC DEFENDER**

- Approved as budgeted.

#### **8180 PAYMENTS TO COUNTIES FOR THE COSTS OF HOMICIDE TRIALS**

- Approved Budget Bill language to strengthen the reporting requirements for counties that receive homicide trial reimbursements.



**CONTROL SECTION 24.10**

- Approved Budget Bill language that would transfer up to \$14 million from the Driver Training Penalty Assessment Fund to the Peace Officer Training Fund and would transfer up to \$4.1 million from the Driver Training Penalty Assessment Fund to the Victim Witness Assistance Fund. Any remaining unallocated funds would be transferred to the General Fund.

# LABOR

## **0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY**

- Reduced the Agency's budget by \$12,000 (reimbursements) to tie the communications budget to the level of actual expenditures in 2003-04. The Agency's communications expenditures received increased scrutiny after \$1,815 was expended on a "video news release" in 2004-05.

## **7100 EMPLOYMENT DEVELOPMENT DEPARTMENT**

- Approved Finance Letter adjustments to state operations and benefit payments, to reflect the May 2005 forecast of claims for the Unemployment Insurance Program, the Disability Insurance Program, and the School Employees Fund Program.
- Approved Finance Letter to reduce the department's budget by \$8.7 million (special fund) and 112 positions to reflect a workload decrease in the foreign-labor certification area because that workload has been shifted to the federal government.
- Approved Governor's Budget proposal to augment the department's budget by \$9.1 million (special fund – one time) and 147 temporary personnel-years to liquidate the benefit audit backlog.
- Approved Finance Letter to augment the department's Budget by \$10 million (\$5 million GF one-time, \$5 million special fund ongoing) for specified nursing-education incentive programs that the Administration estimates will generate an additional 1,360 nurses each year.
- Approved compromise Legislative Analyst recommendation adding provisional language to increase legislative oversight for unspent Workforce Investment Act (WIA) funds or for unanticipated new federal WIA funds.
- Reduced the department's budget by \$402,000 and four positions to reflect the transfer of the department's video production facility to the Department of General Services.
- Approved Governor's Budget proposal to augment the department's budget by \$2.5 million (special fund) and 25 positions (three-year limited-term) to conduct increased enforcement activities against employers who violate labor laws. The Administration indicates it will coordinate this enforcement effort with similar efforts to be undertaken by the Department of Industrial Relations and the Contractors' State License Board.

**7350 DEPARTMENT OF INDUSTRIAL RELATIONS**

- Approved Finance Letter to reestablish up to 274.3 positions, previously added to implement workers' compensation legislation, which have been vacant more than six months and are subject to elimination by Government Code 12439. The department indicates these positions were kept vacant due to delays in implementing specific components of recent workers' compensation reforms and delays in the hiring process.
- Approved Governor's Budget proposal to augment the department's budget by \$3.0 million (special fund) and 29 positions (three-year limited-term) to conduct increased enforcement activities against employers who violate labor laws. The Administration indicates it will coordinate this enforcement effort with similar efforts to be undertaken by the Employment Development Department and the Contractors' State License Board.
- Augmented the department's budget by \$3.0 million (GF) and 32 positions to increase enforcement in the area of minimum wage and overtime law compliance in construction, agriculture, garment manufacturing, janitorial and restaurant employment. Added provisional language specifying the expenditure of this augmentation.

## VETERANS AFFAIRS

### **8955-8966 DEPARTMENT OF VETERANS AFFAIRS AND VETERANS HOMES OF CALIFORNIA**

- Rejected the Governor's Budget proposal to consolidate the headquarters and the three homes into a single budget unit.
- Approved Finance Letter for a \$97,000 GF reduction at the headquarters to generate GF savings. The Finance Letter rescinded the Governor's January Budget request for a \$973,000 unallocated GF reduction, some of which would have been taken at the homes.
- Approved Governor's Budget proposal to augment funding by \$100,000 (GF, one-time) to hire a consulting firm with expertise in hospital cost accounting systems.
- Approved Governor's Budget proposal to augment funding by \$446,000 (\$327,000 GF) and 1.0 position for maintenance at the new Northern California Veterans' Cemetery near Redding.