



Part II

2011-12

Budget Conference Committee on SB 69

**Assembly Member Bob Blumenfield, Chair
Senator Mark Leno, Vice Chair**

**Members: Assembly Member Felipe Fuentes, Assembly Member Diane Harkey, Assembly Member Jim Nielsen, Assembly Member Nancy Skinner
Senator Bob Huff, Senator Alan Lowenthal, Senator Gloria Negrete McLeod, and Senator Bill Emmerson**

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Issue	Description	Difference (dollars in thousands)	Conference Action
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4260-101-0001 Medi-Cal Program, Department of Health Care Services

211	Modify Governor’s Physician Services “Hard Cap” to be a “Soft Cap” at 7 visits.	-\$44,866 TBL	
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Both Houses rejected Governor’s proposal to institute “hard cap” of 10 office visits per year for certain Medi-Cal enrollees for reduction of \$392.9 million (\$196.5 million GF). Due to fiscal crisis, an alternative of a “soft cap” at 7 visits is proposed for a reduction of \$89.7 million (\$44.9 million GF).

This “soft cap” would apply to Adults. Children (21 years and under), pregnant women, and residents in Long-Term Care facilities are exempt. “Soft cap” would apply to both Medi-Cal Fee-for-Service and Managed Care plans. It affects outpatient primary care and specialty care provided under the direction of a Physician in the following settings:

- Hospital Outpatient Department;
- Outpatient Clinic;
- Federally qualified Health Centers (FQHCs);
- Rural Health Centers; and
- Physician Offices.

All visits above 7 would be subject to Physician “self-certification” that they are medically required. The savings level assumes that 15 percent of the visits above 7 would *not* be certified. An October 1, 2011 implementation date is assumed.

Issue	Description	Difference (dollars in thousands)	Conference Action
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4260-101-0001 Medi-Cal Program, Department of Health Care Services

New	Technical Adjustment to 10% Provider Rate Reduction Regarding Long-Term Care Adjustment.	-\$39,100	
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Both Houses adopted the Governor’s 10 percent reduction in Medi-Cal Provider Payments, including Long-Term Care services.

The Administration has identified a technical adjustment related to the Governor’s 10 percent Medi-Cal Provider Payment reduction. This technical adjustment would provide an additional \$39.1 million (GF) in savings pertaining to Distinct-Part Nursing Facilities, Rural Swing Beds, Distinct Part Subacute and Pediatric Subacutes.

Without this technical adjustment, these specific facilities would be receiving an average reimbursement increase of 4.31 percent for 2010-11 and 4.76 percent for 2011-12, while other Medi-Cal providers would be experiencing a 10 percent reduction.

The intent of the Administration was to also reduce these facilities.

4260**Department of Health Care Services**

Issue	Description	Difference (dollars in thousands)	Conference Action
4260-101-0001	Medi-Cal Program, Department of Health Care Services		
New	Maximize Federal Funds Through Use of Emergency Medical Services Fund.	-\$55,000	
	Existing law authorizes collection of assessments on certain traffic and criminal violations, and revenue from traffic school fees. These funds are deposited in the Emergency Medical Services Fund (known as the “Maddy Fund”). These funds are used to compensate physicians and hospitals that provide emergency medical services to the uninsured and cannot pay for their medical care. This fund does <i>not</i> presently obtain a federal match.	\$55,000 Special Fund	
	To maximize federal funds, and offset \$55 million in General Fund support in Medi-Cal, the State could direct the use of the Emergency Medical Services Fund for expenditure in the Medi-Cal Program, where the State would obtain a federal match of \$55 million (federal funds).		
	Under the State’s recently approved 1115 Medicaid Waiver, uncompensated care provided by physicians and hospitals will be less since Counties are able to obtain a federal match for their low-income, uninsured adult programs.		
	Therefore, federal funds are being maximized to a full extent.		

4265**Department of Public Health**

Issue	Description	Difference (dollars in thousands)	Conference Action
4265-001-0236	State Support, Department of Public Health (DPH)		
New	Conforming Action: Delete State Support and Shift Special Fund to Backfill for GF Support in Medi-Cal.	-\$1,202 Prop 99	
	Both houses deleted 5 positions and \$965,000 (GF) from the County Health Services Branch within the DPH since the programs administered by this Branch no longer exist.	Unallocated	
	Additional information has revealed that 7.3 positions and \$1.2 million (Proposition 99 Funds, Unallocated Account) are remaining in the County Health Services Branch which could be deleted as a conforming action. These positions are no longer necessary for the purpose in which they were established. Further, other federal fund positions are being established within the DPH for which existing employees may apply for transition.	Shift to DHCS as GF reduction	
	The available \$1.2 million (Proposition 99 Funds, Unallocated Account) can then be appropriated in the Medi-Cal Program, administered by DHCS, and serve as General Fund backfill for a savings of \$1.2 million (GF).		

4300**Department of Developmental Services**

Issue	Description	Difference (dollars in thousands)	Conference Action
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4300-Various Department of Developmental Services

New	Additional System-Wide Adjustment to Developmental Services.	-\$50,000 Across items	
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Both Houses adopted a system-wide reduction of \$527.2 million (GF) to Developmental Services through a series of reductions and adjustments to community-based services as well as the State Developmental Centers.

