



MAJOR ACTION REPORT

Of the 2007-08 Budget Bill

Senate Bill 54

Senate Committee on Budget and Fiscal Review

May 30, 2007

SENATOR DENISE MORENO DUCHENY, CHAIR

SENATE COMMITTEE ON BUDGET & FISCAL REVIEW

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 1
Education

MAJOR ACTION
REPORT

May 30, 2007

Senate Bill 54
2007-08 Budget Bill

Members

Jack Scott, Chair
Bob Margett
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Consultants

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SUBCOMMITTEE No. 1

EDUCATION

**Org
Code**

K-12

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

Higher Education

6120 California State Library 1-5

6440 University of California 1-5

6610 California State University 1-6

6870 California Community Colleges 1-6

7980 California Student Aid Commission..... 1-7

K-12 EDUCATION

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated **\$57.6 billion** in Proposition 98 funding for K-12 education and community colleges in 2007-08, which provides **\$2.2 billion** (3.9 percent) in ongoing funds above the 2006-07 budget. This amount reflects an increase of **\$104 million** in Proposition 98 funding above the Governor's January Budget.
- Provided **\$55.4 billion** for K-12 education and community colleges in 2006-07, which provides a total of **\$411 million** in Proposition 98 settle-up funds to reflect revised estimates of the minimum funding guarantee. This provides an additional **\$372 million** in settle-up funds above the Governor's January Budget.
- Rejected the Governor's proposals to shift funding for Home-to-School Transportation to the Public Transportation Account and restored Proposition 98 funding for Home-to School Transportation, thereby eliminating any rebenching of the Proposition 98 minimum guarantee in 2007-08.
- Disapproved budget control language proposed by the Governor that would allow the Public Transportation Account to offset the General Fund for purposes of funding Home-to-School Transportation in 2006-07 and 2007-08.
- Appropriated **\$488 million** in one-time Proposition 98 funds for K-12 education in 2007-08. These funds result from **\$284 million** in Proposition 98 settle-up payments in 2006-07 and **\$204 million** in programs savings from the Proposition 98 Reversion Account. These funds are provided for the following K-12 expenditures in 2007-08:
 - **\$128.2 million** for the Emergency Repair Program in schools in the lowest three deciles of the Academic Performance Index;
 - **\$114.0 million** for prior year education mandate claims;
 - **\$65.0 million** for incentive grants to school districts over a three-year period for development of quality data needed for the California Longitudinal Pupil Achievement Data System (CALPADS) in 2009-10;
 - **\$50.0 million** for anticipated increases in the costs of funding declining enrollment in 2007-08;
 - **\$30.0 million** in one-time grants for alternative schools and schools serving incarcerated youth to provide one-time funds for instructional materials, teacher quality improvements, and emergency facility repairs.
 - **\$25.7 million** for Child Care Stage 2 programs;

