



MAJOR ACTION REPORT

Of the 2006-07 Budget Bill

Senate Bill 1129

Senate Committee on Budget and Fiscal Review

May 26, 2006

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, 2006

Senate Bill 1129
2006-07 Budget Bill

Members

Jack Scott, Chair
Bob Margett
Joe Simitian

Consultants

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SUBCOMMITTEE No. 1

EDUCATION

**Org
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K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated an additional \$5.1 billion in Proposition 98 funding for K-12 education and community colleges above the 2005-06 budget. This brings total Proposition 98 funding to \$54.3 billion in 2006-07. This represents an increase of \$757 million above the Governor's January Budget to reflect higher than anticipated state revenues.
- Appropriated \$2.9 billion in one-time Proposition 98 funds in 2006-07 for K-12 education and community colleges, reflecting a \$2.1 billion increase in 2005-06 Proposition 98 funding resulting from significant new revenues, funds freed up from lower current year attendance, and other one-time funds. These funds will be programmed in the 2006-07 budget. Of these funds, \$2.5 billion is provided for K-12 education for the following major programs:
 - \$1.2 billion for one-time discretionary grants to school districts for school expenditures that may include deferred maintenance, music and arts, physical education, libraries, and classroom supplies.
 - \$959 million for prior year education mandate claims;
 - \$172 million for instructional materials (one-time funding balancer) for all students and an additional \$30 million for supplemental materials for English learners;
 - \$137 million for the Emergency Repair Program in schools in the lowest three deciles of the Academic Performance Index;
- Decreased funding for K-12 enrollment growth from 2005-06 levels by \$53.6 million in 2006-07. The Governor's May Revision estimates negative attendance growth of -0.26 percent. The May Revision reduces revenue limits by -0.26 percent and provides zero growth for most categorical programs. The Governor's January Budget estimated small, positive enrollment growth of 0.21 percent.
- Approved \$2.6 billion in cost-of-living adjustments (COLAs) for K-12 education programs, which provides a 5.92 percent COLA increase. The COLA rate grew to 5.92 percent at May Revision from the 5.18 percent proposed in the Governor's January Budget.
- Approved \$308.6 million to eliminate outstanding revenue limit deficit obligations for school districts and county offices of education. These obligations originated with revenue limit reductions in the 2003-04 budget.
- Approved \$300 million for equalization of school district revenue limits in 2006-07. Revenue limits provide general purpose funding for schools.

- Approved \$300 million to expand the Economic Impact Aid program that provides additional funding to school districts to assist economically disadvantaged students and students who are English learners.
- Appropriated an increase of approximately \$57 million as a set-aside for augmenting special education programs and services in 2006-07.
- Restores funding for annual mandate payments for K-12 education in 2006-07. The budget provides a total of \$163.6 million -- \$133.6 million in ongoing funds and \$30.0 million in Proposition 98 Reversion Account funds.
- Approved \$150 million in Music and Arts Block Grants for students in grades K-12. Funding may be used for a variety of purposes including hiring additional staff; purchasing new materials, books, supplies and equipment; and providing staff development.
- Approved \$100 million for School Enrichment Block Grants to K-12 schools to support teacher and administrator recruitment and retention.
- Approved \$75 million for additional school counselors to support middle and high school students.
- 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.
- Provided \$70.5 million to support supplemental, intensive instruction for 11th and 12th graders in 2006-07 who have not yet passed the California High School Exit Exam.
- Increased state funding for school meals by \$38.7 million - approximately seven cents per meal -- in order to improve the quality of school breakfasts and lunches.
- Provided \$15 million for a limited-term, less intensive version of the California School Information Services (CSIS) program. This new program – referred to as CSIS-light – will assist districts that have not yet participated in CSIS with establishing the hardware, software and management processes necessary for a smooth transition to a statewide, longitudinal student data system. An additional \$15 million is also appropriated to provide ongoing incentive grants for the development of data needed for the longitudinal student data system.
- Sets-aside \$18 million for teaching reforms intended to increase the number of highly qualified teachers in public schools.
- Authorized \$15.6 million in expenditures for the K-12 High Speed Network in 2006-07 including \$4.0 million in Proposition 98 funding and \$11.6 million in revenues and existing reserves. Budget bill language was added to implement recommendations from a recent report by the Bureau of State Audits of the K-12 network. Budget control language establishes standards and reporting requirements relating to the audit for K-12 education and public higher education segments.

- Provided \$10 million to assist school districts in the development of plans for meeting their unfunded health benefits obligations.
- Continued to defer payments of approximately \$1.3 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 school programs and services.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

Approved an augmentation of \$14 million for libraries. Of this amount, \$7 million is to compensate libraries for the costs they incur when making interlibrary loans and direct library loans to individuals who do not reside in their service area. The remaining \$7 million is for the Public Library Foundation, which supports basic library operations such as maintaining hours of operation, purchasing library materials, and operating services such as homework assistance and bookmobiles. With this action, the total appropriation level for the Public Library Foundation increases to \$21.4 million.

6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)

Approved operational funding for CPEC, as proposed by the Governor.

6440 UNIVERSITY OF CALIFORNIA

- Approved the Governor's higher education budget augmentation proposals, including:
 - \$41.6 million to grow student enrollments by 2.5 percent (using the existing marginal cost of instruction formula). With these funds, UC will enroll an additional 5,149 full-time equivalent students;
 - \$80.5 million to provide a 3 percent cost-of-living-adjustment (COLA);
 - Approved \$75 million to avert or "buy out" the proposed 8 percent fee increase for undergraduate students and 10 percent fee increase for graduate students;
 - Approved the continuation of \$750,000 for the Governor's Math and Science Teaching initiative, in order to enhance efforts to recruit math and science majors into the teaching profession.
- Restored \$17.3 million 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.
- Restored \$6 million in funding for research related to labor and employment; augmented by \$4 million, the amount of funding available for substance abuse research, and provided \$1 million for research related to obesity and diabetes.
- Provided \$963,000 for increased enrollments in master's degree programs in nursing and approved \$1 million in one-time funds to expand nursing programs, as proposed by the Governor.

- Adopted extensive reporting language related to UC compensation policies and practices.
- Shifted funding for one capital outlay project from lease-revenue bonds to the pending General Obligation bond; approved all other Capital Outlay projects as proposed by the Administration.

6610 CALIFORNIA STATE UNIVERSITY

- Approved the Governor's higher education budget augmentation proposals, including:
 - \$44.3 million to grow student enrollments by 2.5 percent (using the existing marginal cost of instruction formula). These funds will be used to support an additional 8,306 full-time equivalent students;
 - \$75.8 million to provide a 3 percent cost-of-living-adjustment (COLA);
 - Approved \$54.4 million to avert or "buy out" the proposed 8 percent fee increase for undergraduate students and 10 percent fee increase for graduate students;
 - Approved \$1.1 million to continue the Governor's Math and Science Teaching initiative, which enhances efforts to recruit math and science majors into the teaching profession.
- Restored \$7 million GF to backfill reductions to student academic preparation and retention programs, as proposed in the Governor's Budget.
- Provided an additional \$230,000 in support for the Center for California Studies and Capitol Fellow programs.
- Provided \$4 million (\$2 million on a one-time basis) to expand nursing program enrollments. Of this amount, \$1.7 million is to support students in accelerated entry-level master's degree programs and \$371,000 is to support 20 additional baccalaureate degree students in nursing.
- Approved all Capital Outlay projects as proposed by the Administration.

6870 CALIFORNIA COMMUNITY COLLEGES

- Approved \$102.6 million to support 2 percent enrollment growth.
- Rebenchmarked the funding level of enrollments at the community colleges to account for a lower-than-budgeted level of enrollment growth in the current year.
- Provided funding in excess of \$315 million to support a 5.92 percent cost-of-living-adjustment.
- Approved the Governor's Career-Technical Education proposal which provides \$50 million in ongoing funds to better align K-12 and community colleges career and vocational curriculum.
- Provided \$159.4 million for Equalization; funding is sufficient to equalize the funding levels for districts up to the 90th percentile.
- Augmented by \$30 million the amount of funding available for selected "gateway" noncredit courses.

- Increased ongoing funding for maintenance and instructional materials by \$26.8 million.
- Restored \$24 million in prior-year reductions to the matriculation program. Matriculation services include placement, academic counseling, and retention services.
- Approved \$4 million in ongoing mandate costs, as proposed by the Governor in the May Revision.
- Augmented the amount of funding available for the Economic Development program by \$15 million. Of this amount, \$8 million is available to provide training to workers in high growth, high demand employment sectors.
- Approved \$10 million to provide remedial instruction, through non credit education programs, for students failing to pass the California High School Exit Exam (CAHSEE).
- Restored \$9 million for services to CalWORKs students. Of this amount, \$8 million is to provide state support for workstudy program wages and \$1 million is to provide staff assistance to this unique student population.
- Provided \$1.5 million for a new nursing faculty recruitment and retention program, to be established pursuant to legislation.
- Augmented by \$8 million funding available to provide retention and attrition reduction services to nursing students.
- Approved a \$1 million augmentation to the Cal-PASS student data sharing system.
- Approved \$100 million in one-time prior-year Proposition 98 "settle up" dollars to provide a general purpose block grant to colleges.
- Provided \$93.9 million in one-time funds for deferred maintenance, hazardous materials abatement, and instructional equipment.
- Provided \$40 million in one-time funds for equipment and facility improvements related to career-technical education.
- Augmented by \$9 million in one-time funds the amount of state funding available for part-time faculty office hours and health insurance.
- Set-aside \$19.7 million in one-time funds to implement a new funding formula for community colleges.
- Set-aside \$30 million to address fiscal solvency issues at the Compton Community College District.
- Held student fees constant at \$26 per unit.
- Continued to defer \$200 million worth of general apportionment expenditures from June 2007 to July of 2007.

7980 CALIFORNIA STUDENT AID COMMISSION

- Approved Governor's proposal to increase the Cal Grant award amount for students attending private colleges and universities from the current annual level of \$8,322 to \$9,708.
- Approved base budget decreases of approximately \$14 million to account for caseload and population changes expected for the Cal Grant entitlement program in both the current year and the upcoming fiscal year.
- Approved the Governor's proposal to fund 100 new National Guard Assumption Program of Loans for Education (APLE) loan assumption warrants.
- Approved the Governor's proposal to set aside 600 APLE loan assumption warrants for the exclusive use of UC and CSU to support students participating in their Math and Science Teacher Initiative. Increased the total number of APLE loan assumption warrants available to 8,600 to account for the use of 600 warrants for this purpose.
- Approved the ongoing issuance of 100 new loan assumption warrants for the State Nursing (SN)-APLE program to encourage students to obtain degrees in nursing and then return to the classroom as nursing faculty. The Administration indicated it believed the program was one-time in nature.
- Approved 40 new loan assumption warrants tied to the development, pursuant to legislation, of a new loan assumption program to encourage individuals to become nurses and practice in state-run facilities.
- Approved 100 new loan assumption warrants for the Public Interest Attorney Loan Repayment Program. This program has already been statutorily established, but failed to receive funding or authority to become operational.

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 2
Resources, Environmental Protection, and
Energy

MAJOR ACTION
REPORT

May 26, 2006

Senate Bill 1129
2006-07 Budget Bill

Members

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Robert Dutton
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SUBCOMMITTEE No. 2

RESOURCES, ENVIRONMENTAL PROTECTION, AND ENERGY

**Org
Code**

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NATURAL RESOURCES

0540 SECRETARY FOR RESOURCES

- Approved \$30.9 million from resources bond funds for grants to acquire and develop River Parkway projects.
- Approved \$11.7 million from resources bond funds for grants to acquire property in the Sierra Nevada Cascade region of the state.
- Transferred \$10.9 million (\$6 million GF) and 21 positions from the Bay-Delta Authority to the Secretary for Resources to support a core leadership staff for the CALFED program and the Science Program. The Secretary for Resources will continue to support the public forums and stakeholder processes currently supported by the Bay-Delta Authority and will provide leadership on the development of a Delta Action Plan.
- Approved trailer bill language to direct the Secretary for Resources to develop a long-term Delta vision and action plan to create a sustainable Delta. This plan should include the definition of a sustainable Delta, measurable goals and objectives, the necessary institutional structures to implement the plan, a strategic financing plan, a contingency plan and adaptive management strategies.
- Approved supplemental report language to require the Secretary for Resources, by October 1, 2006, to report on the actions it will take, other than study, in the next fiscal year to stabilize the ecosystem in the Delta and to address the Pelagic Organism Decline.

3110 SPECIAL RESOURCES PROGRAMS

- Approved \$572,000 from special funds to fund the replacement of a permit tracking system for the Tahoe Regional Planning Agency.

3125 CALIFORNIA TAHOE CONSERVANCY

- Approved \$20.7 million mainly from resources bond funds for projects to implement the Environmental Improvement Program to restore and protect the environment in the Lake Tahoe Basin.
- Approved \$180,000 GF to initiate regular maintenance on urban parcels treated to reduce forest fire fuels.

3340 CALIFORNIA CONSERVATION CORPS

- Approved \$8.2 million GF to maintain core funding for the California Conservation Corps programs.
- Approved \$1.5 million from resources bond funds for resource conservation projects undertaken by the California Conservation Corps and \$616,000 from resources bond funds for projects undertaken by local conservation corps statewide.
- Approved \$26.2 million in lease revenue bonds to increase funding for the Tahoe Base Center Relocation project to reflect a revised cost estimate based on property availability.

3460 COLORADO RIVER BOARD

- Approved as budgeted.

3480 DEPARTMENT OF CONSERVATION

- Approved \$896,000 from special funds to increase the department's enforcement of the Williamson Act.
- Approved \$8.9 million from resources bond funds for grants to conserve agricultural lands.
- Approved \$904,000 from special funds to establish eight new positions to combat fraud in the Beverage Container Recycling Program and \$5.2 million to implement a new information technology project to improve the department's ability to provide timely remittances and identify fraud.
- Approved \$521,000 from special funds to improve regulation of oil and gas extraction activities in California.
- Approved \$1.5 million from special funds to establish a new Acute Orphan Well Account that will be used to plug abandoned wells that pose an immediate danger to human health and safety.
- Approved \$561,000 from special funds to accelerate efforts to inventory abandoned mines on state-owned properties.
- Approved \$324,000 from special funds and resources bond funds to support the CALFED Program.

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

- Approved \$37 million GF to fund increased employee compensation costs associated with funding year-round fire protection statewide. Deleted \$2.9 million GF to adjust for a technical over-budgeting of employee compensation costs. Rejected Governor's proposal to augment budget by \$8.4 million GF to cover increased costs associated with a new employee compensation contract with Bargaining Unit 8 (firefighters).

- Approved trailer bill language to ensure that staffing resources supporting year-round fire protection are used to support state responsibilities (fire protection and prevention in state wildlands).
- Approved \$7 million GF to fund increased workers' compensation and unemployment insurance costs.
- Reduced by one-half the Governor's proposal to increase training and hiring of new firefighters to address increased retirements at the department, thereby approving \$2.5 million GF to fund this request.
- Approved trailer bill language to direct that revenues from timber sales on state forestland be deposited in the General Fund except for those revenues needed to manage the state demonstration forests, which are deposited in the Forest Resources Improvement Fund.
- Approved \$7 million from the Forest Resources Improvement Fund to support management of the state demonstration forests. Approved \$7 million GF to support other forestry programs, including the state nursery and seed bank program, assistance to landowners to reduce wildland fuels, pest management, and urban forestry.
- Increased by \$3 million from resources bond funds monies available for urban forestry grants in the budget year.
- Approved \$162 million (\$138 million from lease revenue bonds and \$24.2 million GF) for capital outlay projects to upgrade forest fire stations throughout the state. Also authorized the department to double its capital outlay staff over the next two years to allow the department to manage additional capital outlay projects internally.
- Approved \$159,000 from resources bond funds to support the CALFED program.