The Governor proposed a system-wide reduction of \$750 million (GF).

Due to the fiscal crisis, an additional reduction of \$50 million (GF) from the Conference Budget Bill (SB 69) is proposed as follows:

- Delete \$2.7 million (GF) for capital outlay project at Sonoma Developmental Center for medical gases;
- Reduce by \$15 million (GF) from State Developmental Centers by further adjusting for population decreases, program consolidations, and related factors;
- Reduce by \$8 million (GF) the Prevention Program; and
- Reduce by \$24 million (GF) by increasing the Purchase of Services adjustment (for a total of \$174 million GF).

Issue	Description	Difference (dollars in thousands)	Conference Action
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1920-011-0001 California State Teachers' Retirement System (CalSTRS)

2011-12 State Contribution.

Governor proposed an estimated 2011-12 state contribution to CalSTRS of \$1.35 billion GF. Included in that total is \$141.9 million for Education Code Section 22955(b) payment obligations.

Senate
\$1,350,000
GF

Senate approved as budgeted.

Assembly
\$1,350,000
GF

Assembly approved as budgeted.

Difference
\$0

On March 1, 2011, the LAO reported that CalSTRS informed the LAO that CalSTRS' interprets the timing requirements of Education Code Section 22955(b) in a manner that reduces the state's 2011-12 payment obligation to CalSTRS by \$35.5 million, as compared to the amount included in the Governor's budget.

The Governor's budget assumes a July 1, 2011, start date for the state's Section 22955(b) payment obligation, followed by three additional quarterly payments in 2011-12. CalSTRS' interpretation of Section 22955(b) is that the payments are not required to start until October 1, 2011.

1100 California Science Center

Issue	Description	Difference (dollars in thousands)	Conference Action
1100-001-0001	California Science Center		
000	Office of Exposition Park Management		Senate TBL
	Governor had no proposed trailer bill language.		
	Senate adopted trailer bill language to eliminate the Office of Exposition Park Management.		Assembly TBL
	Assembly adopted trailer bill language to eliminate the Office of Exposition Park Management.		Difference

Issue	Description	Difference <small>(dollars in thousands)</small>	Conference Action
Non-Budget Act Item	K-12 Inter-Year Payment Deferral - Language		
TBL	<p>Governor proposed placeholder trailer bill language to implement a \$2.1 billion inter-year deferral of K-12 revenue limit payments to local educational agencies for 2011-12. The Governor’s placeholder language defers revenue limit payments from July 2011 to July 2012.</p> <p>Senate approved the \$2.1 billion inter-year payment deferral, and signaled intent to modify trailer bill language to narrow the timeframe for the K-12 inter-year payment deferral from 2011-12, while also addressing the state’s cash needs.</p> <p>Assembly approved \$2.1 billion inter-year payment deferral, and signaled intent to modify trailer bill language to mitigate the length of the deferrals.</p>	<p><u>Language</u></p> <p>Senate Modified TBL</p> <p>Assembly Modified TBL</p> <p>Difference Language</p>	<p>Comments: Both houses intended to move this issue to Conference Committee to provide more time to work with the Administration to modify the Governor’s placeholder trailer bill language for the K-12 inter-year payment deferral for 2011-12.</p>

6110 Department of Education

Issue	Description	Difference (dollars in thousands)	Conference Action
6110-234-0001	K-3 Class Size Reduction (CSR) Appropriation – Language		
380/ 382	<p>The Governor’s Budget appropriates \$1.275 billion for the K-3 CSR program in 2011-12. The Governor proposes to schedule \$704.6 million for K-3 CSR in the budget bill in 2011-12. (The Governor’s Budget schedules the remaining \$570 million in the budget trailer bill as payment deferrals for CSR for 2011-12.)</p>	<p><u>Language</u> Senate -- Assembly TBL</p>	<p>Comments: The statutory appropriation for the 2010-11 K-3 CSR program increased by \$85.2 million above estimated levels.</p>
	<p>In 2010-11, the K-3 CSR program was converted to a statutory appropriation for one year. Per the adopted statute, the 2010-11 funding level for the program is determined by the Superintendent of Public Instruction (SPI).</p>	<p>Difference TBL</p>	
	<p>The Senate approved the Governor’s budget proposal.</p>		
	<p>The Assembly approved a statutory appropriation for the K-3 CSR program in 2011-12 instead of the \$704.6 million budget bill appropriation and \$570 million deferral payment proposed by the Governor. Per the statutory appropriation, the SPI would certify the amount of funding needed for the program in 2011-12.</p>		