- **\$18.0 million** for Charter Schools Facility Grants to offset rental/lease costs for charter schools serving economically disadvantaged students;
- **\$12.0 million** for supplemental instructional materials for English learners;
- **\$12.0 million** to enhance the Alternative Certification (Intern) program to prepare retirees from business and industry for the teaching profession, with an emphasis on the subjects of math, science and career technical education.
- **\$8.8 million** to provide full funding for the Beginning Teacher Support and Assessment (BTSA) program;
- **\$7.5 million** for a project to prepare additional math and science teachers to address a statewide shortage;
- **\$4.1 million** to address deficiencies in the Community Day School program;
- **\$3.0 million** for Personnel Management Assistance Teams;
- **\$2.5 million** in enhancements for the Principal Training program for provision of principal coaching;
- **\$2.5 million** to continue the Budget Officer Training program;
- **\$2.1 million** for the California School Information Services (CSIS) to provide support and equipment needed to maintain student identifiers in preparation of CALPADS;
- **\$2.0 million** to provide resources for Alternative Compensation Planning for school districts; and
- **\$385,000** for Fiscal Crisis Management Team (FCMAT) to prepare required annual status reports for schools districts with state emergency loans.
- Provided **\$2.1 billion** in total cost-of-living adjustments (COLAs) for K-12 education programs, which provides a **4.53 percent** COLA increase in 2007-08. This amount reflects an increase of \$221.6 million from the Governor's January Budget, which estimated a COLA of 4.04 percent.
- Decreased funding for K-12 enrollment growth from 2006-07 levels by **\$370.0 million** in 2007-08. The Governor's May Revision estimates negative attendance growth of **-0.48 percent**. This amount reflects an additional decrease of \$293.3 million compared to the Governor's January budget, which estimated a negative growth rate of -0.39 percent. The May Revision reduces revenue limits and most categorical programs by -0.48 percent, provides zero growth for selected categorical programs and positive growth for programs with other special statutory rates.
- Redirected **\$364.1 million** in funds the Governor proposed for new ongoing programs in 2007-08 to cover a budget shortfall in the Governor's May Revision budget for revenue limit equalization.
- Reduces ongoing funding for the High Priority Schools program by **\$100 million** to align appropriations with expenditures in 2007-08 and reappropriates **\$102.6 million** in 2006-07

savings for the program in 2007-08. These actions create **\$202.6 million** in ongoing savings that are used to address the shortfall of ongoing funds in 2007-08.

- Approved the following increases for Child Care and Development programs in 2007-08: **\$269 million** for CalWORKS Stage 2 child care; **\$7.7 million** for CalWORKS Stage 2 and 3 adjustments; and **\$6.8 million** for the State Median Income Adjustment.
- Increased state funding for school meals by **\$24.9 million** -- to provide 21 cents per free- and reduced-priced meal -- in order to improve the quality of school breakfasts and lunches.
- Appropriates **\$15.1 million** for the Community Based English Tutoring program. This item was used as the ongoing funds balancer.
- Increased the Early Mental Health Initiative program by **\$5 million** to restore funding to a total of \$15 million. This program is administered by the Department of Mental Health.
- Eliminates **\$2.1 million** in funding for the 2nd Grade STAR test which, according to current law, sunsets in 2007-08.
- Approved **\$34.9 million** in federal Reading First carryover funds for up to 90 percent of new schools in participating school districts. New schools would be required to serve K-12 special education teachers, as well as K-3 teachers as authorized in current law.
- Approved an increase of **\$27.1 million** in federal Title I School Improvement Set-Aside carryover funds for school and district improvement for development of an expenditure plan by the LAO in consultation with the Departments of Education and Finance. This amount includes **\$4.0 million** for improving the accountability of alternative schools, including court schools.
- Provided **\$1.1 million** in federal special education carryover funds and **\$1.2 million** in federal funds for English learners to the Department of Education to provide monitoring and technical assistance for youth in alternative schools, county court schools, and Division of Juvenile Justice schools.
- Approved an additional **\$1.1 million** in federal Title II Teacher Quality funds for the Compliance, Monitoring, Interventions and Sanctions system. These funds will provide **8.0 positions** and other expenses to work toward compliance with the Highly Qualified Teacher provisions of the federal No Child Left Behind Act.
- Approved **\$113,000** and **1.0 position** within CDE to coordinate education services for incarcerated youth in California. The department will be required to prepare an annual report on youth served in correctional settings.
- Restored **\$1.5 million** and **9.2 positions** for the State Board of Education and establishes funding within a separate budget item within CDE.
- Appropriated **\$450,000** in federal Special Education carryover funds as a COLA adjustment for the special education due process program.