3560 STATE LANDS COMMISSION

- Approved \$2.2 million from special funds for remediation of mines and assessment of other potential hazards on state school lands.
- Approved trailer bill language to clarify that funds deposited in the School Land Bank Fund may be used to maintain and remediate hazards on state school lands.
- Approved trailer bill language to allocate tidelands oil revenues, starting in 2007-08 with a sunset of June 30, 2009, to the following priorities: \$10 million to salmon and steelhead restoration, \$5 million for coastal wetlands restoration, \$10 million for the Marine Life Management Act, \$10 million for non-game fish and wildlife, \$10 million for deferred maintenance at state parks, and \$5 million for inland wetlands and riparian habitat restoration.

3600 DEPARTMENT OF FISH AND GAME

- Approved \$6 million GF (\$2 million one-time) to implement the Marine Life Protection Act and Marine Life Management Act.

- Augmented by \$5 million GF the department's Marine Division to implement recent legislation regulating bottom trawling and the aquaculture industry.
- Approved \$1.1 million GF for early detection of avian influenza.
- Approved \$8.8 million GF (one-time) emergency levee repair and other work to repair storm damage on state-owned lands.
- Augmented by \$1.9 million GF (\$900,000 one-time) the department's land management activities and invasive species treatment. Approved supplemental report language to require an interim update of the Five-Year Infrastructure Plan that contains a complete survey of capital outlay and deferred maintenance needs for department facilities and lands, including invasive species maintenance.
- Approved \$12.1 million GF (\$9.1 million one-time) to augment resource assessment and conservation planning capabilities at the department.
- Approved \$14 million GF (\$10 million one-time) for salmon and steelhead restoration, including restoration on the Klamath River.
- Approved \$17.5 million GF to fund increased compensation for wardens. Approved trailer bill language to require wardens to be paid commensurate with other public safety employees.
- Approved \$17.1 million from special funds to support implementation of recent legislation (AB 7, Cogdill) to increase production at trout hatcheries and to augment the Wild Trout program. Implementation of this program requires \$9 million GF to ensure other programs, mainly enforcement, are not adversely impacted.
- Approved \$34.7 million GF (\$19.8 million one-time) to balance each of the various sub-accounts within the Fish and Game Preservation Fund. The Fish and Game Preservation Fund is made up of numerous sub-accounts funded by specific fees and licenses. Previously the department had borrowed from some sub-accounts to cover activities that it was not adequately funded to support.
- Approved trailer bill language to require annual reporting of the fund condition statements for each of the sub-accounts within the Fish and Game Preservation Fund.
- Approved \$750,000 from resources bond funds to support restoration activities on the San Joaquin River. Approved budget bill language to require that these funds be expended consistent with a settlement of litigation in the *Natural Resources Defense Counsel v. Rodgers* case.
- Transferred \$5 million GF (one-time) to create a new endowment account for maintenance of coastal wetlands. Approved trailer bill language to create the Coastal Wetlands Account and allocate 60 percent of the interest to the Department of Fish and Game (DFG) and 40 percent of the interest to the State Coastal Conservancy for management of coastal wetland areas.
- Approved \$3 million (\$2.2 million one-time) from various special funds and resources bond funds for management of state lands and capital outlay projects to enhance land management

objectives, including \$75,000 from the Off-Highway Vehicle (OHV) Fund for a project to restrict unauthorized OHV use on department lands.

- Approved \$36.7 million (\$878,000 GF) for DFG to implement various elements of the CALFED program. Transferred an additional \$3.2 million (\$1.1 million GF) and 38 positions from the Bay-Delta Authority to the Department of Fish and Game to provide general administrative support for the CALFED program and to continue the transfer of the Ecosystem Restoration Program from the Bay-Delta Authority to the Department of Fish and Game.

3640 WILDLIFE CONSERVATION BOARD

- Approved \$21 million from special funds and resources bond funds for purposes of restoring and enhancing wildlife habitat as required by the Habitat Conservation Fund.
- Approved \$5 million GF (one-time) for restoration and enhancements consistent with the Riparian Habitat Conservation Program and Inland Wetlands Conservation Program.
- Approved \$5 million from resources bond funds for grants to implement the Oak Woodlands Conservation Act.
- Approved \$15.2 million from resources bond funds for acquisition or restoration of habitat to promote the recovery of threatened or endangered species and to implement Natural Community Conservation Plans.

3680 DEPARTMENT OF BOATING AND WATERWAYS

- Approved \$1.9 million from federal funds to augment boating education, grants to law enforcement for boating equipment, and grants for boating trail access projects for non-motorized vessels.
- Rejected Governor's proposal to shift \$15 million from the gas tax paid by voters from the Department of Parks and Recreation to fund additional loans and grants to build and rehabilitate marinas and boat launching facilities.
- Approved \$24.4 million from special funds in loans and grants to build and rehabilitate marinas and boat launching facilities.
- Approved \$6 million from special funds for minor capital outlay projects to build or rehabilitate state-owned boat launching facilities.

3720 CALIFORNIA COASTAL COMMISSION

- Approved \$850,000 GF to address the backlog of work related to tracking, accepting and opening offers to dedicate and permitting coastal development. Offers to dedicate are mitigation tools used by the commission when permitting development within the coastal zone.
- Approved \$350,000 GF to increase the commission's review of energy-related projects, including the extension of marine oil terminal leases and liquefied natural gas proposals.

- Approved \$100,000 GF to web-cast the commission's hearings.
- Approved trailer bill language to transfer \$1 million in permit fees to the Coastal Conservancy for coastal access projects and exempt revisions to the commission's permit fee schedule from review by the Office of Administrative Law.

3760 STATE COASTAL CONSERVANCY

- Approved \$23.5 million from resources bond funds for capital projects that protect and improve coastal and San Francisco Bay watersheds.
- Approved \$8 million GF to be expended by the Ocean Protection Council pursuant to a plan jointly developed by the council and the Department of Fish and Game to implement the Marine Life Protection Act and Marine Life Management Act. Rejected the Governor's proposal to allocate \$2.6 million to the State Coastal Conservancy to fund positions at the Department of Fish and Game to implement the Marine Life Protection Act.
- Augmented by \$500,000 reimbursement contracts with the Department of Fish and Game to study the removal of fish passage impediments on the Klamath River and its tributaries.
- Augmented by \$500,000 from special funds in funding for coastal access projects to reflect an increase in permit fees transferred from the Coastal Commission.

3780 NATIVE AMERICAN HERITAGE COMMISSION

- Augmented by \$200,000 GF the commission's budget to implement recent legislation establishing a process for repatriating Native American human remains and cultural items possessed by a state or local agency or museum that receives state funds.

3790 DEPARTMENT OF PARKS AND RECREATION

- Augmented by \$250 million GF (one-time) support for deferred maintenance on State Park facilities.
- Augmented by \$10 million GF support for new and existing park facilities.
- Augmented by \$500,000 GF support for new lifeguards and upgrades to lifeguard facilities.
- Approved \$175,000 GF to support a state Main Street Program.
- Rejected the Governor's proposal to transfer \$15 million from the gas tax paid by voters from the Department of Parks and Recreation to fund loans and grants to build and rehabilitate marinas and boat launching facilities.
- Deleted \$18 million in Off-Highway Vehicle (OHV) grants.
- Approved trailer bill language to extend the OHV program and OHV commission for one year.

- Approved \$27.4 million in bond funds, special funds, and federal funds for grants to fund various local park projects.
- Approved \$11.2 million GF for modification of existing state park facilities to make them more accessible to visitors with disabilities.
- Approved \$5 million GF to start remediation efforts to address water quality issues at Empire Mine State Historic Park.
- Approved \$1.4 million GF to staff water and wastewater facilities to ensure compliance with state law.
- Approved \$25.7 million from special funds and resources bond funds for capital outlay projects to improve existing parks and acquisitions.

3810 SANTA MONICA MOUNTAINS CONSERVANCY

- Approved as budgeted.

3820 SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

- Augmented by \$1 million GF the commission's budget to improve timeliness of permit processing, enforcement, and planning capabilities.
- Approved budget bill language to require the commission to increase its permit fees so that they cover roughly 50 percent of the cost of the commission's permit program.
- Approved \$88,000 GF to support the CALFED program.

3825 SAN GABRIEL AND LOWER LOS ANGELES RIVERS AND MOUNTAINS CONSERVANCY

- Approved as budgeted.

3830 SAN JOAQUIN CONSERVANCY

- Approved as budgeted.

3835 BALDWIN HILLS CONSERVANCY

- Approved as budgeted.

3840 DELTA PROTECTION COMMISSION

- Approved as budgeted.

3845 SAN DIEGO RIVER CONSERVANCY

- Approved as budgeted.

3850 COACHELLA VALLEY MOUNTAINS CONSERVANCY

- Approved as budgeted.

3855 SIERRA NEVADA CONSERVANCY

- Approved as budgeted.

3860 DEPARTMENT OF WATER RESOURCES

- Approved \$63 million GF to cover settlements related to the *Paterno* lawsuit.
- Approved \$35 million GF to increase the Department of Water Resource's (DWR) 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 \$101.3 million GF for local flood control subventions and support of the local flood control subvention program.
- Approved \$41 million (\$31.4 million GF) to fund capital outlay flood management projects in the Central Valley.
- Approved 28 new positions to support recent legislation (AB 142, Nunez) that allocated \$500 million GF for emergency levee erosion repairs of 29 critical sites in the Central Valley.
- Deleted funding to support the State Reclamation Board.
- Approved \$84 million GF for the lining of the All-American Canal and other local projects that help the state live within its Colorado River allocation.
- Approved \$1 million from resources bond funds to support restoration activities on the San Joaquin River, as well as budget bill language to require that the funds be consistent with pending settlement of litigation.
- Approved \$202 million for DWR to implement various elements of the CALFED program. Transferred an additional \$1.9 million from the Bay-Delta Authority to support six positions and contracts to implement CALFED programs that were being implemented by the Bay-Delta Authority.
- Approved budget bill language to allow expenditure of funds for the South Delta Improvement Program only after the Secretary for Resources prepares a report on the actions it will take, other than study, in the next fiscal year to stabilize the ecosystem in the Delta and to address the Pelagic Organism Decline.

- Approved trailer bill language to require additional environmental review before pumping can be increased to 8,500 cubic feet/second per implementation of the South Delta Improvement Program.
- Approved budget bill language to allow expenditure of funds for the Los Vaqueros Reservoir only after regional partners in the Los Vaqueros Reservoir execute an agreement to work together and fund continued investigation of this project.
- Approved \$1.4 million from special funds to fully fund the Watermaster program.
- Rejected Governor's proposal to transfer \$11.5 million from the California Water Fund to the State Water Project for energy purchases made on behalf of the investor-owned utilities during the 2000 energy crisis.

3870 CALIFORNIA BAY-DELTA AUTHORITY

- Transferred all positions and funding for the Bay-Delta Authority to the Department of Fish and Game, Resources Agency, the Department of Water Resources, and the Department of Health Services. The Resources Agency will continue to support the public forums and stakeholder processes currently supported by the Bay-Delta Authority.

ENVIRONMENTAL PROTECTION

0555 SECRETARY FOR ENVIRONMENTAL PROTECTION

- Rejected Governor's proposal to allocate \$900,000 (\$135,000 GF) to fund studies and contracts to support the Climate Change Initiative.
- Rejected Governor's proposal to allocate \$500,000 from special funds to study options for establishing a mandatory reporting system for greenhouse gas emissions.
- Approved trailer bill language to fund activities to reduce greenhouse gas emissions. The trailer bill language will tie all funding directly to recommendations and emission reduction strategies in the Climate Action Team Report and create measurable outcomes for all funded activities.

3900 AIR RESOURCES BOARD

- Deleted \$6.5 million special funds for implementation of the Hydrogen Highway.
- Augmented by \$10 million from special funds subventions to local air districts.
- Approved \$25 million from special funds (one-time) to replace pre-1977 school buses. Approved budget bill language to redirect these funds to clean construction equipment for public agencies if the Transportation bond is passed by the voters in November 2006. The bond provides \$200 million for retrofit and replacement of school buses.
- Approved \$25 million from special funds (one-time) for air quality incentive programs to reduce emissions from locomotives, construction equipment, and dairies.
- Approved \$1.9 million from special funds to implement greenhouse gas emission reduction strategies identified by the Climate Action Team. Reduced the Governor's budget proposal by \$3.3 million from special funds.
- Approved \$4 million from special funds to increase enforcement of air quality laws.
- Approved \$1.7 million from special funds to demonstrate new technologies and develop mitigation measures to address pollution created by goods movement activities.
- Approved \$2 million from special funds (one-time) to expand grants awarded by the Innovative Clean Air Technology Grant program.
- Approved \$1 million from special funds (one-time) for contracts and to purchase additional equipment to accurately measure particulate matter emissions from heavy-duty diesel vehicles.

3910 INTEGRATED WASTE MANAGEMENT BOARD

- Rejected Governor's proposal to allocate \$466,000 from special funds to support the Climate Change Initiative.
- Augmented by \$1.2 million from special funds for enforcement and auditing of the Electronic Waste Recycling program.
- Augmented by \$5.2 million from special funds grants for using Rubberized Asphalt Concrete and enforcement of the Waste Tire Recycling Program.
- Approved trailer bill language to keep the tire fee at its existing level to maintain current level of funding for the Waste Tire Recycling Program. Current law reduces the fee by \$.25 from \$1.75 to \$1.50 effective January 1, 2007.

3930 DEPARTMENT OF PESTICIDE REGULATION

- Augmented by \$500,000 from special funds for risk assessment activities at the department.

3940 STATE WATER RESOURCES CONTROL BOARD

- Augmented by \$8.5 million from special funds (\$4 million one-time) for support of the Surface Water Ambient Monitoring Program.
- Augmented by \$3.6 million from special funds (\$2.9 million one-time) for support of the Water Rights division.
- Augmented by \$1 million from special funds for support to update water quality standards contained in basin plans.
- Approved \$20 million in resources bond funds for Integrated Regional Water Management grants.
- Approved \$18.2 million to support the CALFED program, including \$7 million for water recycling grants, \$6.2 million for watershed grants, and \$3.5 million for drinking water quality grants.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

- Augmented by \$1.5 million special funds for enforcement efforts of the Electronic Waste Recycling Program.
- Approved trailer bill language to expand the environmental fee to cover all businesses with 50 or more employees.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

- Augmented by \$266,000 special funds to support Proposition 65 work related to identifying "safe" levels of toxic substances.

- Approved \$125,000 GF to implement recently enacted legislation which set a maximum lead standard for certain candies.