Issue	Description	Difference (dollars in thousands)	Conference Action
Non- Budget Act Item	Current Year CALPADS Veto -- Federal Funds		
383	<p>The Governor proposes to continue the veto of \$6.5 million in federal funds from the 2010-11 budget bill for support of two statewide education data systems -- the California Longitudinal Pupil Achievement Data System (CALPADS) and the California Teacher Integrated Data Education System (CALTIDES).</p> <p>The Governor continues to set-aside vetoed federal funds and proposes that any future funding decisions are pending a review of the CALPADS and CALTIDES via an interagency working group.</p> <p>The Senate authorizes \$2.946 million in federal funds (set aside from the veto) for CDE state operations to continue implementation and development of CALPADS in 2010-11.</p> <p>The Assembly approved the Governor’s Budget proposal.</p> <p>[Both houses acted to delay funding decisions for 2011-12 until after May Revise to reflect conclusions of an interagency working group requested by the Governor.]</p>	<p><u>2010-11 Veto Restoration</u></p> <p>Senate \$2,946 TBL</p>	<p>Comments: The 2010-11 veto included nearly \$3.0 million to the California Department of Education (CDE) for support and development of CALPADS and \$3.5 million for CALTIDES.</p>
	<p>The Governor continues to set-aside vetoed federal funds and proposes that any future funding decisions are pending a review of the CALPADS and CALTIDES via an interagency working group.</p>	<p>Assembly \$0 Difference \$2,946 TBL</p>	<p>Both houses acted to send the 2010-11 funding issue to Conference Committee to continue negotiations on partial restoration of federal funds in the current year to keep the CALPADS and CALTIDES projects on track. Per CDE, CALTIDES funds are no longer needed in 2010-11.</p>

6120 California State Library

Issue	Description	Difference (dollars in thousands)	Conference Action
6120-101-0001	California State Library		
003	<p>Eliminate State Support for Local Libraries</p> <p>Governor proposed a \$30.4 million General Fund reduction to the local libraries funding, which would eliminate funding for:</p> <ol style="list-style-type: none"> Public Library Foundation (\$12.9 million General Fund) – Core operational assistance to local libraries. Used to maintain staffing and hours of operation. California Library Services Act (\$12.9 million General Fund) – Funds resource sharing and reimburses public libraries for loans to people living outside their jurisdiction. English Acquisition and Literacy Program (\$4.5 million General Fund) – Provides community-centered literacy assistance to English-speaking adults who did not gain literacy in traditional settings. 	<p>Senate -\$30,390</p> <p>Assembly -\$3,000</p> <p>Difference -\$27,390</p>	<p>There are 181 local library districts in California. 49 local library districts receive more than five percent of their funding from the State.</p> <p>The Literacy Program served over 89,000 people in 2009-10 (42,497 adults and 46,983 children).</p> <p>The federal grant for the State Library is based on the last three years of State General Fund support for the libraries. The federal grant is used for state operations. Currently, the federal grant is \$19.7 million. If the \$30.4 million cut is approved and not restored in future years, by 2014-15 the federal grant will drop to zero.</p>
	<p>Senate approved as budgeted.</p>		
	<p>Assembly approved an unallocated reduction of \$1.5 million to Public Library Foundation, \$1.5 million to Library Services Act, and funding restoration to the English Acquisition and Literacy Program.</p>		

6440 University of California

Issue	Description	Difference <small>(dollars in thousands)</small>	Conference Action
6440-001-0001	University of California		
001	Budget Reduction Language		
	Governor proposed an unallocated reduction of \$500 million to the University of California system.		Senate BBL
	Senate approved the Governor’s unallocated reduction with budget bill language expressing Legislative intent to minimize enrollment impacts and requiring the UC to report on March 1, 2012 on how the budget reduction was implemented.		Assembly TBL
	Assembly approved the Governor’s unallocated reduction with placeholder trailer bill language with reporting language on what reductions the UC intends to take and how the reductions were actually implemented.		Difference Language
	Also approved trailer bill language specifying an enrollment target of 209,977 full time equivalent students for 2011-12.		

Issue	Description	Difference (dollars in thousands)	Conference Action
004	Employee Compensation Language	Senate	
	Governor had no proposal.	No action	
	Senate did not take action.	Assembly BBL	
	Assembly approved budget bill language redirecting \$3 million to fund the scheduled increase in employee retirement contributions and the increased personnel cost for specified employees.	Difference BBL	

6600	Hastings College of the Law		Conference Action
Issue	Description	Difference (dollars in thousands)	

6600-001-0001 Hastings College of the Law

005	Redesignate State Support for Student Financial Aid	Senate
		\$6,935
	Governor proposed \$6.9 million General Fund for Hastings College of the Law.	Schedule Change
	Senate approved the Governor’s proposed funding level and shifted all General Fund to a new schedule “Student Financial Aid”.	Assembly \$6,935
	Assembly approved as budgeted.	Difference \$0 Schedule Change

6610 California State University

Issue	Description	Difference <small>(dollars in thousands)</small>	Conference Action
6610-001-0001	California State University		
002 006	<p>Budget Reduction Language</p> <p>Governor proposed an unallocated reduction of \$500 million to the California State University (CSU).</p> <p>Senate approved the Governor’s unallocated reduction with budget bill language expressing Legislative intent to minimize enrollment impacts and requiring the CSU to report on March 1, 2012 on how the budget reduction was implemented.</p> <p>Assembly approved the Governor’s unallocated reduction with placeholder trailer bill language with reporting language on what reductions the CSU intends to take and how the reductions were actually implemented.</p> <p>Also approved trailer bill language specifying an enrollment target of 331,716 full time equivalent students for 2011-12.</p>	Senate BBL Assembly TBL Difference Language	