- Approved **\$100,000** in federal special education carryover funds for an independent evaluation of the due process contract to assess program access and outcomes and guide annual budget increases.
- Provided **\$150,000** in federal Title I School Improvement Set-Aside funds for a study to identify options for improving socio-economic indicators for students in order to improve school funding allocations for economically disadvantaged students.
- Adopted **budget bill language** to require the Department of Education to report the timeliness, activity levels, and outcomes of civil rights complaints filed with the department through the uniform complaints procedure.
- Adopted **budget control language** that establishes standards and reporting requirements for both K-12 education and the public higher education segments for the High Speed Internet Network. This language implements recommendations from a report by the Bureau of State Audits last year.
- Continued deferral of annual mandate payments for K-12 education in 2007-08, estimated to cost **\$160 million** annually.
- Continued to defer payments of approximately **\$1.1 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.

Child Development

- Fully funded Stage 2 and Stage 3 CalWORKs Child Care using predominately Proposition 98 funds.
- Provided \$6.8 million to "unfreeze" the State Median Income (SMI) levels and allow families to earn slightly more and still retain their subsidized child care services.
- Utilized savings from the current-year Preschool program expansion to fund Stage 2 and Stage 3 CalWORKs Child Care.
- Approved the continuation of \$50 million for current-year preschool expansion (pursuant to Chapter 211, Statutes of 2006). Of this amount, \$5 million was approved for the use of wrap-around care by all state preschool participants.
- Denied Governor's proposal to further expand preschool in 2007-08.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- Augmented by \$2 million the amount available for the Public Library Foundation.
- Provided an additional \$52,000 for the Library System Replacement Project, thus denying the Administration's proposal to redirect those funds from the Public Library Foundation.

6440 UNIVERSITY OF CALIFORNIA

- Approved the Governor's Compact with the University of California (UC) by providing a general support funding increase of four percent (\$116.7 million); increasing funding for enrollment growth equivalent to 2.5 percent; and approving a student fee increase of seven percent (whereby one-third of the revenue will be returned to financial aid programs for students).
- Approved support for the UC Merced campus, as budgeted, at \$24 million.
- Restored funding for UC's Student Academic Preparation and Outreach programs by providing an additional \$19.3 million. State funds will be matched with \$12 million of university funds. The Governor's January proposal called for state funding to be eliminated from these programs.
- Augmented by \$500,000 the amount of funding available for the California State Summer School for Math and Science (COSMOS).
- Restored funding for Labor research and education programs by providing \$6 million, augmented the amount of funding available for statewide agriculture research by \$1.5 million, and provided an additional \$1.5 million for oceanographic research at UC's Scripps Research Institute.
- Deleted the \$15 million augmentation proposed by the Governor for the Institutes for Science and Innovation.
- Deleted the \$5 million augmentation for the University's Petascale Supercomputing Facility proposal.
- Denied the Governor's proposal to provide \$70 million in Lease Revenue Bonds to construct a new Energy Biosciences Institute at UC Berkeley (in conjunction with the receipt of a grant from the BP – formerly British Petroleum – corporation), and instead approved \$5 million for working drawings associated with the facility. Adopted Budget Bill Language specifying that the funds not be allocated until the Legislature has reviewed the signed contract between the UC and BP and explicitly authorized the release of the funds.

- Appropriated \$130.6 million for Telemedicine-related projects, this amount represents the portion of the \$200 million set aside in Proposition 1D that the five University campuses with medical centers are able to expend in 2007-08.
- Other than the above-noted exceptions, approved all state-funded Capital Outlay projects, as budgeted.
- Adopted Supplemental Reporting Language requiring the UC to submit copies of campus Long Range Development Plans (LRDPs) and accompanying Environmental Impact Reports (EIRs) to the Legislature; report on current and future off-campus mitigation measures associated with campus growth; and report on the use of summer session.
- Adopted specific Supplemental Reporting Language related to growth on the UC Santa Cruz campus and the Legislature's intent that meaningful mitigation of off-campus impacts be achieved.