ENERGY AND UTILITIES

3360 CALIFORNIA ENERGY COMMISSION

- Approved \$874,000 from special funds to develop and maintain a dynamic simulation model of the California transportation energy market.
- Rejected Governor's proposal to allocate \$612,000 from special funds to support the climate change initiative.
- Deleted from the budget \$69.8 million in special funds for the Public Interest Energy Research Development and Demonstration program and adopted trailer bill language to reauthorize this program and allocate the monies for the budget year.
- Deleted from the budget \$1.7 million from special funds for the Public Interest Energy Research Natural Gas program and adopted trailer bill language to establish this program and allocate the monies for the budget year.
- Deleted from the budget \$5.4 million from special funds for the Renewable Energy program and adopted trailer bill language to reauthorize this program and allocate the monies for the budget year.

8660 CALIFORNIA PUBLIC UTILITIES COMMISSION

- Approved \$12.8 million from special funds to implement the commission's Telecommunications Bill of Rights, which requires the commission to improve its complaint tracking and investigation efforts and establish a public outreach campaign.
- Augmented by \$1.4 million from special funds staffing to enhance rail safety through additional accident investigations, evaluation of quiet zone notices, railroad inspections, and oversight of transit security programs.
- Approved \$1.1 million from special funds to support six new positions and six positions redirected from the Payphone Programs to support implementation of the Climate Change Initiative.
- Augmented by \$2 million special funds and 20 positions to support the Division of Ratepayer Advocates to address outstanding staffing needs related to water and telecommunications regulatory proceedings.
- Augmented by \$188,000 special funds and three positions to support the Deaf and Disabled Telecommunications Program and provide increased regulatory presence at the federal government.

- Augmented by \$3.3 million special funds and 27 positions support to the Energy Division in addressing workload associated with new statutory mandates placed on the commission and workload associated with recent proceedings to implement the Joint Energy Action Plan. This includes additional positions for transmission siting, energy supply reliability, and energy efficiency.
- Approved trailer bill language to require that incentives paid to large solar installations be based on actual electric output.

8770 ELECTRICITY OVERSIGHT BOARD

- Approved as budgeted.

FOOD AND AGRICULTURE

7300 AGRICULTURAL LABOR RELATIONS BOARD

- Approved as budgeted.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

- Approved \$5.2 million (\$1.6 million GF) for support of a new program to address emerging threats to the food supply. Shifted \$3.6 million of this proposal to special and federal funds and reduced the Governor's overall proposal by \$2 million.
- Approved \$3.5 million GF to eradicate recent outbreaks of the Diaprepes Root Weevil in Southern California.
- Approved \$2.5 million GF to support the Weed Management Areas program.
- Approved \$385,000 (\$135,000 GF) to support the conversion of the department's accounting systems to the CalSTARS system.
- Approved \$190,000 GF to support a one-year pilot program to determine the pest introduction risk from private vehicles entering the state.

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 3
Health, Human Services, Labor,
and Veterans Affairs

MAJOR ACTION
REPORT

May 26, 2006

Senate Bill 1129
2006-07 Budget Bill

Members

Denise Moreno Ducheny, Chair
Wesley Chesbro
Dave Cox

Consultants

Anastasia Dodson
Diane Van Maren
Brian Annis
Dave O'Toole

SUBCOMMITTEE No. 3

HEALTH, HUMAN SERVICES, LABOR, and VETERANS AFFAIRS

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HEALTH

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

- Increased by a total of \$18.3 million (General Fund) to purchase three Mobile Hospitals, one more than proposed by the Administration, in order to locate them in the same regions as the CA Medical Assistance Teams and to have better overall state coverage in the event of an emergency that requires this level of assistance.
- Approved an increase of \$1.75 million (Reimbursements which are federal funds) to implement and administer three new disaster response teams for California which would be known as the CA Medical Assistance Teams (CalMAT). The CalMAT's are to be designed after the existing federal teams. Of the amount appropriated, \$1.3 million is for special caches, including medical supplies, pharmaceuticals, medical equipment and tents to be used by the CalMATs to provide for a variety of disaster situations.
- Approved as requested an increase of \$177,000 (Emergency Medical Services Personnel Fund) for three positions for the Paramedic Licensing and Enforcement Program to address issues regarding administration of the program.
- Rejected a \$1.5 million (General Fund) loan and reorganization proposal regarding the proposed transfer of licensing emergency medical personnel to the state. This is a significant policy change and policy legislation is proceeding on the issue.

4260 DEPARTMENT OF HEALTH SERVICES

Public Health Programs

- Augments the DHS by \$195.4 million (\$161.4 million General Fund) to address several components for preparing for a pandemic influenza "surge" as proposed by the Administration. These components are shown below. (Please see Item 4120 for the Mobile Hospital purchases.)
 1. Approved \$5.224 million for a consultant and staff to develop state guidance and standards for hospitals during a pandemic influenza event. But rejected Budget Bill Language that would have provided the DHS with broad emergency regulation authority;
 2. Denied the \$14.5 million (General Fund) to fund staff positions in 420 hospitals (ongoing cost of \$29 million General Fund) to have them participate in local emergency planning efforts. Also denied trailer bill legislation to require hospitals to participate in local emergency planning efforts as a condition of licensure.
 3. Approved \$424,000 (federal funds) and positions to have the DHS update hospital licensing regulations (Title 22 requirements) which are extremely out of date.

4. Adopted an augmentation of \$53.3 million (General Fund) to purchase antiviral medication as proposed by the Administration. Also adopted Budget Bill Language to enable the DHS to waive public contract code requirements for this purchase.
 5. Provided \$33 million (total funds) to purchase 2,395 ventilators, or one-third of the amount requested by the Administration. This reflects a phased-in approach.
 6. Increased by \$78.2 million (total funds) to purchase medical supplies for “alternative care sites” which reflects half the level requested by the Administration. This reflects a phased-in approach.
 7. Provided \$25.25 million (total funds) for masks for health care workers, which reflects half the level requested by the Administration. This reflects a phased-in approach.
- Augmented by a total of \$45.8 million and 53 new DHS positions to conduct various activities related to public health preparedness, including readiness for pandemic influenza. These activities include the following:
 1. Increased by \$16 million (\$11.4 million General Fund and \$4.5 million federal funds) to provide additional funding to the 61 Local Health Jurisdictions as requested by the Administration. Of this amount, \$9.15 million will be used to provide a \$150,000 minimum to each jurisdiction and the remaining \$6.9 million will be allocated based on population. In addition, approved three of the five requested DHS positions and \$1 million in contract funds. Also required the reporting of certain data.
 2. Provided \$1.5 million (General Fund) and one DHS position to manage and stockpile antivirals as requested by the Administration. These funds would purchase about 200,000 does of antivirals at a cost of \$1.3 million.
 3. Approved \$4.2 million (General Fund) and 13 DHS positions to expand the capacity of the Richmond Laboratory to respond to bioterrorism and emerging diseases, and to create a pre-doctoral program to expand the number of clinicians (doctorate and post-doctorate level) at the local level (i.e., contract with the University of California system (one program at Berkeley and one at Los Angeles).
 4. Approved \$1.3 million (General Fund) and 4 DHS positions to expand and maintain state and local capacity to conduct communicable disease surveillance. Of this amount, \$700,000 would be used to contract with the UC system to obtain specialized services to conduct support, training, testing, customer service, interfacing, and quality control activities for statewide surveillance operations and initiatives, such as the use of electronic laboratory reporting.
 5. Approved \$350,000 (federal funds) as requested to train public health field staff on how to respond to emergencies.
 6. Provided \$465,000 (General Fund) and three positions, in lieu of five positions, for the DHS to prepare and respond to pandemic influenza. The positions are to be used in the Immunization Branch to, among other things, (1) review state and national pandemic influenza plans and develop standards for clinical activities, (2) develop standards of

- care for a clinical response to pandemic influenza, and (3) communicate and coordinate with local, state and federal agencies.
7. Rejected \$14.3 million and five positions to develop an outreach and media campaign for pandemic influenza. The Administration had proposed using a sole source contract for this purpose.
 8. Deleted \$1.4 million and ten DHS positions to develop healthcare and community infection control program for hospitals since policy legislation is proceeding on this issue.
 9. Approved two DHS positions in lieu of five positions to address concerns regarding potential attacks on the environment by terrorists.
 10. Approved two DHS positions in lieu of six positions to address concerns regarding potential attacks on food by terrorists.
 11. Approved \$1.5 million (special funds) and five DHS positions to protect water from potential attacks by terrorists.
- Augmented by \$359,000 (federal funds) to address new federal activities related to pandemic influenza as required by the federal Centers for Disease Control (CDC).
 - Increased by \$1 million (General Fund) the Indian Health Program to fund additional primary care health clinics.
 - Approved an increase of \$1 million (General Fund) and 8 positions to implement AB 121 (Vargas), Statutes of 2005 regarding concerns with lead in candy
 - Expanded the Newborn Screening Program to including screening for Cystic Fibrosis and Biotinidase and adopted placeholder trailer bill legislation for this action.
 - Provided an increase of \$100,000 (General Fund) for San Francisco City/County to conduct water quality monitoring as required by AB 1876, Statutes of 2004.
 - Shifted \$1 million (Proposition 99 Funds) from Asthma activities to provide \$500,000 to the Seasonal, Migratory Worker Clinics and \$500,000 to the Rural Health Clinics since the Asthma program was not spending all of its funding. The Asthma program will be funded at \$3 million, versus the Administration's proposed level of \$4 million (Proposition 99 Funds).
 - Adopted trailer bill legislation as proposed by the Administration to exempt the payment of \$20.2 million (General Fund) to the County Medical Services Program (CMSP).
 - Increased by \$35 million (WIC Manufacturer Rebate Fund) to enable the state to stretch federal food grant dollars to serve more participants and absorb food inflation costs.
 - Fully funded the AIDS Drug Assistance Program (ADAP).

- Provided the DHS with three positions using special funds from rebates to expand the CARE Health Insurance Premium Payment (HIPP) Program to enable individuals to have their Medicare Part D premiums paid by the ADAP if it is cost-beneficial for the state.
- Fully funded the Genetically Handicapped Persons Program (GHPP) for caseload and related adjustments.
- Fully funded the Genetic Disease Program for caseload and related adjustments.
- Fully funded the CA Children's Services (CCS) Program for caseload and related adjustments.
- Fully funded the Child Health Disability Prevention (CHDP) Program for caseload and related adjustments.
- Reappropriated \$107.5 million (Proposition 50 funds) to provide for additional time as necessary to obligate funding for 2005-06 for such items as construction contracting and related activities for drinking water systems.
- Extended 15.5 positions at a cost of \$1.6 million (special fund) for the Proposition 50 Drinking Water Management Program for administration of the grants including engineering review, financial and accounting functions, and related activities.
- Extended 10.5 positions at a cost of \$1.1 million (special funds) for administration of the Small Drinking Water Program to provide technical assistance in numerous areas, including completing applications to obtain loan funding.
- Increased by \$1.1 million (special fund) to hire 11 new Sanitary Engineers to assist in ensuring that certain oversight activities are conducted for the Large Drinking Water Program. Trailer bill language to change the existing DHS inspection timeframes was rejected.
- Approved 6 DHS positions and a fee increase as proposed by the Administration to address concerns regarding medical waste management. Also approved trailer bill legislation.
- Approved \$495,000 (General Fund) and four DHS positions to implement SB 484 (Migden), Statutes of 2005.
- Approved 7 DHS positions for an increase of \$815,000 (special funds) and trailer bill legislation to improve the Drug and Medical Device Manufacturer Program.
- Approved 8 DHS positions to conduct inspections of X-ray machines and to evaluate applications for license approval to use radioactive material for industrial, academic, medical or research purposes.
- Denied the Administration's proposal to establish a continuing education program for environmental health specialists since it would have increased fees.

The Medi-Cal Program

- Appropriated an additional \$78.1 million (\$39 million General Fund) to provide an increase to six plans identified by the DHS who required additional funding in the budget year to stabilize their “tangible net equity” level at 200 percent.
- Approved an increase of \$65.4 million (\$32.7 million General Fund) to recognize the sunset of the 5 percent rate reduction as of December 31, 2006 as contained in AB 1762, Statutes of 2003. This adjustment becomes effective as of January 1, 2007.
- Modified the Administration’s proposal to improve licensing and certification functions by (1) changing 23 positions to the higher classification of Registered Nurse; (2) making 23 limited-term positions permanent; (3) adopting placeholder trailer bill language to establish a special fund—the Licensing and Certification--and any necessary language regarding the collection of fees; (4) rejecting the Administration’s remaining trailer bill language changes without prejudice since policy legislation is proceeding on these issues; (5) augmenting by \$11 million (General Fund) to reduce the fees proposed by the Administration in specified areas; (6) providing a total of 141 positions for increased inspections; and (7) shifting the payment of fingerprint clearances currently paid by certain workers to be paid for by the state as required by federal law.
- Adopted placeholder trailer bill legislation, in lieu of the Administration’s, to implement the federal Deficit Reduction Act (DRA) of 2005 regarding proof of citizenship or national status as a condition of Medi-Cal eligibility. Adopted modified Budget Bill Language to provide for assistance to individuals in meeting verification rules and for county eligibility activities.
- Increased by \$786.6 million (total funds) to fund rate adjustments as required by AB 1629, Statutes of 2004.
- Increased by \$185.4 million (\$92.7 million General Fund) to increase the rates paid for long-term care facilities that are not defined in AB 1629, Statutes of 2004, including freestanding Level A nursing homes, Distinct-Part-Level B nursing homes, and adult subacute facilities that provide long-term care, including PACE.
- Provided an 8 percent rate increase, effective as of August 1, 2006, for non-emergency transportation services for an increase of \$4.8 million (\$2.5 million General Fund).
- Augmented by \$4.5 million (\$2.2 million General Fund) and adopted placeholder trailer bill legislation to make several changes in how durable medical equipment is reimbursed, including wheelchair equipment and oxygen services.
- Increased by \$19.7 million (\$8.5 million General Fund) to allocate funds to selected counties to partner with public and private community organizations for outreach, streamlined enrollment, and retention efforts associated with Medi-Cal and Healthy Families programs. Of the total amount, \$3 million would be used for smaller counties and the remaining amount would be allocated to twenty large counties based on a DHS supplied formula. Also adopted placeholder trailer bill language in lieu of the Administration’s.