6610 California State University

Issue	Description	Difference (dollars in thousands)	Conference Action
006	Implementation of Budget Reduction	Senate \$0	
	Governor had no proposal.		
	Senate scored these funds for savings in 2011-12.	Assembly \$75,000	
	Assembly approved trailer bill language to shift \$75 million of CSU 2010-11 General Fund funds to 2011-12, thus alleviating the CSU 2011-12 budget reduction.	Difference \$75,000	

6870	California Community Colleges	Difference (dollars in thousands)	Conference Action
Issue	Description		

6870-101-0001 California Community Colleges

202	Decouple Fee Revenue from Financial Aid Support	Senate	\$0
	Governor proposed trailer bill language to decouple fee revenue from financial aid support.	Assembly	\$2,900
	Senate approved as budgeted.		
	Assembly rejected the Governor's request and augmented the financial aid program by \$2.9 million by taking the funds from base apportionment.	Difference	-\$2,900

6870-101-0001 California Community Colleges

Issue	Description	Difference (dollars in thousands)	Conference Action
209	Federal Family Education Rights and Privacy Act (FERPA)	Senate Not Heard	SB 1298 (Simitian) was enacted to establish a K-20 longitudinal system. It was recently discovered
	Governor had no proposal.	Assembly TBL	that the Community Colleges are currently prohibited from sharing data with the Department of
	Senate did not hear the issue.	Difference TBL	Education. If this technical change is not approved in the trailer bill process, the changes will have to be made through the legislative process and placed in effect until January 1, 2012.
	Assembly approved trailer bill language that would allow community colleges to share student information with other schools, researchers, and auditors consistent with the federal Family Education Rights and Privacy Act (FERPA).		

6870 California Community Colleges

Issue	Description	Difference (dollars in thousands)	Conference Action
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6870-301-6049 California Community Colleges

600	Capital Outlay	Senate \$0	
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Governor proposed General Obligation bond funding for three capital outlay projects:

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|--|------------------------|
| <ol style="list-style-type: none"> 1. Santa Clarita Community College District, College of the Canyons, Administration and Student Services Building, Construction and Equipment: \$6.855 million | Assembly
\$48,168 |
| <ol style="list-style-type: none"> 2. San Francisco Community College District, City College of San Francisco Performing Arts Complex, Construction and Equipment: \$38.247 million | Difference
\$48,168 |
| <ol style="list-style-type: none"> 3. Coast Community College District, Orange Coast College, Music Building Modernization, Construction: \$3.489 million | |

Senate rejected the capital outlay proposals without prejudice.

Assembly approved as budgeted.

7980**California Student Aid Commission**

Issue	Description	Difference (dollars in thousands)	Conference Action
7980-101-0001	California Student Aid Commission		
001	CalGrant Awards for Private Career College Students	Senate -\$40,000	In 2009-10, the California Student Aid Commission (CSAC) offered 20,278 students CalGrant awards to attend a private for-profit college.
	Governor had no proposal.	Assembly \$0	
	Senate approved trailer bill language to limit the amount of the CalGrant award at a private for-profit college to the equivalent public institution CalGrant level (\$1,551 annually for certificates and two-year degrees and \$4,884 for four-year degrees).	Difference \$40,000	In 2009-10, CSAC funded \$94 million in CalGrant awards for students attending private for-profit colleges. During that same year, CSAC funded \$78.2 million in CalGrant awards for students attending California community colleges.
	Assembly did not hear the issue.		

Issue	Description	Difference (dollars in thousands)	Conference Action
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4260-101-0001 Medi-Cal Program, Department of Health Care Services (DHCS)

New	Newly Identified Additional Drug Rebate Collection.	-\$64,000
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<p>The DHCS has <i>newly</i> identified savings of \$64 million (GF) (ongoing) in Medi-Cal which can be obtained from additional drug rebate collections for drugs dispensed through Medi-Cal Managed Care Plans. Federal law changes now allow for this drug rebate collection.</p>	<p>And +\$949 State Support</p>
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In addition, DHCS has identified a method for identifying and invoicing for these additional collects in 2011-12. An increase of \$2 million (\$949,000 General Fund) for 15.3 positions is requested in order to obtain these additional savings.

The DHCS also notes these drug rebate collections from drugs dispensed from the Medi-Cal Managed Care Plan will increase in the out-years.

Trailer bill language is required for enactment.

Issue	Description	Difference (dollars in thousands)	Conference Action
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4260-101-0001 Medi-Cal Program, Department of Health Care Services

211	Modify Governor’s Physician Services “Hard Cap” to be a “Soft Cap” at 7 visits.	-\$44,866 TBL	
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Both Houses rejected Governor’s proposal to institute “hard cap” of 10 office visits per year for certain Medi-Cal enrollees for reduction of \$392.9 million (\$196.5 million GF). Due to fiscal crisis, an alternative of a “soft cap” at 7 visits is proposed for a reduction of \$89.7 million (\$44.9 million GF).