6610 CALIFORNIA STATE UNIVERSITY

- Approved the Governor's Compact with the California State University (CSU) by providing a general support funding increase of four percent (\$108.7 million); increased funding for enrollment growth equivalent to 2.5 percent; and approving a student fee increase of ten percent (whereby one-third of the revenue will be returned to financial aid programs for students).
- Restored funding for CSU's student academic preparation programs by providing an additional \$7 million. These funds are matched with \$45 million from the CSU's budget and provide early assessment services to students in K-12 schools.
- Approved a \$3.6 million augmentation for CSU to enroll an additional 340 full-time equivalent students in baccalaureate degree programs in nursing.
- Adopted Supplemental Reporting Language requiring the CSU to submit copies of campus Master Plans and accompanying Environmental Impact Reports (EIRs) to the Legislature; report on current and future off-campus mitigation measures associated with campus growth; and report on the use of summer session.
- Approved all state-funded Capital Outlay projects, as budgeted.

6870 CALIFORNIA COMMUNITY COLLEGES

- Fully-funded a 4.53 percent Cost-of-Living Adjustment for Apportionments and select categorical programs.
- Restored \$33.1 million to the Basic Skills program. The Administration had proposed that these funds be shifted to the Matriculation categorical program as part of the Governor's January Budget proposal.

- Adopted Governor's proposal to reduce community colleges' budget by \$80 million in the current and budget years (thus, rebenching apportionments on a permanent basis) to account for unused enrollment growth funding.
- Shifted Governor's proposed \$10 million augmentation for the Matriculation categorical program to enrollment growth in order to mitigate the effect of the above-noted rebenching.
- Provided \$220,000 to that community college districts have access to FCMAT resources.
- Augmented by \$1.9 million (in ongoing funds) to provide textbook grants through the Extended Opportunity Programs and Services (EOPS).
- Approved all state-funded Capital Outlay projects, as budgeted.
- Appropriated \$212.7 million in one-time funds (from both the Proposition 98 Reversion Account and prior-year Proposition 98 "Settle-Up" funds) to the community colleges for a variety of high-priority uses including:
 - Scheduled maintenance and special repairs, replacement of instructional equipment and library materials, hazardous substances abatement programs, and architectural barrier removal projects (\$45.6 million);
 - Technology (\$2 million);
 - Nursing program start up costs and simulators (\$9 million);
 - CalPASS Program (\$1 million);
 - Career Technical Program Equipment (\$20 million);
 - Nursing and Allied Health Program Equipment (\$30 million);
 - Part-Time Faculty Office Hours and Health Insurance (\$10 million);
 - Accreditation Assistance for small and "at risk" colleges (\$2 million);
 - Coordinated Outreach Services to Parolees (\$10 million);
 - Coordination of Nursing and Allied Health Training for 24-hour State Facilities (\$15 million);
 - Mandates (\$35 million).

7980 CALIFORNIA STUDENT AID COMMISSION

- Fully funded the Cal Grant Program and the Assumption Program of Loans for Education.
- Authorized 100 new loan assumption warrants for the SNAPLE (State Nursing) loan assumption program and 100 new loan assumption warrants for the SNAPLE-SF (Nurses in State Facilities) loan assumption program.
- Provided one new position; \$100,000 General Fund; and authority for 100 new loan assumption warrants to implement the Public Attorney Loan Repayment Program.

- Assumed \$1 Billion in revenues to the State General Fund associated with the sale of EdFUND.
- Shifted funding for the ongoing operations of both the Student Aid Commission and the California Student Opportunity and Access Program (Cal-SOAP) from the Student Loan Operating Fund (which is generated by EdFUND) to the General Fund, in order to backfill the loss of EdFUND ongoing revenues – consistent with the pending sale of EdFUND.