- Approved the proposal to increase by \$42.1 million (\$21.1 million General Fund) to reflect an increase in caseload of 27,600 enrollees due to the implementation of a simplified redetermination application.
- Denied the increase of \$3.4 million (\$1.4 million General Fund) to implement a new media campaign for the enrollment of Medi-Cal and Healthy Families Program individuals.
- Added Budget Bill Language to provide \$600,000 (\$300,000 General Fund) for the DHS to conduct a study of pharmacy reimbursement rates due to changes as contained in the federal Deficit Reduction Act of 2005. The results of the study shall be provided to the DHS by no later than December 1, 2006.
- Rejected the Administration's proposal to recraft the Adult Day Health Centers Program through the budget process since policy legislation is moving. An increase of \$19 million (\$9.5 million General Fund) was provided to appropriately fund the program. In addition, a minor technical correction was made to the moratorium on the certification of Adult Day Health Centers.
- Approved trailer bill language to adjust the Medi-Cal reimbursement rate paid for hearing aids. There is no General Fund affect due to these changes.
- Provided an increase of \$1.68 million (\$840,000 General Fund) to support 15 new positions to operate the Hospital Financing Waiver. Some of these positions were made two-year limited-term.
- Converted 20 limited-term positions in the Medi-Cal anti-fraud area to permanent status for an increase of \$2.3 million (\$842,000 General Fund).
- Adopted Budget Bill Language to provide appropriate funding to the counties for the effective administration of the Medi-Cal Program at the local level to ensure that counties can reasonable meet the purposes of the performance measures as contained in Section 14154 of the Welfare and Institutions Code.
- Adopted Budget Bill Language to provide for the transfer of funds as needed by the DOF to counties to provide assistance with complying with the *Conlan v. Shewry* court decision.
- Approved an increase of \$200,000 (\$100,000 General Fund) and placeholder trailer bill language that would enable a doctor of podiatric medicine, within their scope of practice, to provide treatment under the Medi-Cal Program for certain procedures without having to submit a treatment authorization request.
- Deleted 12 positions of the requested 17 positions to continue the implementation of Medi-Cal Managed Care into thirteen new counties for savings of \$430,000 (General Fund) since the Budget Act of 2005 had already provided the DHS with 27 new positions for this purpose.
- Approved three positions of the requested 5 positions to implement new coordinated care management projects for individuals enrolled in Fee-For-Service Medi-Cal and have mental health and/or substance abuse issues.

- Adopted increased expenditures of \$887,000 (\$443,500 Mental Health Services Act Fund) to contract for program management, consumer education, clinical consultation and administrative support to reduce pharmaceutical costs and improve prescribing patterns for anti-psychotics and access to quality mental health care services.
- Denied the Administration's proposal to establish two new pilot projects for Medi-Cal Managed Care—Access Plus, and Access Plus Community Plan Choices—since they require substantial policy changes. Savings of \$1.1 million (\$525,000 General Fund) were obtained from this denial.
- Rejected the Administration's proposal to develop a new long-term care community options assessment tool for savings of \$500,000 (General Fund) since policy legislation is moving on this issue and funding should be contained in the legislation.
- Reduced by \$7.5 million (General Fund) to reflect increased recoupments from “aged” drug rebates collected under the Medi-Cal Program. In addition, extended 11 DHS positions for one more year for these collection purposes.
- Adopted an increase of \$1.1 million (\$355,000 General Fund) to expand the Nursing Facility Waiver as required by SB 643 (Chesbro), Statutes of 2005.
- Approved 19 positions of the requested 26 positions to process applications in the Breast and Cervical Cancer Program and reduced local assistance by \$6 million (\$2 million General Fund) to reflect the processing of backlogged applications which will shift individuals between programs (federal and state only).
- Provided an increase of \$2 million (\$1 million General Fund) to fund a disease management project for individuals with HIV/AIDS but deleted \$1 million (\$500,000 General Fund) from the existing project due to delays in implementation.
- Approved 46 positions of the requested 55 positions to implement AB 1629, Statutes of 2004 regarding nursing home reimbursement. Adopted placeholder trailer bill legislation in lieu of the Administration's in order to more narrowly limit the language regarding the use of the quality assurance fees for payment of the DHS' expenditures.
- Approved 14.5 positions to increase the number of DHS staff conducting fingerprint investigations but rejected proposed trailer bill language since policy legislation is moving.
- Approved 3 positions in lieu of a requested 6 positions to improve the Treatment Authorization Request (TAR) process.

4270 CALIFORNIA MEDICAL ASSISTANCE COMMISSION

- Approved as proposed by the Administration.

4280 MANAGED RISK MEDICAL INSURANCE BOARD

- Provided a total of \$1.027 billion (\$371.1 million General Fund) for the Healthy Families Program to provide health, dental and vision coverage to 867,727 children (June 30, 2007).
- Provided an increase of \$9.6 million (\$3.4 million General Fund), including one position, to streamline the Healthy Families enrollment process and adopted trailer bill legislation to enact changes. These changes include *discontinuing* requiring applicants to (1) submit a premium at the time of application, and (2) make a plan selection at the time of application. Instead, applicants would pay their premium upon actual enrollment into the program and would have up to three months to choose a health care provider.
- Increased by \$1.1 million (\$400,000 General Fund) to increase the amount paid to “certified application assistants” for successful annual eligibility redeterminations from \$25 to \$50 per application.
- Rejected the Administration’s proposal to increase by \$3 million (\$1.1 million General Fund) to provide an additional \$25 to certified application assistants who use the Health-e-App web-based application when submitting applications.
- Adopted trailer bill legislation that would eliminate the potential for Access for Infants and Mothers (AIM) linked infants to be enrolled in either the no cost Medi-Cal Program or private insurance, as well as in the Healthy Families Program.
- Increased by \$22.8 million (General Fund) (*one-time only*) to be allocated by the Managed Risk Medical Insurance Board to specified County Health Initiative programs to enroll up to 24,000 children in 2006-07. The first allocation of grants would be provided to those counties that as of May 1, 2006, have a waiting list for children to enroll in their local program. The second allocation of grants would be to all 18 existing County Health Initiative programs. In addition, an increase of \$251,000 (General Fund) was provided to fund three positions. Trailer bill language was also adopted to enact this grant program. This action conforms to the Governor’s proposal.
- Adjusted, as proposed by the Administration, federal matching funds under the County Health Initiative Matching Fund Program funds to Alameda, Santa Clara, San Mateo, San Francisco, Santa Cruz and Tulare as approved by the federal CMS and as allowed for under AB 495, Statutes of 2001.
- Provided four new positions, in lieu of ten positions, to conduct a variety of contractor oversight functions and program integrity functions related to the operations of the Healthy Families Program.
- Approved as proposed \$432,000 (Mental Health Services Act Funds) and two positions to do an evaluation of the Healthy Families Program’s mental health delivery system and to craft a strategy for monitoring outcomes from this evaluation.
- Fully funded the Access for Infants and Mothers (AIM) Program.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES**Community-Based Services**

- Rejected the Governor's proposal to make extensive changes to contract language with the Regional Centers to reduce services and supports provided to consumers served by Regional Centers. An increase of \$10.9 million General Fund was needed to backfill for this elimination of proposed savings.
- Eliminated the \$7 million (General Fund) augmentation to the Regional Center's operations to implement the proposed additional cost containment measures.
- Augmented by \$6.12 million (\$4.3 million General Fund) to provide an additional 10 percent rate increase for Supported Employment Programs serving individuals with developmental disabilities. The total increase for 2006-07 would be 13 percent, including the three percent provided in the January budget.
- Adopted a three percent rate increase for most services, including Day Programs, In-Home and Out-of-Home Respite services, Behavior Management, Independent Living, Supported Employment, and Community Care Facilities, as contained in the January budget and as adjusted technically by the May Revision.
- Approved an increase of \$2.3 million (General Fund) to expand the Autistic Spectrum Disorder Initiative. These funds will be used to provide additional staff at the Regional Centers for these services and to implement "best practice" guidelines for screening, diagnosis, and assessment.
- Increased by \$3 million (General Fund) and adopted trailer bill legislation to provide resources for the focused development of new community-based programs. The Governor's budget had continued a freeze on these funds for savings of \$6 million (General Fund).
- Provided an additional \$3.2 million (\$1.7 million General Fund) to Regional Center Operations to address concerns expressed by the federal Centers for Medicare and Medicaid (CMS) regarding California consistently meeting its 1 to 62 case manager to consumer ratio within the state's Home and Community-Based Waiver. Also adopted Budget Bill Language to require the DDS to actively engage the Regional Centers on how to improve case management functions.
- Adopted several May Revision adjustments in order to capture increased federal funds. These actions included the following: (1) \$2.1 million (\$1.4 million General Fund) to add 42 Regional Center staff to re-negotiate transportation vendor contracts and to train these contractors on how to provide detailed billing for federal reimbursement purposes; (2) \$1.3 million (\$1 million General Fund) to provide for up to a one percent increase in the re-negotiated contracts with vendors to cover their increased workload for providing detailed billing data; (3) a shift of \$16.1 million from General Fund support to federal fund support; (4) \$193,000 (\$126,000 General Fund) to provide for two staff at DDS headquarters to oversee changes to the billing system and the administration of the program; and (5) adopted both Budget Bill Language and trailer bill language to implement the proposal.

- Approved an increase of \$7.7 million (General Fund) to facilitate the continued enrollment of RC consumers into the federal Medicare Part D Drug Program. Of this amount, \$4.8 million is to pay insurance premiums or to buy prescription medications not covered by Part D (whichever is most cost effective). The remaining \$2.9 million is to continue support for existing enrollees to access medications and to assist new consumers in signing up with new plans. Budget Bill language was also adopted to capture data related to drug expenditures.
- Reappropriated \$11.1 million (General Fund) to facilitate the initial development of community-based living options for the current residents of Agnews and extended the period to liquidate encumbrances to June 30, 2010.
- Reappropriated \$2 million (General Fund) as requested by the Administration and adopted extensive Budget Bill Language regarding the pending implementation of the California Developmental Disabilities Information System (CADDIS).
- Adopted as proposed by the Administration the following continued cost containment items: (1) extending the amount of time allowed for Regional Center's to conduct assessment of new consumers from 60 days to 120 days following the initial intake; and (2) elimination of the SSI/SSP pass through to Community Care Facilities.
- Provided an additional \$500,000 (General Fund) for the Best Buddies Program.

Developmental Centers

- Provided total expenditures of \$702.7 million (\$385 million General Fund) for the Developmental Centers as proposed by the Administration. This level of funding assumes a resident population of 2,828 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.
- Increased by \$1.2 million (General Fund) and 14 positions for the Porterville Developmental Center to staff a new, self-contained Intensive Behavioral Treatment Residence within the secured treatment area.
- Adopted the Administration's proposal to delay the closure of Agnews Developmental Center until June 30, 2008.
- Adopted an increase of \$1.4 million (\$832,000 General Fund) to fund positions at the DDS headquarters and at the Developmental Centers to continue with a restructuring of the Office of Protective Services in order to address safety and security issues identified by the State Attorney General's Office in a 2001 report.
- Approved all capital outlay projects for the Developmental Centers as requested.

4440 DEPARTMENT OF MENTAL HEALTH**Community-Based Services**

- Increased by a total of \$186 million (General Fund) to reimburse County Mental Health plans for costs claimed for the 2004-05, 2005-06 and 2006-07 fiscal years for the Services to Handicapped Students (AB 3632) and Seriously Emotionally Disturbed Pupils (Chapter 654, Statutes of 1996). The reimbursement for these claims is still subject to audit by the State Controller. The \$186 million increase is \$117 million over the Governor's May Revision amount of \$69 million (General Fund).
- Provided a total of \$19.3 million (Mental Health Services Fund) to the DMH to administer Proposition 63—the Mental Health Services Act (Act). This includes funding for contracts and positions at the DMH. Local assistance funding for the Mental Health Services Act is continuously appropriated and as such, does *not* flow through the annual Budget Act.
- Increased by \$534,000 (Mental Health Services Fund) to support the activities of the Oversight and Accountability Commission.
- Adopted trailer bill legislation that requires the DMH to revise their existing audit methods, specifically use of extrapolation, in their review of the EPSDT Program. If the DMH does not make changes to this existing method by no later than August 1, 2006, then the DMH shall cease using the extrapolation method for determining audit disallowances.
- Provided \$1.2 million (Mental Health Services Fund) for the Governor's initiative on Chronic Homelessness. Specifically, these funds will be used to (1) hire three staff, and (2) hire consultants to do a variety of functions related to housing assistance. All local assistance for this project—about \$75 million—is continuously appropriated and does not flow through the annual Budget Act.
- Approved all technical adjustments for the baseline Mental Health Managed Care Program as proposed by the DMH.
- Increased by \$3.3 million (General Fund) (one-time only) to comply with the requirements of the Conlan Court Order (*Conlan v. Shewry*).
- Concurred with the Administration on needed technical adjustments to the supplemental mental health services provided to children enrolled in the Healthy Families Program.
- Increased by \$456,000 (General Fund) for the Forensic Conditional Release Program to reflect an increase in the number of patients being discharged from the State Hospitals that are expected to be in the Conditional Release Program in 2006-07.
- 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 \$884.9 million (\$771.8 million General Fund) for the support of the State Hospitals. The population of the State Hospitals is now 87 percent Penal Code-related. A total of 5,805 patients (as of June 30, 2007) are estimated to be receiving services at the State Hospitals.
- Enacted several changes related to the *Coleman* court order for the provision of mental health services for incarcerated individuals serving their sentence in state prisons. The DMH contracts with the CA Department of Corrections and Rehabilitation (CDCR) to provide assistance with this population. These actions include: (1) an increase of \$5.7 million (General Fund) and 68 positions to activate 36 Intermediate Care Facility (ICF) beds at Salinas Valley State Prison; (2) an augmentation of \$1.8 million (General Fund) and 19 positions to convert 60 day treatment beds to 36 ICF beds at Vacaville Psychiatric Program; and (3) an increase of \$432,000 (General Fund) to reflect the establishment of a new psychiatrist series classification at Vacaville and Salinas Valley Psychiatric Programs.
- Provided an increase of \$1.8 million and 24 positions for a change in the staffing needs identified in the Sexually Violent Predator Treatment Restructure Program at Coalinga State Hospital. This increase concurs with the Administration's experience in activating residential housing units at Coalinga State Hospital and the need for Level-of-Care staffing.
- Increased by \$341,000 (General Fund) to the Office of Patient Rights within the DMH for the contract that provides patient's rights advocacy services. Due to grave concerns expressed by the federal Department of Justice Civil Rights Division regarding these hospitals, this adjustment serves as a mitigation measure to avoid further federal concerns.
- Augmented by \$9.7 million (General Fund) and decreased by \$7.2 million (Reimbursements) to reflect the permanent shift of General Fund support from the DHS to the DMH for patient generated revenue and eligibility unit contracts at Metropolitan State Hospital and Napa State Hospital.
- Transferred \$3.6 million (General Fund) from the CDCR to the DMH for mental health services provided to juvenile wards receiving treatment at Metropolitan State Hospital.

HUMAN SERVICES

4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

- Approved 16.0 new positions and \$1.3 million Hospital Building Fund to improve the efficiency of the hospital facility seismic safety review functions performed by the department.

4170 DEPARTMENT OF AGING

- Increased funding for the Multipurpose Senior Services Program (MSSP) by \$6 million (\$3 million GF). In addition, to align MSSP program management and funding, consolidated all funding for MSSP in the Department of Aging (shifted existing MSSP funding from the Department of Health Services to the Department of Aging).
- Approved \$566,000 (\$174,000 GF) and 4.0 positions to establish post-payment reviews for Adult Day Health Care centers.

4180 COMMISSION ON AGING

- Approved as budgeted.