This “soft cap” would apply to Adults. Children (21 years and under), pregnant women, and residents in Long-Term Care facilities are exempt. “Soft cap” would apply to both Medi-Cal Fee-for-Service and Managed Care plans. It affects outpatient primary care and specialty care provided under the direction of a Physician in the following settings:

- Hospital Outpatient Department;
- Outpatient Clinic;
- Federally qualified Health Centers (FQHCs);
- Rural Health Centers; and
- Physician Offices.

All visits above 7 would be subject to Physician “self-certification” that they are medically required. The savings level assumes that 15 percent of the visits above 7 would *not* be certified. An October 1, 2011 implementation date is assumed.

Issue	Description	Difference (dollars in thousands)	Conference Action
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4260-101-0001 Medi-Cal Program, Department of Health Care Services

New	Technical Adjustment to 10% Provider Rate Reduction Regarding Long-Term Care Adjustment.	-\$39,100	
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Both Houses adopted the Governor’s 10 percent reduction in Medi-Cal Provider Payments, including Long-Term Care services.

The Administration has identified a technical adjustment related to the Governor’s 10 percent Medi-Cal Provider Payment reduction. This technical adjustment would provide an additional \$39.1 million (GF) in savings pertaining to Distinct-Part Nursing Facilities, Rural Swing Beds, Distinct Part Subacute and Pediatric Subacutes.

Without this technical adjustment, these specific facilities would be receiving an average reimbursement increase of 4.31 percent for 2010-11 and 4.76 percent for 2011-12, while other Medi-Cal providers would be experiencing a 10 percent reduction.

The intent of the Administration was to also reduce these facilities.

4265**Department of Public Health**

Issue	Description	Difference (dollars in thousands)	Conference Action
4265-001-0001	State Support, Department of Public Health (DPH)		
007	California Health Interview Survey (CHIS).	Senate -\$572	
	CHIS is the most comprehensive source of health information on Californians. The survey provides information for the entire state and most counties on a variety of health topics for California's diverse population, focusing on access to health care, health insurance coverage, health behaviors, mental health treatment, cancer screening, and other health issues.	Assembly \$672	
		Difference \$572	
	Governor. Provided \$672,000 General Fund for CHIS within the Department of Public Health. These funds are matched with federal funds within the Department of Health Care Services (DHCS) for a total expenditure of \$1.3 million (total funds).		
	Senate. Reduced by \$572,000 General Fund due to fiscal crisis and the need to provide direct health care services to people. Other alternative funding could be made available, including non-profit foundation support, or other State Special Funds which could be used for this purpose. The federal fund appropriation within the DHCS remains available as a match.		
	Assembly. Approved as budgeted.		

Issue	Description	Difference (dollars in thousands)	Conference Action
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4265-001-0236 State Support, Department of Public Health (DPH)

New	Conforming Action: Delete State Support and Shift Special Fund to Backfill for GF Support in Medi-Cal.	-\$1,202 Prop 99	Unallocated
	Both houses deleted 5 positions and \$965,000 (GF) from the County Health Services Branch within the DPH since the programs administered by this Branch no longer exist.		Shift to DHCS as GF reduction
	Additional information has revealed that 7.3 positions and \$1.2 million (Proposition 99 Funds, Unallocated Account) are remaining in the County Health Services Branch which could be deleted as a conforming action. These positions are no longer necessary for the purpose in which they were established. Further, other federal fund positions are being established within the DPH for which existing employees may apply for transition.		
	The available \$1.2 million (Proposition 99 Funds, Unallocated Account) can then be appropriated in the Medi-Cal Program, administered by DHCS, and serve as General Fund backfill for a savings of \$1.2 million (GF).		

4300

Department of Developmental Services

Issue	Description	Difference (dollars in thousands)	Conference Action
4300-101-0001	Community-Based Services, Department of Developmental Services		
TBL	Proposed Statewide Purchase of Service Standards.	Senate	
	Governor. Proposes broad trailer bill for development of Statewide Purchase of Services (POS) Standards. It provides sweeping authority to DDS to discern what core aspects of the Statewide Standards should be and provides for limited interaction with the public and deliberative processes of the Legislature. The budget assumed a reduction of about \$423 million (GF) from this action, coupled with other unspecified actions to achieve reduction level.	\$150,000	TBL
	Senate. Proposes trailer bill language for DDS to develop best practices as specified and to provide the fiscal and policy committees of Legislature, by no later than May 15 th , with estimated cost savings and draft statutory language necessary to implement the changes. Language requires DDS to involve stakeholders. Senate assumes reduction of \$150 million (GF) from development of POS best practices.	Assembly	
	Assembly. Proposes trailer bill language for DDS to develop standards that obtain a reduction of \$150 million and to provide the Legislature, by no later than May 15 th , with draft statutory changes. Language requires stakeholder workgroups. Assembly also assumes reduction of \$150 million (GF) from development of Statewide POS Standards.	\$150,000	TBL
		Difference	
		\$0	
		TBL	

4300**Department of Developmental Services**

Issue	Description	Difference (dollars in thousands)	Conference Action
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4300-Various Department of Developmental Services

New	Additional System-Wide Adjustment to Developmental Services.	-\$50,000 Across items	
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Both Houses adopted a system-wide reduction of \$527.2 million (GF) to Developmental Services through a series of reductions and adjustments to community-based services as well as the State Developmental Centers.