Senate Committee
on
Budget and Fiscal Review

SUBCOMMITTEE 2
Resources, Environmental Protection, and
Energy

MAJOR ACTION
REPORT

May 30, 2007

Senate Bill 54
2007-08 Budget Bill

Members

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SUBCOMMITTEE No. 2

RESOURCES, ENVIRONMENTAL PROTECTION, AND ENERGY

**Org
Code**

Natural Resources		
0540	Secretary for Resources.....	2-1
3110	Special Resources Programs.....	2-1
3125	California Tahoe Conservancy.....	2-1
3340	California Conservation Corps.....	2-1
3460	Colorado River Board.....	2-1
3480	Department of Conservation.....	2-2
3540	Department of Forestry and Fire Protection.....	2-2
3560	State Lands Commission.....	2-2
3600	Department of Fish and Game.....	2-3
3640	Wildlife Conservation Board.....	2-3
3680	Department of Boating and Waterways.....	2-3
3720	California Coastal Commission.....	2-3
3760	State Coastal Conservancy.....	2-4
3780	Native American Heritage Commission.....	2-4
3790	Department of Parks and Recreation.....	2-4
3810	Santa Monica Mountains Conservancy.....	2-4
3820	San Francisco Bay Conservation and Development Commission.....	2-4
3825	San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy.....	2-4
3830	San Joaquin Conservancy.....	2-5
3835	Baldwin Hills Conservancy.....	2-5
3840	Delta Protection Commission.....	2-5
3845	San Diego River Conservancy.....	2-5
3850	Coachella Valley Mountains Conservancy.....	2-5
3855	Sierra Nevada Conservancy.....	2-5
3860	Department of Water Resources.....	2-6
Environmental Protection		
0555	Secretary for Environmental Protection.....	2-7
3900	Air Resources Board.....	2-7
3910	Integrated Waste Management Board.....	2-7
3930	Department of Pesticide Regulation.....	2-8
3940	State Water Resources Control Board.....	2-8
3960	Department of Toxic Substances Control.....	2-9
3980	Office of Environmental Health Hazard Assessment.....	2-9
Energy and Utilities		
3360	Energy Resources Conservation and Development Commission.....	2-10
3860	Department of Water Resources.....	2-11
8660	California Public Utilities Commission.....	2-11
8665	California Consumer Power and Conservation Financing Authority.....	2-11
8770	Electricity Oversight Board.....	2-11
Food and Agriculture		
7300	Agricultural Labor Relations Board.....	2-12
8570	Department of Food and Agriculture.....	2-12

NATURAL RESOURCES

0540 Secretary for Resources

- Approved \$13.9 million in Proposition 84 bond funds to support implementation of a settlement agreement between the federal government, local water users, and environmental advocates to restore portions of the San Joaquin River, including channel modifications and ecosystem restoration projects that will be implemented by the Department of Water Resources and Department of Fish and Game.
- Approved \$20.5 million in Propositions 50 bond funds for the River Parkways Program.
- Approved \$10.5 million in Proposition 84 and Proposition 50 bond funds for CALFED Science Program research grants.

3110 Special Resources Program

- Approved \$100,000 GF for a legal position at Tahoe Regional Planning Agency, with budget bill language specifying that the funds can only be used for enforcement of regulations mitigating adverse environmental effects of development near Lake Tahoe.
- Approved \$100,000 GF for a transit position at Tahoe Regional Planning Agency.

3125 California Tahoe Conservancy

- Approved \$39.6 million from bond funds (\$27.3 million from Proposition 84) for the Environmental Improvement Program at Lake Tahoe.
- Approved \$4.8 million for the Lake Tahoe Biomass Utilization project, with a transfer of \$4.1 million to the California Energy Commission for the CEC to distribute the funds in a competitive grant process.

3340 California Conservation Corps

- Approved \$263,000 in Proposition 84 bond funds for administration of the bond.
- Approved \$12 million in Proposition 84 bond funds for local assistance grants.

3460 Colorado River Board of California

- Approved as budgeted.

3480 Department of Conservation

- Approved \$1.9 million in special funds to fund four positions and start-up costs of the Comprehensive Recycling Community (CRC) project. The CRC project intends to increase beverage container recycling by 50 percent in selected communities and to develop strategies, applicable to any community to maximize the recycling potential. This pilot project will select four cities and work with the local governments to implement strategies.
- Approved \$1.1 million to fund five permanent and five three-year limited-term positions to combat fraud in the Beverage Container Recycling Program.
- Approved \$2.4 million in special funds to reduce the negative environmental impacts of beverage containers.
- Approved \$585,000 in special funds for five permanent positions to conduct audits of Surface Mining and Reclamation Act lead agency compliance and financial assurances.
- Approved \$1 million in Proposition 50 bond funds for the Watershed Coordinator Grant Program.