4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

- Maintained \$120 million GF for the Substance Abuse and Crime Prevention Act (Proposition 36), as proposed in the Governor's Budget.
- Increased funding for Adult Drug Courts by \$4 million GF. The LAO estimates an increase of \$4 million in 2006-07 and \$8.9 million in 2007-08 and annually thereafter would result in net savings of \$179,000 in 2007-08 and \$7.9 million in 2008-09, due to reduced prison costs.
- Approved \$5.3 million (\$2.7 million GF) and 4.0 two-year limited term positions to comply with the *Conlan v. Bontá* and *Conlan v. Shewry* lawsuits.
- Approved \$782,000 (\$578,000 GF) and 6.5 positions to improve the licensing and certification of alcohol and drug treatment programs in the state. Approved trailer bill language to require biennial reviews of outpatient-only facilities. Rejected 1.0 position and trailer bill language which would have expanded the ability of the department to revoke or suspend licenses.
- Approved \$286,000 (\$143,000 GF) and 3.0 positions to establish a Drug Medi-Cal fraud deterrence program.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

- Increased funding for the Naturalization Services Program by \$1.5 million GF, to provide total funding of \$3 million GF for this program.

5160 DEPARTMENT OF REHABILITATION

- Increased funding by \$3.9 million (\$2.4 million GF) for the Supported Employment Program to reflect a 10 percent increase in the job coaching reimbursement rate above the 3 percent increase proposed by the Governor's budget, and an increase in the placement fee from \$1000 to \$2000.

5170 STATE INDEPENDENT LIVING COUNCIL

- Approved as budgeted.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

- Approved \$274 million (\$94 million GF) for the continued development of the California Child Support Automation System (CCSAS). In addition to the Child Support Enforcement (CSE) and the State Disbursement Unit (SDU) components, funding and positions would also be provided in 2006-07 for a statewide Customer Service Support Center and a Centralized Financial Management Team to respond to telephone inquiries and resolve exceptions for non-assistance child support cases that will be added to the SDU as it becomes operational.
- Approved \$220 million GF for payment of the federal fiscal year (FFY) 2006 alternative federal penalty in 2006-07. 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 Department indicates that this penalty payment in 2006-07 is anticipated to be the last penalty payment required, as CCSAS is anticipated to be sufficiently operational by October 2006 to avoid further penalty assessments.
- Approved \$28.5 million (\$25.5 million GF) to resolve an issue with creation of arrears (outstanding child support obligations) due to a payment processing change implemented by the state in the development of CCSAS.
- Approved \$520,000 (\$177,000 GF) to maintain 6.5 of 9.0 expiring limited-term positions for the Compromise of Arrears Program (COAP). This program accepts reduced lump sum settlements from non-custodial parents with arrearages in exchange for their commitment to make ongoing payments.

5180 DEPARTMENT OF SOCIAL SERVICES**CalWORKs and Food Programs**

- Adopted a series of initiatives and reforms to address changes to CalWORKs required by the federal Deficit Reduction Act of 2005, including reinvestment of \$150 million in federal Temporary Assistance for Needy Families (TANF) funds back into CalWORKs to improve work participation rates and family outcomes. This action also includes reprioritization of \$158 million in existing CalWORKs funds to get more families engaged faster, prevent sanctions, and increase the state's investment in education, training, and child care:
 - **Enhance Up-Front Engagement:** Redirect \$20 million TANF from the May Revision proposed Participation Improvement Project and \$10 million TANF from the proposed TANF reauthorization reserve to provide a total of \$30 million to encourage innovative engagement strategies.
 - **CalWORKs Education, Training, and Employment Collaborative:** Redirect \$25 million from the proposed TANF Reauthorization reserve to fund collaborative programs would emphasize activities that meet federal requirements, but give participants skills that will help them achieve long-term self-sufficiency.
 - **CalWORKs in Community Colleges:** Redirect \$9 million from the proposed TANF Reauthorization reserve to count \$9 million in Community College Prop 98 funding toward the TANF MOE.
 - **Sanctions Engagement Initiative:** Redirect \$40 million from the proposed TANF Reauthorization reserve to prevent and cure CalWORKs sanctions.
 - **CalWORKs Homelessness Prevention and Engagement:** Redirect \$10 million from the proposed TANF Reauthorization reserve for CalWORKs Homelessness prevention and support to prevent housing instability as a barrier to participation.
 - **Increase Accountability:** Fund the Pay for Performance program at \$40 million annually (beginning in 2007-08), and clarify the counties' responsibility for potential federal penalties.
 - **Restore Basic CalWORKs Program to 2004-05 Level:** Restore \$140 million for county CalWORKs programs to bring funding back to the actual 2004-05 spending level. Shift TANF out of Child Welfare Services and Foster Care to restore county funding.
 - **Realign Foster Care and Child Welfare Services Funding:** Fund \$150 million Foster Care and Child Welfare with General Fund, rather than TANF.
 - **Shift Exempt Cases:** Fund Exempt CalWORKs cases with non-MOE General Fund. Adopt placeholder trailer bill language to express Legislative intent that these cases remain a high priority for engagement. Use other countable expenditures to meet the MOE requirement. (No Net General Fund cost or TANF/MOE impact.)

- **CalWORKs County Peer Review Program:** Redirect \$1.5 million from the TANF Reauthorization reserve for a CalWORKs county peer review program to identify and share best practices that enhance participation and engagement.
 - **Research and Data Improvement:** Redirect \$2.5 million from the TANF Reauthorization reserve for state staff and contract funding for data improvement research, analysis, and reporting to understand caseload components, trends, and dynamics.
 - **Plan for TANF Regulations:** Maintain \$15 million of the TANF Reauthorization reserve for automation and implementation activities related to pending June 30th federal regulations.
 - **Employment Training Fund:** Shift \$33 million in resources back to the Employment Training Panel.
- Rejected the Governor's Budget proposal to reduce current year funding for CalWORKs child care by \$114 million TANF/MOE.
 - Approved \$24 million TANF/MOE savings for an LAO-identified CalWORKs caseload adjustment.
 - Approved the May Revision increase of \$15.6 million TANF to reflect a reduction in savings associated with the 2004-05, SB 1104 welfare reform efforts. Also provided an additional \$5 million TANF to reflect a more conservative savings estimate of SB1104 welfare reform efforts.
 - Increased funding by \$600,000 GF for substance abuse treatment services provided by Indian Health Clinics.
 - Approved an increase of \$44.2 million TANF to reflect a reduction in the CalWORKs eligibility determination savings assumed to result from Quarterly Reporting/Prospective Budgeting (QR/PB). This increase is in addition to a \$25 million placeholder included for this purpose in the Governor's Budget.
 - Increased funding by \$9.6 million (\$3.4 million GF) to reflect a reduction in the Food Stamp eligibility determination savings assumed to result from QR/PB.
 - Approved \$1 million GF for the Farm to Family Program.
 - Rejected the Governor's Budget proposal to statutorily freeze county funding to operate health and human services programs, and instead adopted placeholder trailer bill language to reestablish a methodology to survey actual costs, and require future budget documents to document the degree to which those costs are reflected in the budget.

Children and Youth Services

- Increased funding for Foster Care and Child Welfare by \$75 million GF above the May Revision:

- Increased funding by \$80 million (\$50 million GF) to increase the number of child welfare social workers and protect children's safety by reducing the number of children per social worker and moving toward meeting the SB 2030 caseload standard.
- Increased funding for the Transitional Housing Placement Program (THPP) by \$4 million GF and adopted trailer bill language to eliminate the county share of cost for the program.
- Increased funding for Dependency Drug Courts by \$3 million GF above the May Revision level of \$2.1 million GF, to expand Dependency Drug Courts to additional counties.
- Increased funding by \$8 million GF to provide kinship care providers a specialized care increment and clothing allowance that is currently only available in the Foster Care program. Extend eligibility for Kinship Care assistance to certain probation youth who have been living with a relative for at least 12 months.
- Increased funding by \$4 million GF above the \$6.3 million GF in the Governor's Budget for efforts to help with the adoption of hard to place foster children
- Increased funding by \$5.7 million GF to fund additional financial aid for foster youth attending two-year or four-year colleges under the Chafee Scholarship program.
- Approved \$19.6 million (\$11.9 million GF) in the May Revision for the Child Welfare Program Improvement Plan (PIP) but redirected all but \$1 million GF to the CWS Outcome Improvement Project (AB 636 outcome system). Maintained \$1 million in the PIP initiatives to expand the standardized safety assessment statewide.
- Approved \$25.5 million (\$10 million GF) in the May Revision for first year costs for counties that formally commit to participate in 2006-07 in the state's new Title IV-E Child Welfare Waiver Demonstration Project. This waiver proposal will test a "capped allocation" strategy that will block grant federal Title IV-E foster care funds for up to 20 participating counties. Also adopted language to allow these funds to be used for the CWS Outcome Improvement Project.
- Approved an increase of \$16.9 million (\$6 million GF) in the May Revision for additional county social worker training stipulated under the statewide standardized core curriculum for all county child welfare workers.
- Approved \$12.2 million (\$7.1 million GF) in the Governor's Budget to hire additional state and county adoptions caseworkers.
- Approved \$2.5 million GF in the Governor's Budget to expand Kinship Support Services and allow all counties to apply for Kinship program funding.
- Approved \$23 million (\$10 million GF) in the Governor's Budget for the Foster Care Child Relationships Program, to help ensure that older foster youth develop significant and supportive relationships prior to their emancipation.

Supplemental Security Income/State Supplementary Payment

- Rejected the Governor's proposal to delay the 2007 federal Supplemental Security Income/State Supplementary Payment (SSI/SSP) cost-of-living adjustment (COLA) an additional fifteen months, from April 2007 to July 2008, and restored \$43.8 million GF.
- Rejected the Governor's proposal to extend the Cash Assistance Program for Immigrants (CAPI) sponsor deeming period from 10 to 15 years, and restored \$12.5 million GF.
- Approved savings of \$20.9 million GF in SSI/SSP to reflect quarterly retroactive benefit payments and more frequent eligibility redeterminations, as required by the federal Deficit Reduction Act of 2005. Most of this savings will be one-time.

In-Home Supportive Services

- Approved \$41.2 million GF to apply Medi-Cal share of cost rules to IHSS consumers. Due to the federal IHSS Plus waiver, IHSS consumers must meet Medi-Cal eligibility guidelines, which in some cases results in a higher share of cost to be funded by the state.
- Approved \$434.5 million (\$141.2 million GF) savings to reflect the IHSS Quality Assurance efforts to improve the consistency of IHSS, prevent fraud, and protect consumer access to services. Also adopted budget bill language to require the department to continue working with stakeholders during the ongoing implementation of Quality Assurance efforts.
- Redirected \$512,000 (\$256,000 GF) to fund programming changes to implement direct deposit functionality for IHSS providers.

Community Care Licensing

- Adopted trailer bill language to clarify that the department shall conduct unannounced visits to at least 20 percent of facilities per year.
- Approved \$6.7 million (\$6 million GF) and 80 new positions for Community Care Licensing (CCL) to complete required licensing workload and increase visits to facilities. The most significant components of the CCL reform proposal include the following:
 - \$250,000 to contract for an integrated licensing/certification fee collection process.
 - \$115,000 to contract out administrator certification testing and grading functions.
 - 38 permanent positions to increase the number of random visits from 10 percent of facilities to 20 percent each year.
 - 29 two and a half-year limited-term positions and \$110,000 for overtime to eliminate the significant backlog in licensing visits.
 - 1 one-year limited-term personnel position to assist with hiring the requested licensing positions.
 - 5 permanent positions to operate a training academy for new licensing staff.

- 2.5 permanent positions to share the DSS database of excluded or abusive employees with other HHS departments.
 - 4.5 permanent positions to handle information regarding convictions after arrest provided by the Department of Justice.
- Adopted 3.0 positions and \$366,000 GF to begin providing CCL facility compliance information on the internet.

Automation Projects

- Approved \$25.6 million (\$13.7 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.
- Approved \$129.4 million (\$49.0 million GF) for implementation and maintenance of the Statewide Automated Welfare System (SAWS) CalWIN system.
- Approved \$101.0 million (\$50.3 million GF) for the Child Welfare Services/Case Management System (CWS/CMS). This amount includes \$2.7 million (\$2.4 million GF) for procurement activities associated with the New System to replace CWS/CMS.

LABOR

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY

- Augmented the Agency's budget by \$85,000 (special fund) to reflect the higher revenue received by the Agency to carry out the purposes of AB 276 (Chapter 329, Statutes of 2003, Koretz) and SB 1809 (Chapter 221, Statutes of 2004, Dunn). Both of these bills direct specified revenue to employer and employee labor-law education.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT

- Approved Finance Letter adjustments to state operations and benefit payments, to reflect the May 2006 forecast of claims for the Unemployment Insurance Program, the Disability Insurance Program, and the School Employees Fund Program.
- Shifted \$32.9 million in Employment Training Funds budgeted in the Department of Social Services to the Employment Training Panel.
- Approved budget requests to appropriate \$6.7 million in the Employment Development Department Contingency Fund to backfill for reduced federal funds in the areas of reemployment services for unemployment insurance claimants, the Veterans' Program, and the unemployment insurance identification alert process. The funding includes a technical legislative reduction of \$210,000.
- Approved budget-year funding of \$2.9 million (\$2.5 million GF) to begin implementation of the Automated Collection Enhancement System information technology project, which has a multiyear cost of approximately \$93 million. When implemented, this system is expected to increase annual revenue collection by \$70 million, by enhancing the collection of penalties and back-wages.
- Approved budget-year funding of \$1.8 million (special fund) to implement the Disability Insurance Automation information technology project, which has a multiyear cost of approximately \$28.9 million. When implemented, this system will provide greater access to services for claimants, medical providers, and employers.
- Rejected the request for \$4.5 million GF to establish six clinical simulation laboratories to provide clinical training to nursing students. Funding was provided for three simulation laboratories in 2005-06, and the Administration has not, to date, awarded the grants.

Budget Bill Language

1. Adopted language to require notification to the Legislature if the federal government reduces Workforce Investment Act funds and the Director of Finance reduces related appropriations.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS

- Added funding of \$1 million GF and 10 positions for California Occupational Safety and Health Administration (CalOSHA) enforcement.
- Increased the Garment Manufactures' Special Account appropriation by \$300,000 – to \$500,000, to recognize the higher-level of claims that have recently been submitted.
- Shifted \$200,000 from the Workplace Health and Safety Revolving Fund to the Farmworker Remedial Account, to fully fund anticipated claims through 2007-08.

Trailer Bill Language

1. Modified the Administration's proposed language to require a 60-day wait on filing initial liens on Workers' Compensation claims to ensure that the wait period does not reduce the ability of applicants to recover payments.

VETERANS AFFAIRS

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

- Reduced the Department of Veterans Affairs-Headquarters Unit operating expense budget by \$2.1 million to reflect updated information on projected expenditures.
- Approved the establishment of a contract with private consultants for \$421,000 GF to prepare a feasibility study report for replacing the Veterans Home Information System. This system, now approaching the end of its service life, serves as the network to exchange data communications between veterans homes.
- Appropriated \$500,000 GF to fund an infrastructure study for the Yountville Veterans Home. This study would assess and prioritize material deficiencies in the 105 year-old home.
- Appropriated \$8.3 million GF to renovate the recreation building at the Yountville Veterans Home. This project will include measures to improve functionality of the existing facilities, abate hazardous materials, and conform to seismic and fire codes.
- Rejected the Governor's Budget proposal for \$1.7 million GF and 27.8 positions for the costs of exempting nurses and other 24-hour care staff at the Veterans Homes from the salary savings requirement. The Subcommittee instead appropriated \$1.2 million for the identified overtime and temporary help funding shortfall.
- Approved \$1 million GF and 11 positions for a new program to establish a baseline behavior wellness program at each Veterans Home. This program will treat veterans with post traumatic stress disorder, among other psychiatric problems.
- Adopted a Governor's Budget proposal for one position and \$250,000 to establish outreach programs to veterans to ensure they are aware of their federal and state benefits.
- Augmented the Governor's Budget proposal to add \$132,000 GF to the annual food budget at the Yountville Veterans Home, by adding an additional \$759,000 GF.
- Reduced the \$1.3 million request for restoration of 20 Intermediate Care Facility beds at the Barstow Veterans Home by \$53,000 to recognize salary savings and operating expense savings.
- Amended the Governor's Budget proposal for \$3.8 million (\$3.4 million GF) and 75.7 positions to operate the new Yountville Alzheimer's/Dementia Unit by restoring a five percent salary savings rate (savings of \$96,000).