The Governor proposed a system-wide reduction of \$750 million (GF).

Due to the fiscal crisis, an additional reduction of \$50 million (GF) from the Conference Budget Bill (SB 69) is proposed as follows:

- Delete \$2.7 million (GF) for capital outlay project at Sonoma Developmental Center for medical gases;
- Reduce by \$15 million (GF) from State Developmental Centers by further adjusting for population decreases, program consolidations, and related factors;
- Reduce by \$8 million (GF) the Prevention Program; and
- Reduce by \$24 million (GF) by increasing the Purchase of Services adjustment (for a total of \$174 million GF).

Issue	Description	Difference (dollars in thousands)	Conference Action
4440-001-3085 Department of Mental Health (DMH) and Conforming Actions			
TBL & DOF Letter	<p>State Administrative Support: Mental Health Services Act (Proposition 63, of 2004).</p> <p>Mental Health Services Act (MHSA) allows up to 5 percent of total annual revenues for State administrative expenditures to support the DMH, the Oversight and Accountability Commission (OAC) and other State entities.</p>	<p>Senate 3.5% cap (need to allocate)</p> <p>Assembly 3.5% cap (need to allocate)</p>	<p>Both Houses agreed to cap State administration at 3.5 percent, but deferred reductions pending receipt of Administration’s Finance Letter.</p>
	<p>Governor. January budget allocated 5 percent for State support, which based on updated revenue, was \$11 million (MHSA Funds) <i>over</i> budget. A late Finance Letter proposes to provide a total appropriation of <i>only</i> \$19.1 million (MHSA Funds), or a reduction of \$30.5 million, by proposing to:</p> <ol style="list-style-type: none"> 1. Reduce State support by \$30.5 million (MHSA Funds) and 143 positions; 2. Modify the role of the DMH; and 3. Modify the role of the OAC. 	<p>Difference Finance Letter</p>	
	<p>Trailer bill language is proposed but has <i>not</i> been provided.</p>		
	<p>Senate. Adopted trailer bill language to reduce the 5 percent cap to 3.5 percent, and held harmless the OAC from reduction, <i>but did not yet allocate reduction</i> across the State departments. A 3.5 percent cap provides for a total appropriation of \$26.7 million (MHSA Funds).</p>		
	<p>Assembly. Conformed to Senate action.</p>		

4440**Department of Mental Health**

Issue	Description	Difference (dollars in thousands)	Conference Action
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4440-011-0001 Long-Term Care, Department of Mental Health

101	Expansion of Psychiatric Program at CA Medical Facility—Vacaville.	Senate -\$1,800
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Governor. Increases by \$7.5 million (GF) to support 80 new positions to increase capacity of the Vacaville Psychiatric Program administered by the Department of Mental Health (DMH).	Assembly \$0 Difference \$1,800
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DMH is increasing capacity at Vacaville in order to accelerate the activation schedule for 64 beds in the Intermediate Treatment Program as requested by the Coleman Court. DMH contends the positions are needed to meet the September 2011 schedule.

Senate. Adopted LAO recommendation to reduce by \$1.8 million to account for a phase-in of the 80 positions based on Vacaville activation schedule provided by DMH. The reduction reflects a 25 percent reduction.

Assembly. Approved as budgeted.

Issue	Description	Difference (dollars in thousands)	Conference Action
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5180-151-0001 Department of Social Services

301 **Transitional Housing Program-Plus (THP-Plus)** Senate
\$14,000

Governor proposes a reduction of \$19 million GF, or over 50 percent of the program’s funding, to THP-Plus. Assembly
\$0

Senate approved \$5 million of the proposed reduction and budget bill language regarding the intent to maintain program availability and infrastructure in the budget year. Difference
\$14,000

Assembly approved the Governor’s proposal.

THP-Plus provides up to two years of transitional housing and support services to former foster youth ages 18 to 24. At one point last year, there were 1,400 young adults and 168 of their children in THP-Plus in 52 counties. The proposed reduction would eliminate 650 beds. Beginning January 1, 2012 and phased in annually through 2014, youth from 18 up to 21 years old who opt to remain in foster care under AB 12 (Chapter 559, Statutes of 2010) will have the option of living in “THP-Plus foster care,” among other placement types, with newly available federal financial participation.

0860	Board of Equalization	Difference (dollars in thousands)	Conference Action
Issue	Description		

0860-001-0001 Board of Equalization

006 **Headquarters Building Rent Increase**

Senate
\$0

Governor proposed an increase in funding to account for a rental increase anticipated as a result of the sale of bonds to refinance the building. Current rent is based on interest only payments. The bonds have not yet been sold and the interest cost is unknown.