3540 Department of Forestry and Fire Protection

- Approved \$8.8 million in bond funds for urban forestry programs.
- Approved \$912,000 in Proposition 50 bond funds for Sierra Nevada fire management planning.
- Approved \$4.2 million GF to cover planned overtime in fire season.
- Approved budget bill language for a General Fund loan to allow for payment on contracts.
- Approved \$157 million (\$8.1 million GF) for capital outlay projects. Also approved trailer bill language and provisional language on capital outlay project management.
- Approved Supplemental Report Language on contracting with Certified Disabled Veteran Business Enterprises.

3560 State Lands Commission

- Approved \$702,000 from special funds for four positions to carry out Marine Oil Terminal Engineering and Maintenance Standards (MOTEMS) audits and related work. The MOTEMS audits are a regulatory requirement. These audits contain extensive inspection criteria and require engineering analyses to determine the structural, mooring, and berthing capacity of the oil terminals.
- Approved \$1.2 million General Fund to fund the state's portion of remediation work at state-owned land in Selby. These funds are for de-acidification remediation of soils work at certain portions of the site.
- Approved \$568,000 for five positions to perform ballast water testing on vessels entering California ports.
- Approved \$2.7 million GF for a new office building in Seal Beach. The current Huntington Beach office site will be sold as surplus land.

3600 Department of Fish and Game

- Approved \$11.5 million from Proposition 84 bond funds for 14.5 positions and program costs for Coastal Salmonid Monitoring Plan implementation, Coho Recovery Plan implementation, Coastal Steelhead and Chinook Recovery, and the Steelhead Report Card Program. Also approved trailer bill language.
- Approved \$7.4 million in special funds for environmental mitigation, restoration, and enhancement measures for the Yuba Feather River Flood Control Project.
- Approved \$6.8 million in Proposition 84 bond funds for the acquisition of lands for natural resource protection and public access to natural resources, consistent with the Lower Colorado River Multi-Species Habitat Conservation Plan.
- Approved \$4,534,000 in special funds for 34 permanent positions for the California Environmental Quality Act (CEQA) review program.
- Approved \$5,732,000 GF for 16 permanent positions, two limited-term positions, and interagency contract to respond to the Quagga Mussel.
- Approved \$282,000 GF for a one-time augmentation to replace commercial salmon vessel and salmon stamp fees.

3640 Wildlife Conservation Board

- Approved \$25 million in Proposition 84 bond funds for the Natural Communities Conservation Planning program.
- Approved \$5 million in Proposition 84 bond funds for oak woodlands preservation.
- Approved \$5 million in Proposition 84 bond funds for the Rangeland, Grazing Land and Grassland Protection Program.
- Approved \$5 million in Proposition 84 bond funds for integrating agricultural activities with ecosystem restoration and wildlife protection.

3680 Department of Boating and Waterways

- Approved \$12.9 million in special funds for launching facility project grants for local governments.
- Approved \$12 million in special funds for public loans to develop marinas and expand and rehabilitate existing marina facilities.
- Approved \$6 million in special funds to assist local governments with 17 minor capital outlay projects for recreational boating.

3720 California Coastal Commission

- Approved \$380,000 GF for North Coast enforcement.

3760 State Coastal Conservancy

- Approved \$84,443,000 in Proposition 84 bond funds for capital outlay and local assistance.
- Approved \$28 million in Proposition 84 bond funds for the Ocean Protection Council for capital projects and science applications. Of that amount, approximately \$5 million would be for science and the remaining funds for capital outlay.

3780 Native American Heritage Commission

- Approved \$200,000 GF to implement legislative mandates.