Senate Committee
on
Budget and Fiscal Review

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

MAJOR ACTION
REPORT

May 26, 2006

Senate Bill 1129
2006-07 Budget Bill

Members

Michael Machado, Chair
Tom McClintock
Christine Kehoe

Consultants

Brian Annis
Alex MacBain
Dave O'Toole

SUBCOMMITTEE No. 4

STATE ADMINISTRATION, GENERAL GOVERNMENT, JUDICIAL, PUBLIC SAFETY, and TRANSPORTATION

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SUBCOMMITTEE No. 4

STATE ADMINISTRATION, GENERAL GOVERNMENT, JUDICIAL, PUBLIC SAFETY, and TRANSPORTATION (CONTINUED)

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TRANSPORTATION

2600 CALIFORNIA TRANSPORTATION COMMISSION

- Approved the requested \$171,000 and 1.0 position increase, and augmented the Commission's budget by an additional \$224,000 and 2.0 positions, all to perform oversight work related to the San Francisco Oakland Bay Bridge project. All costs would be funded through reimbursements from the Bay Area Toll Authority. Switch

2640 SPECIAL TRANSPORTATION PROGRAMS

- Rejected the Governor's proposal to divert approximately \$171.9 million in spillover revenue from this item to general obligation bond debt service. Accordingly, increased the appropriation amount by \$171.9 million.
- Approved the Finance Letter request to increase the appropriation amount by \$36.2 million, to reflect higher revenue from diesel and gasoline sales tax.

2660 DEPARTMENT OF TRANSPORTATION

- Approved full Proposition 42 funding of \$1.420 billion in 2006-07, including a May Revision forecast revision, which increased revenue by \$13.6 million. The funding would be allocated, pursuant to the Constitution, as follows:
 - \$678 million for Traffic Congestion Relief Program (TCRP) projects.
 - \$593 million for the State Transportation Improvement Program.
 - \$74 million for Special Transportation Programs.
 - \$74 million for other mass transit programs.
- Revised the requested early repayment of Proposition 42 loans to repay a total of \$460 million. The allocation of this repayment would be as follows:
 - \$205 million for Traffic Congestion Relief Program (TCRP) projects.
 - \$128 million for local streets and roads.
 - \$128 million for the State Transportation Improvement Program.
- Rejected the proposal to shift \$344 million in 2006-07 "spillover" revenue from the Public Transportation Account and the Special Transportation Program to transportation-related general obligation bond debt service. The Administration's proposal would have continued this shift in perpetuity, shifting about \$4 billion through 2015-16.
- Approved a Finance Letter that transfers \$151 million in tribal gaming revenues from the Special Deposit Account to the Traffic Congestion Relief Fund for loan repayment. Approved

budget changes to reflect the sale of \$1.0 billion in tribal gaming bonds in 2006-07 instead of 2005-06. Sale of the bonds has been delayed by litigation.

- Revised the Capital Outlay Support (COS) Finance Letter to shift \$22.5 million, and related staffing, to the Maintenance Program. The applicable workload has historically been budgeted in the Maintenance Program, not the COS Program. Adopted Supplemental Report Language to require a long-range staffing plan, if the transportation bonds are approved by voters in the November 2006 election. Reduced funding by \$1,000 to put COS funding into the Budget Conference Committee.
- Approved an augmentation of \$105 million for increased highway preservation maintenance, but shifted the funding from the State Highway Operations and Protection Program to the Maintenance Program, which is where the funding has historically been budgeted.
- Approved two information technology projects that would improve financial reporting and project management: the Integrated Financial Management System and the Construction Management System. The total multiyear costs to complete these projects would be \$42 million.
- Approved funding of \$44.3 million for the construction phase of the seismic retrofit of the Oakland district office building.
- Approved staffing increases totaling 40 positions to implement new programs created by the recently-enacted federal Safe, Accountable, Flexible, and Efficient Transportation Equity Act – Legacy for Users (SAFETEA-LU).
- Revised a \$40.3 million request for short term congestion relief projects, to shift \$20 million to the State Highway Operations and Protection Program. Approved funding of \$6.2 million to expand the Freeway Service Patrol Program.
- Restored Environmental Enhancement and Mitigation (EEM) funding to its historic level of \$10 million.

Budget Bill Language

1. Added language to specify that no less than \$76 million in Maintenance Program funding be used for preventative pavement maintenance.

Trailer Bill Language

1. Approved language specifying the allocation of 2006-07 Proposition 42 loan repayments.
2. Approved language to modify transportation loan repayment provisions for loans repaid with tribal gaming revenue. The language removes certain due dates and updates interest provisions

due to litigation which has delayed the sale of tribal gaming bonds.

2665 HIGH SPEED RAIL AUTHORITY

- Reduced the budget by \$1,000 to put the High Speed Rail Authority into the Budget Conference Committee. By the time Conference Committee begins, there may be more information on a revised date for sending a high-speed rail bond to voters.

2720 CALIFORNIA HIGHWAY PATROL

- Approved funding for a new public safety radio system that will have a five-year total cost of \$494 million (Motor Vehicle Account). The system would enhance the Departments' internal communications and improve interoperability with local and other state public safety radio users. Reduced the 2006-07 augmentation by \$760,000 due to an estimating error – to a revised total of \$56.3 million.
- Approved a permanent increase of \$41.9 million to augment staffing by 310 positions (240 Officers and 70 supervisory and non-uniformed support staff). The increase would be phased in over two years, with 2006-07 funding at \$30.5 million and staffing at 235 positions (165 Officers and 70 supervisory and non-uniformed support staff). The CHP indicates that this increase would help address the continual increase in workload associated with population growth throughout the state. The 2006-07 funding reflects a legislative decrease of \$3.2 million to properly reflect lower pay for cadets while they attend the academy.
- Approved a permanent increase of \$10.5 million to augment staffing 173 positions (156 Dispatchers and 17 supervisory positions). The increase would be phased in over two years, with 2006-07 funding at \$6.3 million and staffing at 93.5 positions (85 Dispatchers and 8.5 supervisory positions). The CHP indicates this increase would help address the continual increase in workload associated with wireless 9-1-1 calls.
- Approved an augmentation of \$5.7 million for six major capital outlay facilities projects – most of the funding is for working drawings and land acquisition. The majority of these projects involve the replacement of existing CHP area offices. Construction costs would be requested in future budgets. When future estimated construction costs are included, the total cost for these projects is \$39.3 million.

Budget Bill Language

1. Added language to require annual reporting on the progress of the Enhanced Radio System.

Trailer Bill Language

1. Approved language requiring submittal to the Legislature of a technical project plan for any future budget requests related to new

public safety radio projects. Required review of new public safety radio proposals by the Public Safety Radio Strategic Planning Committee and the Department of General Services, to ensure consistency with the Statewide Integrated Public Safety Communications Strategic Plan and technical soundness.

2740 DEPARTMENT OF MOTOR VEHICLES

- Approved request for \$18.8 million and a net staffing decrease of 32.5 positions for information technology projects related to the federal Real ID Act (Act). Federal regulations implementing the Act are expected in the fall of 2006, and states are required to implement the provisions of the Act by May 2008.
- Approved request for 2006-07 funding of \$2.1 million for year-one of the seven-year Information Technology Modernization project, which has a total cost of approximately \$242 million. Out-year funding is not covered with this approval, so the Department will have to submit a Budget Change Proposal to receive funding in 2007-08 and beyond.
- Approved request for \$9.3 million to implement SB 1500 (Chapter 920, Statutes of 2004). This legislation requires each insurer that issues private passenger automobile liability policies, to electronically report to the DMV all issued policies, changes, and terminations; and requires DMV to suspend vehicle registrations if insurance is not in force. Ongoing costs in 2007-08 and thereafter are identified at \$13.5 million.

Budget Bill Language

1. Added language to specify that the DMV shall not implement the federal Real ID Act before enacting legislation is approved by the California Legislature. Limits expenditure of \$9.3 million to after January 1, 2007, provided a report has been received by the Legislature with a 30-day review period. Requires a separate report on upcoming federal regulations to implement Real ID.
2. Added language requiring annual reporting for the Information Technology Modernization Project, and requiring that the Independent Verification and Validation contractor is in place before release of a Request for Proposals.
3. Added language requiring the Enterprise-Wide Oversight Consultant to have responsibilities in the area of information technology projects related to the federal Real ID Act, and requiring that consultant reports be provided to the Legislature.

STATE ADMINISTRATION

0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING

- Rejected the Administration's proposal to increase funding for the Tourism Commission by \$2.7 million GF, which would increase state funding above the \$7.3 million cited in statute as legislative intent.
- Reduced the \$5 million GF requested for the California Partnership for the San Joaquin Valley to \$1.25 million. Added a budget bill provision to require a report to the Legislature and specify that no funds can be expended until the Strategic Action Proposal is adopted.

0650 OFFICE OF PLANNING AND RESEARCH

- Approved \$5 million GF to reinstate an appropriation to the California Service Corps for the purpose of funding grants to local and state-operated Americorps and California Conservation Corps programs. Legislation enacted in 2003 suspended this appropriation for three years.
- Amended a Finance Letter proposal for \$1.1 million GF to develop and maintain an Internet-based volunteer matching portal by making the funding two-years limited-term and adding budget bill language to require reporting on participation rates and other performance measures.

0840 STATE CONTROLLER'S OFFICE

- Appropriated \$776,000 (special funds) for a third and final year of funding to overhaul the state's Apportionment Payment System. The existing system has become dangerously overburdened and prone to breakdown, endangering a timely distribution of apportionments to local agencies.
- Approved \$710,000 (\$308,000 GF) to replace the State Controller's existing bank reconciliation system. This system, used to track and issue bank warrants, is approaching obsolescence and technicians to operate the system are increasingly scarce.
- Adopted a Finance Letter proposal to augment the Human Resource Management System project (HRMS) by \$35.1 million and 77.6 two-year limited-term positions to implement the design, development, and initial implementation phases of the HRMS. This workload is part of a multi-year project to replace existing employment history, payroll, leave accounting, and position control systems and will greatly enhance the Administration and Legislature's fiscal oversight abilities.
- Adopted trailer bill language to require statewide implementation of the California Automated Travel Expense Reimbursement System (CalATERS) by January 1, 2009.

- Reduced the budget proposal for increased Unclaimed Property Program staffing by \$197,000 and 2.5 positions, restricting the staffing increases to safe deposit box and unclaimed property notice processing.
- Amended the Finance Letter proposal for 15 two-year limited-term positions and \$1.4 million GF for field examinations of various corporate holders of unclaimed property, by making the positions permanent.
- Approved \$3.4 million (\$2.1 million GF) and five two-year limited-term positions to replace the existing unclaimed property system. Subsequent expenditures for the replacement project are expected to be \$1.57 million in 2006-07 and \$536,000 in 2007-08, while cost savings are expected to be approximately \$440,000 in 2007-08 and \$1 million ongoing.

0845 DEPARTMENT OF INSURANCE

- Amended the budget proposal for implementing the Patient and Provider Protection Act (2005), by reducing the position augmentation from ten to eight positions and adopting Supplemental Report Language requiring the DOI to report annually for three years on its workload and staffing requirements related to implementing the Act.
- Appropriated \$837,728 (Insurance Fund) for increased costs associated with a higher administrative hearing workload encountered by the Department's legal office.
- Approved \$1 million (Insurance Fund) for a study to measure the extent of workers' compensation insurance fraud and to identify emerging fraud trends. The information gleaned from this research would be used to focus investigative and prosecution efforts, as well as identify areas where more resources may be needed.

0850 STATE LOTTERY COMMISSION

- Approved as budgeted--\$113.4 million for operating costs.

0860 BOARD OF EQUALIZATION

- Augmented the Governor's Budget proposal for \$1.6 million and 15 positions for a pilot project to identify and register businesses that operate without paying applicable sales and use taxes, by adding \$5.1 million and 44.5 positions. This additional funding will enable a *statewide* rollout of this retail licensing enforcement activity and generate additional revenues of \$38 million.
- Approved \$811,000 GF, \$632,000 in special funds, and 16 positions for the Board of Equalization (BOE) to identify property that is brought into the state without the payment of sales and use taxes. Revenues of \$7.4 million are projected, a six-to-one benefit-cost ratio.

- Approved \$1.8 million and 20 positions to establish a program to recoup state tax revenues on cigarette and tobacco sales on the Internet and through mail orders. Revenues of \$33.8 million are projected in the budget year, an 18-to-1 benefit-cost ratio.
- Approved a one-year extension, as proposed by the administration, of the requirement that use tax be paid if a vehicle, vessel, or aircraft is brought into the state within 12 months of purchase. Approximately \$28 million in GF revenues are attributed to this extension. If this statute is not extended, out-of-state purchases of vehicles, vessels, or aircraft brought into the state only after 90 days will be exempt from the use tax.
- Added \$260,000 GF and four positions for two-years limited-term to expand the department's U.S. Customs data mining activity. Additional revenues of \$4.8 million GF are anticipated from this augmentation.

0890 SECRETARY OF STATE

- Amended the Finance Letter proposal to spend \$6.3 million in federal funds for specified activities related to carrying out provisions of the federal Help America Vote Act (HAVA). The Subcommittee acted to specify in budget bill language how the additional funds will be spent and limiting spending to those designated amounts. Key components of the recently approved spending plan will be replacement of outmoded voting equipment, voter education, poll monitoring, and poll worker training. The Subcommittee also augmented the expenditure plan by adding \$760,000 for voting system source code review.
- Amended the budget proposal to add \$3.1 million (Business Fees Fund) and 30 positions for processing notary applications and conduct background checks. The Subcommittee approved 16 new positions on a two-year limited-term basis.
- Appropriated \$625,000 (Business Fees Fund) to conduct a forensic leak assessment and replace the security monitoring system at the Secretary of State and Archives Building complex. The Secretary of State building has encountered water intrusion problems during heavy weather, resulting in concerns about mold-related illnesses.
- Approved \$2.21 million (Business Fees Fund), including \$1.83 million ongoing to fund the maintenance and operation costs of data services and programming of the Uniform Commercial Code (UCC) automated system, the system through which the Secretary of State files and shares certain financing statements.

0950 STATE TREASURER'S OFFICE

- Approved Governor's Budget, including expenditures of \$22.8 million and 222 positions.