Assembly
-\$2,134

Difference
\$2,134

Senate took no action.

Assembly denied without prejudice.

Issue	Description	Difference (dollars in thousands)	Conference Action
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1920-011-0001 California State Teachers' Retirement System (CalSTRS)

2011-12 State Contribution.

Governor proposed an estimated 2011-12 state contribution to CalSTRS of \$1.35 billion GF. Included in that total is \$141.9 million for Education Code Section 22955(b) payment obligations.

Senate
\$1,350,000
GF

Senate approved as budgeted.

Assembly
\$1,350,000
GF

Assembly approved as budgeted.

Difference
\$0

On March 1, 2011, the LAO reported that CalSTRS informed the LAO that CalSTRS' interprets the timing requirements of Education Code Section 22955(b) in a manner that reduces the state's 2011-12 payment obligation to CalSTRS by \$35.5 million, as compared to the amount included in the Governor's budget.

The Governor's budget assumes a July 1, 2011, start date for the state's Section 22955(b) payment obligation, followed by three additional quarterly payments in 2011-12. CalSTRS' interpretation of Section 22955(b) is that the payments are not required to start until October 1, 2011.

1100	California Science Center	Difference (dollars in thousands)	Conference Action
Issue	Description		

1100-001-0001 California Science Center

000	Office of Exposition Park Management	Senate
	Governor had no proposed trailer bill language.	TBL
	Senate adopted trailer bill language to eliminate the Office of Exposition Park Management.	Assembly TBL
	Assembly adopted trailer bill language to eliminate the Office of Exposition Park Management.	Difference

Issue	Description	Difference (dollars in thousands)	Conference Action
2150-001-0298	Department of Financial Institutions		
001	Banking Examination and Consumer Services	Senate \$302	
	Governor proposed to establish four existing banking Examiner positions as permanent, and to add three new customer service positions.	Assembly \$352	
	The Governor's proposal includes \$50,000 from special funds for the ongoing support of the consumer database that is used to maintain complaint records for the administering of the Consumer Services Program.	Difference \$50	
	Senate approved making the banking Examiner positions permanent, and approved the customer service positions as two-year limited-term. Senate rejected \$50,000 in contract funds.		
	Assembly approved making the banking Examiner positions permanent, and approved the customer service positions as two-year limited-term.		

8885	Commission on State Mandates	Difference (dollars in thousands)	Conference Action
Issue	Description		

8885-295-0001 Commission on State Mandates

200	Brown Act – Open-Meeting Mandate	Senate -\$53,300	
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Governor proposes suspension of the Brown Act mandate for 2011-12. The Administration estimates this action would result in General Fund savings of \$63.3 million, which is the amount due in 2011-12 for prior-year claims. This mandate requires local governments to post agendas three-days prior to public hearings and to disclose actions taken in closed sessions. Under the constitution, either the prior-year claims must be fully paid or the mandate suspended.

Assembly \$0
Difference \$53,300

Senate rejected suspension of the mandate and adopted a placeholder funding level of \$10 million (or a reduction of \$53.3 million) to place the issue before the budget conference committee.

Assembly rejected suspension of the mandate and funded the full 2011-12 reimbursement obligation of \$63.3 million.

Issue	Description	Difference (dollars in thousands)	Conference Action
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8955-001-0001 California Department of Veterans Affairs

301	Delay Opening of Redding and Fresno Veterans Homes Until 2012-13	Senate \$24,800 GF
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Governor proposed a net GF increase of \$39.8 million for the Veterans Homes of California (VHCs), including: (1) an augmentation of \$32.1 million for full-year and one-time adjustments to phase-in staffing and residents at the existing and new VHCs in Greater Los Angeles Ventura County, Redding, and Fresno; (2) \$4.7 million for furlough and personal leave program reductions which are only reflected in the 2010-11 fiscal year; and (3) \$9.3 million for increased lease-revenue bond payments for VHC-Greater Los Angeles Ventura County. The expenditures are offset by an increase of \$3.8 million in GF revenue.

Assembly \$39,800 GF

Difference \$15,000 GF

Senate approved, contingent on federal approval, to delay the opening of the Redding and Fresno VHCs until the 2012-13 fiscal year, saving an estimated \$15 million GF in 2011-12.

Assembly approved the Governor's budget proposal.

CS 3.91 Reductions in State Operations

Issue	Description	Difference (dollars in thousands)	Conference Action
Control Section 3.91 Reductions in State Operations			
501	Additional Contract Savings	Senate \$275,000	
	Governor proposed \$200 million GF savings (\$363 million all funds) achieved through departmental consolidations, operational efficiencies, and other cost reduction measures, such as reducing contracts.	Assembly \$300,000 TBL	
	Senate approved the Governor’s proposal plus an additional \$75 million GF savings to be achieved through information technology and other operational efficiencies.	Difference \$25,000 TBL	
	Assembly approved the Governor’s proposal plus an additional \$100 million GF savings (and placeholder trailer bill language) through review of contracting-out of state services.		