3790 Department of Parks and Recreation

- Approved \$30 million in Proposition 1C housing-related parks funds.
- Approved \$2.8 million in Proposition 84 bond funds to develop and administer the Proposition 84 programs.
- Approved approximately \$70 million for capital outlay and land acquisition projects.
- Approved \$30 million for opportunity and inholding acquisitions.
- Approved \$4.1 million GF for contamination remediation measures at the Empire Mine State Historic Park.
- Approved \$5 million GF for the Museum of Tolerance.
- Approved, as three-year limited term positions, 41 administratively created maintenance positions at the Department of Parks and Recreation. The total cost of the positions will be approximately \$13 million out of the \$90 million General Fund for deferred maintenance.

3810 Santa Monica Mountains Conservancy

- Approved \$17 million in Proposition 84 bond funds for protection and restoration of rivers, lakes and streams, watersheds and associated lands, and other natural resources.

3820 San Francisco Bay Conservation and Development Commission

- Approved as budgeted

3825 San Gabriel and Lower Los Angeles Rivers & Mountains Conservancy

- Approved \$25 million in Proposition 84 bond funds for various capital outlay projects.

3830 San Joaquin River Conservancy

- Approved \$8.5 million in Proposition 84 bond funds to the San Joaquin Conservancy which will be used by the Wildlife Conservation Board to acquire lands in the conservancy's area.
- Approved \$3.5 million for public access, recreation, and environmental restoration projects.

3835 Baldwin Hills Conservancy

- Approved trailer bill language to extend the Conservancy for five years.
- Approved \$4,050,000 in Proposition 84 bond funds and reimbursements for protecting and enhancing the two-square mile portion of the Kenneth Hahn State Recreation Area of the Ballona Creek Watershed.

3840 Delta Protection Commission

- Approved as budgeted

3845 San Diego River Conservancy

- Approved language allowing the Conservancy to select \$2.85 million in projects funded through the State Coastal Conservancy.

3850 Coachella Valley Mountains Conservancy

- Approved \$11,514,000 in Proposition 84 bond funds for land acquisition.

3855 Sierra Nevada Conservancy

- Approved \$8.75 million in Proposition 84 bond funds for land acquisition.

3860 Department of Water Resources

- Approved \$369.8 million for evaluating and improving the State's flood control system. Of this amount, \$342.9 million is for local assistance. The funds will support 52 new positions and various flood and levee programs.
- Approved \$165 million for system-wide levee evaluations and repairs.
- Approved \$50 million for evaluations and repairs of non-project (local) levees.
- Approved \$11.9 million for a flood management comprehensive strategic plan.
- Approved \$9.1 million is proposed for an urban streams grant program.
- Approved \$82 million (\$47 million GF) for the lining of the All-American and Coachella Canals.
- Approved \$1.2 million in Proposition 50 bond funds for the CALFED fish passages program.

ENVIRONMENTAL PROTECTION

0555 Secretary for Environmental Protection

- Approved \$306,000 in special funds for the coordination and management of the Global Warming Solutions Act implementation effort.

3900 Air Resources Board

- Approved \$193 million in Proposition 1B bond funds for the replacement of pre-1987 school buses and retrofits old diesel school buses.
- Approved \$250 million in Proposition 1B bond funds for addressing air quality along California's trade corridors.
- Approved \$19.3 million in special funds for 123 positions to work on implementation of AB 32.
- Approved \$1 million GF to cover litigation expenses related to the State's defense of AB 1493.
- Approved \$1.2 million in special funds to implement new regulations for in-use emissions for light-duty vehicles that go into effect in 2007.
- Approved \$2.2 million in special funds to implement regulations adopted to reduce the risk from diesel particulate matter.
- Adopted trailer bill language on clean construction equipment for bond funded projects.