1110 / 1111 DEPARTMENT OF CONSUMER AFFAIRS

- Approved funding of \$10.7 million, special fund, over four years for the iLicensing information technology project to allow Boards and Bureaus within the Department to accept applications and exam appointments online. Adopted budget bill language to require a Department-wide budget reduction of \$500,000 in 2009-10, and ongoing, to recognize expected efficiency gains from the project.
- Augmented funding for the Medical Board by \$225,000 to reflect the full cost of audits required by SB 231 (Chapter 674, Statutes of 2005, Figueroa). Reclassed 10.0 two-year limited-term positions to permanent, consistent with the recommendations of the Independent Monitor.

1700 FAIR EMPLOYMENT AND HOUSING

- Approved as budgeted, which includes an increase of \$1.0 million GF and 13.0 positions to improve enforcement.

1730 FRANCHISE TAX BOARD

- Appropriated \$3.84 million (Court Collections Fund) and 31 positions to support the Court Ordered Debt (COD) Expansion Project, pursuant to Chapter 380, Statutes of 2004 (Escutia). The bill requires the Franchise Tax Board (FTB) to expand collection activities on delinquent court-imposed debts referred by state and local agencies.
- Approved a reduction to the California Child Support Automation System (CCSAS) project of \$33.8 million (\$10.2 million GF) to reflect a revised implementation and management plan for the CCSAS. Savings are attributable to revised printing, training, and consultant service needs. The project is on schedule and full implementation expected in September 2008.
- Adopted the Governor's Budget proposal to extend the suspension of the Teacher Retention Tax Credit for one year, generating a savings of \$165 million GF. The tax credit provides up to \$1,500 to credentialed teachers, depending on their years of service, with teachers with more tenure receiving a larger credit. This credit was suspended in 2002 and again in 2004 and 2005.
- Adopted trailer bill language to require the Administration to provide greater detail in the annual tax expenditure report, consolidating three reports that had been issued intermittently into the annual report.
- Adopted supplemental report language directing the Legislative Analyst's Office to provide annual reporting and recommendations related to tax expenditure programs.
- Approved an increase to reimbursements of \$256,000 (\$87,000 GF, \$169,000 Federal Trust Fund) to establish eight staff to enter child support wage withholding information in the Child Support Enforcement system for parents who do not receive public assistance and have not requested enforcement services of the state.
- Appropriated \$21.61 million GF, \$101,000 Motor Vehicle Account, \$188,000 Motor Vehicle License Fees, \$282,000 Court Collection Account, \$1.85 million reimbursements, and \$82,000

from the Political Reform Act budget (for a total of \$24.1 million) to fund increased rental costs and service expenses at the FTB's main office in Sacramento.

1760 DEPARTMENT OF GENERAL SERVICES

- Adopted trailer bill language reducing the State Emergency Telephone Number Fee to .50 percent of a telephone user's intrastate phone calls, the minimum level allowable under current statute. This action will save ratepayers an estimated \$25 million in the budget year.
- Approved \$14.1 million GF to pay for the settlement of the case *Williams et al. v. State of California, et al.* (County of San Francisco Superior Court, Case Number 312236). Pursuant to Chapter 124, Statutes of 2005 (AB 351, Chu), the state must abide by the judgment in that case by providing public school students with equal access to instructional materials, safe and decent school facilities, and qualified teachers.
- Amended the budget proposal for \$3.7 million GF for preliminary plans and working drawings necessary to implement the structural retrofit of nine state facilities. The Subcommittee acted to recognize funding for work that would be completed in the budget year only (preliminary plans) and reduced the request by \$1.9 million.
- Approved the programmatic transfer of \$6.9 million (Service Revolving Fund) and 54.6 positions from the Procurement Division to the Interagency Support Division. The affected positions work with property reutilization, surplus property sales, transportation management, transit storage, and federal surplus property programs.
- Approved a budget reduction of \$7.8 million (special funds) to recognize operating expense savings resulting from recent personnel reduction measures, including Control Section 31.60 of the Budget Act of 2002 and Control Section 4.10 of the Budget Act of 2003.
- Appropriated \$32 million in expenditure authority for a local assistance appropriation to provide enhanced wireless services for 911 calls. This service will mean better identification of callers and improved cooperation between the CHP (who currently receives the most 911 calls) and the local Public Safety Answering Points. The rollout of enhanced 911 services has been delayed for years due to evolving technology, regulatory issues, and scheduling problems.
- Reduced the budget request for \$185,000 to establish a baseline equipment budget for new properties to \$73,000, ongoing, by recognizing one-time purchases that did not require an ongoing augmentation.
- Adopted budget bill language to require the Department to report no later than March 15, 2007, on building security measures adopted since the 2000-01 budget year.
- Appropriated \$885,000 Service Revolving Fund to reflect the addition of eight positions in the department's budget for operations and maintenance at several CalTrans Sacramento-area buildings.

- Approved \$128,000 Service Revolving Fund to pay for water quality monitoring and permit fees for the DGS Central Services Plant at 628 Q Street in Sacramento.
- Approved the conversion of two real estate officer positions from limited-term to permanent that are responsible for Due Diligence workloads required of the department for all lease-revenue bond-funded projects.
- Appropriated \$852,000 and ten positions ongoing to perform maintenance and custodial duties at the new Traffic Management Center in Los Angeles.
- Approved 2.2 positions and \$250,000 Service Revolving Fund in 2006-07 to provide maintenance and custodial services at the new office building. This building had been vacated and renovated and will now be occupied by the Department of Rehabilitation.

1880 STATE PERSONNEL BOARD

- Approved Finance Letter to augment the Board's budget by \$2.5 million GF and 2.0 positions for an information technology project, with a multiyear total cost of \$5.3 million, which would replace the State's 30-year old exam and certification system.

1920 STATE TEACHERS' RETIREMENT SYSTEM

- Approved Finance Letter to reduce the State's CalSTRS contribution by \$119.5 million GF, on a one-time basis, to correct for overpayments in past years due to errors recently discovered in the CalSTRS accounting system.

1955 DEPARTMENT OF TECHNOLOGY SERVICES

- Reduced the Department of Technology Services (DTS) budget by \$1,091,000 and 8.7 Positions to reflect staff savings achieved as a result of Data Center Consolidation. This request represents the first year of budget savings created by data center consolidation. The department estimates they will achieve \$45.6 million in savings over a four-year period.
- Appropriated \$4.0 million (DTS Revolving Fund) to enable the department to move this system from an IBM data center in Colorado to a state data center. This move is necessary to comply with a federal directive and protect the system in-state.
- Appropriated \$5.7 million (DTS Revolving Fund) to purchase mainframe processing capacity in order to meet projected workload increases and upgrade software. This capacity growth need is primarily driven by population growth and the corresponding impact on departments' IT needs.
- Approved \$4.1 million (DTS Revolving Fund) to facilitate the replacement of 45 UNIX and 70 Windows servers with 120 new Windows servers and 10 UNIX servers.

2100 ALCOHOLIC BEVERAGE CONTROL

- Approved an augmentation of \$1.7 million, special fund, to permanently increase the Grant Assistance Program, which provides funding to local law enforcement to enforce the state's alcohol laws.
- Rejected an augmentation of \$1.7 million, special fund, to augment the Department's overtime budget.

2150 DEPARTMENT OF FINANCIAL INSTITUTIONS

- Shifted four of six positions added to the Department in 2004-05 for workload associated with the California Financial Information Privacy Act (SB1, Chapter 241, Statutes of 2004, Speier), to workload associated with the Bank Security Act and the money transmitter industry. A Department report had suggested that SB 1 workload was significantly less than what was anticipated in 2004.

2180 DEPARTMENT OF CORPORATIONS

- Shifted nine of ten positions added to the Department in 2004-05 for workload associated with the California Financial Information Privacy Act (SB1, Chapter 241, Statutes of 2004, Speier), to general enforcement workload, including the reclassification of three positions to reestablish the investigation function.

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- Restored the \$864,000 GF cut proposed by the Governor to the Emergency Housing Assistance Program (EHAP) – to bring funding back to the 2005-06 level of \$4.0 million.
- Approved funding of \$3.4 million GF to support ongoing operations and the reconstruction of two migrant childcare centers operated by the Office of Migrant Services.
- Approved the Finance Letter to transfer funds in the Adaptive Reuse Component of the Downtown Rebound Program to the General Fund. Made technical changes to the transfer that did not change the net gain of \$7.5 million to the General Fund.

Trailer Bill Language

1. Approved language to allow \$15 million in Proposition 46 bond funds to be shifted from the Adaptive Reuse Component of the Downtown Rebound Program to the Transit-Oriented Housing Component of the same Program.
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). Deleted the Enterprise Zone (EZ) Program fee-authority sunset date of January 1, 2007.

2320 DEPARTMENT OF REAL ESTATE

- Approved an augmentation of \$2.7 million, special fund, to add 33 new positions for the Enforcement Program. Added budget bill language requiring a report to the Legislature by January 2008 to assess the needed for further staff adjustments to recognize the cyclical nature of the real estate industry.
- Approved a permanent augmentation of \$2.3 million, special fund, for specified operating expense and equipment costs.
- Approved multiyear funding, special fund, for three information technology projects: Information Technology Replacement Project (\$2.2 million); Interactive Voice Response Replacement (\$1.9 million); and Electronic Examinations Project (\$3.9 million).

2400 DEPARTMENT OF MANAGED HEALTH CARE

- Approved a permanent augmentation of \$3.8 million, special fund, and 17.0 positions to implement the Provider Oversight Program to carry out the requirements of SB 260 (Chapter 529, Statutes of 1999, Speier) and AB 1455 (Chapter 827, Statutes of 2000, Scott).
- Revised a Finance Letter request to approve 11 of 12 new positions in the Health Plan Oversight Division. The Department indicated it could absorb the cost of these positions within existing budget authority. The rejected position was a supervisory position, which the Legislative Analyst indicated was unnecessary given the supervisory / staff ratios of the Division.

8260 CALIFORNIA ARTS COUNCIL

- Approved as budgeted, which includes approval of a \$1.8 million augmentation in local assistance grants. The augmentation is supported by increased revenue from the arts car-license-plate program.

8320 PUBLIC EMPLOYEE RELATIONS BOARD

- Approved as budgeted.

8380 DEPARTMENT OF PERSONNEL ADMINISTRATION

- Rejected a requested \$1.0 million GF augmentation to hire a consultant to assess the current State classification system and recommend changes.
- Approved a \$1.7 million, special fund, augmentation for third-party administrator fees related to the Savings Plus Program.

- Approved an increase in reimbursement authority of \$1.3 million due to rate increases and separately approved an increase of \$852,000 and 6.0 positions due to workload growth – both for the Legal Services Division.
- Rejected a request for \$100,000 GF to implement a consolidated State Personnel Board and Department of Personnel Administration website.

Budget Bill Language

1. Added language to require that future salary survey reports be submitted to the Legislature.

8620 FAIR POLITICAL PRACTICES COMMISSION

- Amended the Governor's Budget proposal for \$700,000 GF and 12.2 positions to meet workload requirements stemming from new Legislative mandates and the Political Reform Act, by shifting \$43,000 in personal services funding to operating expense. The new positions will be assigned to enforcement, investigations, legal counsel, legal support, and administrative support.

8855 BUREAU OF STATE AUDITS

- Augmented the budget by \$1.2 million GF to address recruitment and retention challenges at the Bureau of State Audits and also allow the BSA to contract out of portions of the annual federal audit.

8885 COMMISSION ON STATE MANDATES

- Rejected the Finance Letter proposal to provide advance payment on the second year of payment on the 15-year repayment of mandate claims payable prior to 2005-06, a savings of \$86.9 million.
- Approved expenditures of \$83 million for the first year of a 15-year repayment cycle for past due state mandate claims.
- Adopted a cost savings calculation of \$44 million related to the State Controller's findings of reduced or disallowed mandate claims in the budget year.
- Augmented by \$16.6 million to recognize the 2005-06 costs for the Peace Officers Bill of Rights mandate.
- Appropriated \$62.8 million for the payment (in arrears) of the cost of 2005-06 mandates.
- Rejected the Finance Letter proposal to pay the cost of newly identified mandates in the budget year, and instead pay them in arrears, consistent with the Administration's other proposals.

- Adopted trailer bill language to clarify the state's procedures for including funds for new mandates in the annual state budget, establishing a cut-off date of March 31 for mandates to be funded in the budget year.
- Rejected a budget proposal to execute a \$370,000 contract with the Center for Collaborative Policy at California State University Sacramento to facilitate mandate process reforms.
- Approved the suspension of 28 mandates during the budget year.

8910 OFFICE OF ADMINISTRATIVE LAW

- Approved Governor's Budget, including expenditures of \$2.7 million and 21 positions.

8940 DEPARTMENT OF THE MILITARY

- Adopted budget bill language restricting the use of state funds for U.S.-Mexico border control operations.
- Approved a budget augmentation of \$3.5 million to allow the Department of the Military to address their armory infrastructure needs by making repairs, modernizing facilities, and ensuring compliance with environmental laws and building codes. The Administration estimates a total deferred maintenance backlog of \$35 million in the state's armories.
- Amended the budget proposal for \$182,000 GF and two auditor positions to allow the Military Department to establish an Internal Control Office. The subcommittee adopted budget bill language to require performance reporting to the Legislature by the new office.
- Appropriated \$1 million GF to acquire a two-year purchase option on 30 acres of land at the former Mather Air Base to build a new headquarters complex.
- Revised the department's budget by requiring the department to utilize excess operating expense funding to implement a targeted outreach plan to spouses and families of deployed guard members, in order to improve applications for California Military Relief Fund support.
- Appropriated \$1.6 million (\$1.177 million Federal Funds, \$391,000 GF) to renovate kitchens and latrines at selected armories in California.
- Reduced the Governor's Budget request for \$261,000 GF and two personnel years for the State Military Reserve (SMR) in order to address increased workload associated with recruitment and support travel and per diem costs for professional training. The Subcommittee approved the augmentation of only one position.
- Approved \$2.5 million GF to implement the construction phase of the Roseville Armory expansion and renovation project. The federal government will contribute \$881,000 to this phase of the project.
- Adopted a Finance Letter proposal for \$3.9 million (\$900,000 GF) and 17.8 positions to establish a second Youth Challenge Program that will serve "at-risk" 16 – 18 year-olds who have dropped out of school, are unemployed, and meet other at-risk criteria.

9100 TAX RELIEF

- Appropriated \$39.6 million to fully fund the Williamson Act subventions for open space preservation.
- Appropriated \$5.6 million in adjustments to the Senior Citizens' Property Tax Assistance Program and Renters' Tax Assistance Program, including a decrease of \$420,000 in the Senior Citizens' Property Tax Assistance Program and an increase of \$5.98 million in the Senior Citizens' Renters' Tax Assistance Program. These adjustments are based on revised participation estimates from the Franchise Tax Board.

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.
- Approved \$18.5 million GF in for grants to rural and small county sheriffs for law enforcement activities.
- Rejected the Governor's Budget proposal to restore the booking fees statute, consistent with the funding arrangement in place prior to 2005-06.
- Approved disaster relief funding of \$1.6 million for subventions to communities affected by mudslides and severe storms in 2005. This funding is pursuant to legislation enacted in the 2005 session.

9619 DEFICIT RECOVERY RESERVE ACCOUNT

- Established the Deficit Recovery Reserve Account and deposited \$1 billion in that account for the purpose of utilizing those funds for the reduction of state debt that is owed prior to 2009-10. In a related matter, the Subcommittee did not consider the Administration's May Revision proposal to establish an appropriation of \$1 billion for reduction of Economic Recovery Bond debt.