0250 (Judicial Branch)

Issue	Description	Difference (dollars in thousands)	Conference Action
0250-101-0932 Judicial Branch			
101	Budget Bill Language for Unallocated Reduction.	Senate	
102	Governor proposed a \$200 million unallocated reduction to trial court funding.	\$0	
103			
104		Assembly	
105	Senate allocated proportionate share of cut to state operations and adopted BBL that directs the following offsets: (1) \$147 million transfer from two construction funds with allocation determined by the Judicial Council, (2) \$20 million reduction in Facilities Modification spending, (3) \$2 million from Court Interpreter Program carryover savings. Also, adopted BBL specifying use of up to \$95 million of trial court fund balances and \$10 million from planned Court Case Management System (CCMS) expenditures.	\$0	
		Difference \$0	
	Assembly allocated proportionate share of cut to state operations and adopted BBL that directs the following offsets: (1) \$110 million transferred from the Immediate and Critical Needs Account, (2) \$30 million transferred from the State Courts Facilities Construction Fund, (3) \$20 million reduction in Facilities Modification spending (to effectuate 1 and 2), and (4) \$39 million transferred from the Judicial Administration Efficiency and Modernization Fund.		

0250 (Judicial Branch)

Issue	Description	Difference (dollars in thousands)	Conference Action
0250-101-0932	Judicial Branch		
101	Court Case Management System.	Senate \$0	
	Governor did not have a proposal.		
	Senate adopted budget bill language requiring the Administrative Office of the Courts, utilizing existing funds, to retain an independent consultant to perform an assessment of the California Court Case Management System (CCMS) before acceptance of the product from the vendor and before deploying CCMS to any courts.	Assembly \$0 Difference \$0	
	Assembly adopted the same language as trailer bill language.		

0250 (Judicial Branch)

Issue	Description	Difference (dollars in thousands)	Conference Action
0250-101-0932 Judicial Branch			
103	Public Contract Code Trailer Bill Language.	Senate \$0	
TBL	Governor did not have a proposal.	Assembly \$0	
	Senate did not hear this issue.		
	Assembly adopted trailer bill language that subjects the courts, including the Judicial Council and the Administrative Office of the Courts, to the provisions of the Public Contract Code.	Difference \$0	

5225**Corrections and Rehabilitation**

Issue	Description	Difference (dollars in thousands)	Conference Action
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5225-001-0001 California Department of Corrections and Rehabilitation
5225-002-0001

131 **Northern California Reentry Facility.** Senate
\$0

Governor proposed to place the Northern California Reentry Facility (NCRF) on warm shutdown, meaning the facility would not be opened as planned in December 2012. The Governor proposed warm shutdown because of the state’s fiscal condition. Under this proposal, the department would reclassify or redirect five positions to maintain the facilities infrastructure systems.

Assembly
-\$1,053

Difference
\$1,053

Senate denied without prejudice.

Assembly reduced funding for NCRF by \$1.1 million based on new information provided by the administration finding that it could achieve savings from reducing staffing levels that had been budgeted for pre-activation work.

5225**Corrections and Rehabilitation**

Issue	Description	Difference (dollars in thousands)	Conference Action
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5225-001-0001 (California Department of Corrections and Rehabilitation)
5225-002-0001

140 **Structural Shortfall.** Senate
 \$245,182

Governor proposed \$395.2 million in CDCR to address underfunded areas of the department’s budget that drive deficiencies. These areas of structural shortfall are (1) custody salaries funded at mid-step, (2) medical guarding and transportation, (3) unfunded swing space, (4) custody staff overtime, and (5) legal settlements and outside counsel. Assembly
 \$145,182

Difference
 \$100,000

Senate reduced request by \$150 million. Also modified budget bill language to require that regular reports on the prison allotments and expenditures required to be provided to the Department of Finance also be provided to the Legislature.

Assembly reduced request by \$250 million.

5225**Corrections and Rehabilitation**

Issue	Description	Difference (dollars in thousands)	Conference Action
5225-001-0001 5225-002-0001 5225-101-0001	(California Department of Corrections and Rehabilitation)		
176	Technical Adjustment.	Senate \$0	
	Governor proposed series of technical adjustments to CDCR’s budget that shift existing funding amounts among the department’s budget programs and schedules. This request does not reflect any changes to CDCR’s operations.	Assembly \$0	
	Senate denied without prejudice.	Difference \$0	
	Assembly approved as budgeted.		

5225**Corrections and Rehabilitation**

Issue	Description	Difference (dollars in thousands)	Conference Action
5225-301-0660 (California Department of Corrections and Rehabilitation)			
802	San Quentin State Prison: Condemned Inmate Complex.	Senate \$0	
	Governor did not have a proposal.	Assembly \$0	
	Senate approved budget bill language to restrict expenditures for the construction of the new facility to house inmates on death row until specified conditions are met. Specifically, those conditions are that (1) the department determines that it can legally double-cell inmates on death row, and (2) the prison overcrowding issue in front of the Supreme Court is resolved.	Difference \$0	
	Assembly did not hear this issue.		