9620 INTEREST PAYMENTS ON GF LOANS

- Adopted a \$21 million interest payment on the \$177 million in outstanding special fund loans to the GF that the Administration proposes to pay off early.

9650 SUPPORT FOR HEALTH AND DENTAL BENEFITS FOR ANNUITANTS

- Approved as budgeted, which represents an increase of \$124.2 million GF or 14 percent above the amount budgeted in the 2005 Budget Act. The Legislative Analyst indicates that the increase reflects growth of 4.7 percent in enrollment and growth of 9.5 percent in health care inflation.

9800 AUGMENTATION FOR EMPLOYEE COMPENSATION

- Approved Governor's Budget and Finance Letter increases related to the *Plata v. Schwarzenegger* lawsuit which total \$82.4 million GF.
- Approved Governor's Budget and Finance Letter increases related to State bargaining units with contractually specified increases for 2006-07.

CONTROL SECTIONS**3.45 STATEWIDE GENERAL FUND REDUCTIONS RELATED TO SALARIES AND WAGES**

- Rejected the Governor's Budget proposal to reduce appropriations up to one percent to achieve \$58 million in primarily personal services related savings.

3.60 CONTRIBUTIONS TO PUBLIC EMPLOYEE RETIREMENT BENEFITS

- Adopted revised rates for the six retirement classes, pursuant to the CalPERS Board adoption of new rates on May 17, 2006. The new rates will increase the State's 2006-07 retirement contributions by approximately \$182 million. The Legislative Analyst estimates the added GF cost will be about \$100 million, but the Administration has not, to date, provided an estimate.

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.

4.05 UNALLOCATED GF REDUCTIONS

- Revised the Governor's Budget proposal to achieve up to \$200 million in unallocated budget reductions by enhancing the Department of Finance's reporting requirements and restricting unallocated reductions to up to 20 percent of state operations appropriations and 5 percent of local assistance appropriations.

4.06 MID-YEAR CORRECTION AUTHORITY

- Rejected budget bill language which would, if enacted, enable the Governor to make mid-year reductions to GF appropriations.

4.75 STATEWIDE SURCHARGES

- Approved budget bill language to allow the Director of Finance to adjust appropriations to reflect the appropriate statewide surcharges approved in the Budget Act.

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.

8.50 FEDERAL FUND RECEIPTS

- Revised Control Section 8.50 to exempt the receipt of Temporary Assistance for Needy Families (TANF) funds from the provisions of this item requiring automatic substitution of federal funds.

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.

31.00 ADMINISTRATIVE PROCEDURES FOR SALARIES AND WAGES

- Revised Control Section 31.00 to clarify intent regarding reporting to the Legislature on administratively-established positions.

Trailer Bill Language

1. Added language to require annual reporting by the Department of Finance to the Legislature on the number of permanent employees, by department, appointed as full-time or part-time tenure in the “blanket” positions for more than six consecutive months.

33.50 STRATEGIC SOURCING REPORTING

- 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.

35.60 BUDGET STABILIZATION ACCOUNT TRANSFER TO THE GF

- Rejected the Governor’s Budget proposal to permit the Director of Finance to make transfers from Budget Stabilization Account to the GF reserve whenever s/he determines that a shortfall will occur in the GF reserve.

JUDICIARY

0250 JUDICIAL BRANCH

- Approved a one-time increase of \$1.3 million from the Appellate Court Trust Fund to support non-capital furniture, fixtures, and moving costs for the new Fifth Appellate District Courthouse in Fresno.
- Approved \$3.3 million GF for increased information technology costs supporting the Administrative Office of the Courts (AOC), Supreme Courts, and the courts of appeal.
- Approved \$1.2 million and 12 positions to create four new case teams for capital habeas corpus appointments, in order to be able to accept more capital habeas cases from the California Supreme Court.
- Approved \$18.7 million GF to provide an additional 97 entrance screening stations in superior court facilities, and to establish a five-year replacement cycle for new and existing entrance screening equipment.
- Approved a proposal for \$5.5 million GF for one month for 50 new superior court judgeships. The judgeships will be authorized in separate Legislation. Adopted budget bill language that restricted funds for the purpose of adding new judgeships and accompanying staff and directs the Judicial Council to report on the filling of the new judicial positions and accompanying staffing.
- Approved withdrawal of a proposal for an augmentation of \$12.3 million for development and implementation of several information technology systems for the trial courts. The funding was no longer needed due to an updated implementation and expenditure date.
- Approved a proposal of \$31.6 million from the State Court Facilities Construction Fund and augmented by \$29.7 million to facilitate the conversion of the Sisk federal courthouse in Fresno County to a state trial court facility.
- Approved an augmentation of \$113.1 million for the trial courts based on the State Appropriations Limit (SAL) increase of 4.96 percent. Approved placeholder trailer bill language to formalize the calculation methodology for calculating SAL, remove judicial compensation from the base for the purpose of calculating the SAL, remove continuous appropriation language, and provide additional oversight in the form of reporting on the allocation methodology during the annual budget process.
- Rejected the proposal to provide the SAL growth formula to the other items within the Judiciary budget.
- Approved an increase of \$14.7 million to provide an 8.5 percent increase for judicial compensation, effective January 1, 2007.

0280 COMMISSION ON JUDICIAL PERFORMANCE

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

0390 CONTRIBUTIONS TO JUDGES' RETIREMENT SYSTEM

- Approved as budgeted.

PUBLIC SAFETY AND CRIMINAL JUSTICE

0552 OFFICE OF THE INSPECTOR GENERAL

- Approved as budgeted

0690 OFFICE OF EMERGENCY SERVICES

- Approved a Finance Letter augmentation of \$23.7 million to fund the estimated costs of response to and recovery from disasters, including the recent federally-declared disaster known as the 2006 Winter Storms.
- Approved budget bill language to designate \$1 million from federal homeland security funds for the Office of Emergency Services (OES) to contract for an independent gap analysis of the state's preparedness for a large-scale catastrophic disaster.
- Approved a reduction of two positions and \$125,000 to the State Warning Center proposal for increased staffing.
- Approved a proposal to fund \$1.1 million from the Victim Witness Fund on a two-year basis, to provide services to victims and witnesses at parole revocation hearings.
- Approved an augmentation of \$20 million on a two-year limited-term basis to provide funding from the California Multi-jurisdictional Methamphetamine Enforcement Team (Cal-MMET) program. Approved budget bill language that allows up to 5 percent of the funds to be used for an independent study on the effectiveness of the program.
- Rejected the proposal to provide \$6 million for the Sexual Assault Felony Enforcement team grant program. Funding for the program is contained in SB 1128 that is currently before the Legislature.
- Approved the budget display for the Law Enforcement and Victim Services (LEVS) budget and adopted budget bill language that requires a special display in the Governor's budget and annual reporting on the grant programs.
- Approved a reappropriation of \$10.4 million in previously frozen federal funds.
- Rejected proposal to create the Office of Homeland Security (OHS) as an independent entity, and approved funding for OHS as a separate program within the OES budget.
- Rejected proposals to increase the Administrative Services Unit (\$444,000 federal funds) and to create a Science and Technology Unit (\$465,000 federal funds) within OHS.
- Reduced the Mass Transportation Security Grant program by \$2.5 million, consistent with current statute.

0820 DEPARTMENT OF JUSTICE

- Approved a proposal for \$5 million GF for handling workload increases associated with the Armed Prohibited Persons System database, which cross-references persons who possess or own a firearm and who have been subsequently prohibited from owning or possessing a firearm.
- Approved a proposal for \$3.3 million GF to establish an annual plan of vehicle replacement.
- Approved a proposal for \$4.6 million GF to establish an ongoing equipment baseline to replace forensic equipment.
- Approved a proposal for \$4.2 million GF to continue funding the underwriter's litigation.
- Approved \$3 million from federal funds and special funds to prosecute pharmaceutical manufacturers for violations of the False Claims Act.
- Approved \$1.2 million from special funds to provide additional funding for the missing persons DNA program.
- Approved \$1.3 million GF to handle increased workload in the area of complex financial crimes and identity theft.
- Approved an augmentation of \$6 million GF for the California Methamphetamine Strategy (CALMS) program, and approved budget bill language providing that up to 5 percent of the increase could be used to perform an independent analysis of the program.
- Approved an augmentation of \$6.5 million GF to establish four Gang Support Enforcement Teams (GSET) across the state.
- Approved a proposal to provide \$2.8 million GF to replace DOJ's radio communications system infrastructure.

0855 GAMBLING CONTROL COMMISSION

- Approved \$1 million from the Special Distribution Fund and the Gambling Control Fund to address workload at the Gambling Control Commission. The augmentation includes funding for additional licensing workload and field inspection positions on a two-year limited-term basis.
- Approved \$732,000 from the Special Distribution Fund on a two-year limited-term basis to develop a technical services program to support the field inspection program.

1870 VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD

- Approved a proposal for an increase of \$607,000 from the Restitution Fund to expand the criminal restitution compact contracts to include four new counties.
- Approved a Finance Letter request for a one-time increase of \$2 million from the Restitution Fund due to relocation costs for the board.

5225 DEPARTMENT OF CORRECTIONS & REHABILITATION

- Approved a proposal for \$22.8 million GF to fund recidivism reduction strategies. Including \$30 million approved in the 2005 Budget Act, the funding provides \$21.1 million for enhancement to inmate education and vocational education programs; \$7.7 million for community partnerships; \$7.8 million for parole service expansions; \$9.9 million for institution based rehabilitative and treatment programs; and \$6.2 million to research the effectiveness of correctional programs. Adopted budget bill language requiring the Department of Corrections and Rehabilitation (CDCR) to report in September with an implementation and evaluation plan including projected implementation timelines, program outcome targets and baseline outcome data for each program that is part of the strategies. Adopted budget bill language that designated \$900,000 from the funding for three comprehensive evaluations by correctional experts of adult prison and parole programs designed to reduce recidivism.
- Approved proposals totaling \$273 million GF based on projected increases to the adult inmate and parole populations. For 2006-07, the May Revise reflects an estimated average daily inmate population of 175,617 and an estimated average daily parole population of 117,754. The estimated average daily inmate population for 2006-07 is about 7,600 inmates higher than the estimated average daily inmate population in the current year.
- Approved \$4.8 million GF for statewide implementation of in-cell integration as required in the settlement agreement for the *Johnson v. State* lawsuit.
- Approved proposals to increase adult local assistance by \$21.9 million GF to reimburse the locals for the costs associated with housing state inmates, including increasing the daily jail rate from \$68.22 to \$71.57.
- Approved a proposed increase of \$56 million GF to provide a 3.1 percent price increase, consistent with the price increase for other state agencies.
- Approved a one-time augmentation of \$11 million GF to address special repair projects.
- Approved a proposal to provide \$4.1 million GF to purchase new protective vests and to establish a replacement schedule for vests.
- Approved budget bill language directing the CDCR to report to the Legislature on its efforts to create a new custody assistant classification.
- Approved \$54.5 million to expand the number of cadets to be trained in the Basic Correctional Officer Academy.
- Approved \$5.1 million GF to add 500 Global Positioning System (GPS) devices to track and monitor high risk parolees, as part of a four-year plan to add 2,000 GPS devices by 2009-10.
- Deleted budget bill language that would have authorized CDCR to contract with private providers to build contract bed capacity of up to 8,500 beds for 2007-08.
- Adopted Supplemental Report Language directing CDCR to create new displays to be included in Governor's budget and to include certain performance measures for its major programs.

- Approved \$36.8 million GF to begin preliminary plans for an additional 695 intermediate care facility mental health treatment beds pursuant to a court order in the *Coleman* case, and to provide additional treatment space for an existing 650 Enhanced Outpatient Program beds.
- Approved \$20.2 million GF to establish 254 positions to comply with recent court orders that require implementation of new program guidelines for the Mental Health Delivery System and requires CDCR to increase the level of headquarters oversight of the Mental Health Program.
- Approved \$12.7 million GF to provide psychiatrists who meet the qualifications specified by the Coleman court to receive a 10 percent salary increase, as well as to establish a recruitment bonus for new employees coming from outside state service.
- Approved \$6 million GF to assist in the recruitment of healthcare staff.
- Approved \$21.5 million GF and 326 positions to implement the first year of a three year rollout of improvements to inmate dental services in response to the *Perez v. Hickman* court case. Also approved \$2.8 million for additional supervisory staff for dental offices.
- Approved budget bill language requiring CDCR to establish guidelines for use of telemedicine and to establish performance targets.
- Approved an augmentation of \$250.5 million GF to increase the base funding for medical services and to fund projected shortfalls in the areas of contract medical, pharmaceuticals, and medical guarding.
- Appropriated \$250 million GF in unallocated funds for additional healthcare expenditures to be requested by the federal receiver in the *Plata* case. Created a stand alone budget item for the healthcare services program.
- Approved an increase of \$19.5 million to reimburse local correctional agencies for the costs of providing sheriffs' deputies and probation officers with training consistent with training standards developed by the Correctional Standards Authority.
- Approved \$6.7 million GF to fund positions at Board of Parole Hearings in response to the *Rutherford* lawsuit regarding hearings for lifer inmates.
- Approved \$1.4 million GF to provide additional staff at the Office of Victim and Survivor Services to coordinate victim and witness appearances at parole revocation hearings.
- Approved a proposal for \$7.5 million GF and 90 positions to implement the Division of Juvenile Justice (DJJ) Health Care Remedial Plan.
- Approved a proposal for \$14.8 million GF and 186 positions to implement the DJJ Mental Health Remedial Plan.
- Approved \$38.4 million GF for the Ward Safety and Welfare Remedial Plan and adopted budget bill language requiring DJJ to report on implementation of the plans, including information on performance measures, and short and long term outcome targets.

- Approved an augmentation of \$30 million GF to establish the Juvenile Justice Community Reentry Challenge Grant program. The purpose of the program is to improve the performance and cost-effectiveness of post-custodial supervision of juvenile parolees, reducing the recidivism rate for juvenile offenders, and piloting innovative re-entry programs consistent with DJJ's focus on a rehabilitative treatment model. The program will award grants on a competitive basis to local government and non-profit applicants that demonstrate a collaborative and comprehensive approach to the successful reintegration of juvenile parolees through the provision of wrap-around services to juvenile parolees.

8120 COMMISSION ON PEACE OFFICERS STANDARDS AND TRAINING

- Approved as budgeted -- \$57.5 million from special funds.

8140 STATE PUBLIC DEFENDER

- Approved as budgeted -- \$11.3 million GF.

8180 PAYMENTS TO COUNTIES FOR THE COSTS OF HOMICIDE TRIALS

- Approved as budgeted -- \$3.5 million GF.

8550 CALIFORNIA HORSE RACING BOARD

- Rejected a proposal to increase expenditures by \$851,000 from the Racetrack Security Fund for increased costs for equine drug testing.

8690 SEISMIC SAFETY COMMISSION

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

8830 CALIFORNIA LAW REVISION COMMISSION

- Approved as budgeted -- \$706,000 – GF and reimbursements.

8840 COMMISSION ON UNIFORM STATE LAWS

- Approved as budgeted -- \$149,000 GF.

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, \$9.8 million to the Corrections 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.