3910 Integrated Waste Management Board

- Approved \$118,000 and trailer bill language for the development and implementation of a state minimum standard and best management practices for landfill operations that controls methane emissions from those facilities by July 1, 2008.
- Approved \$695,000 in special funds for 5.5 permanent positions to continue the coordination, development and promotion of environmental education for all elementary and secondary school students.
- Approved \$435,000 in special funds for five permanent positions to implement the Electronic Waste Recycling Act of 2003. The funds are to implement fraud prevention and compliance assistance, as well as implement and enhance the recovery and recycling payment system.
- Approved \$129,000 in special funds for implementation of SB 1305, the Medical Waste Management Act (Figueroa). CIWMB will implement this Act through public education campaigns, mail-back programs, and monitoring and reporting on the state's progress.
- Approved \$552,000 in special funds for two new positions to implement AB 2296 (Montanez). Specifically, AB 2296 requires a study to determine what conditions could potentially have long-term affects on solid waste landfills and to examine the financial assurance mechanisms to protect the state from long-term post-closure maintenance and corrective action costs at these facilities.
- Approved \$518,000 in special funds for five positions to conduct financial, performance, and other service audits of oil recycling, tire recycling, and electronic waste recycling.

3930 Department of Pesticide Regulation

- Approved \$780,000 in special funds for two limited-term positions to implement a limited-term Pesticide Pollution Prevention Grant Program. This grant program will focus on the implementation of integrated pest management practices that reduce or eliminate pollution and pesticide exposure in agricultural and urban environments.
- Approved \$149,000 in special funds for one position to expand implementation of the Healthy Schools Act to private day care facilities as required by Chapter 865 of the Statutes of 2006 (AB 2865, Torrico). The funds would be used for providing outreach materials and presentations.
- Approved \$634,000 in special funds for five positions to develop and implement pesticide mitigation measures through the adoption of statewide rules, improved occupational outreach programs, and action on pesticide product registrations.
- Approved \$667,000 in special funds for six new positions to provide additional state oversight of field enforcement activities carried out by county agricultural commissioners (CAC) and to establish a training program for conducting CAC hearings.

3940 State Water Resources Control Board

- Approved \$132.5 million in various bond funds for local assistance in water recycling, agricultural drainage loans, wastewater construction, and other water quality related uses.
- Approved \$99.5 million in Proposition 84 bond funds for water pollution control, agricultural water quality, urban storm-water runoff reduction, and clean beaches programs.
- Approved \$12.9 million in one-time special funds for underground storage tank cleanup costs. Of this amount, \$2.9 million would be used for the Orphan Site Cleanup Program.
- Approved \$3,122,000 in special funds for 25 positions to increase oversight of brownfield sites including underutilized properties and converting backlogged sites to cost recovery. These new positions are expected to address 400-600 site cleanups.
- Approved \$3,482,000 (\$582,000 GF) for cleanup of Leviathan Mine.
- Approved \$4 million in fees to administer the National Pollutant Discharge Elimination System to issue wastewater permits.
- Approved \$1,635,000 GF to support the agricultural waiver program.
- Approved \$1,053,000 in special funds to handle water discharge permitting of confined animal facilities.
- Approved \$693,000 GF for water rights application and change petition processing.
- Adopted trailer bill language to eliminate the sunset of the Petroleum Underground Tank Cleanup Fund.

3960 Department of Toxic Substances Control

- Approved \$3.7 million (\$2.2 million GF) for the operation and maintenance of the Stringfellow Hazardous Waste Site, as well as continuation of the site's removal and remediation activities.
- Approved \$1,569,000 GF for the biomonitoring program.
- Approved \$219,000 in special funds and reimbursements for urban environment clean-ups.
- Approved \$451,000 in special funds to implement pollution prevention concepts, best management practices, training and outreach to proactively reduce the use of chemicals of concern. Specifically, these positions would work on reducing metals in packaging and lead in children's jewelry.
- Approved a redirection of \$431,000 in special funds to evaluate and collect data on treated wood waste. These funds will also be used toward the establishment of an inspection and enforcement program to ensure proper management of hazardous treated wood waste, as well as outreach and guidance to businesses and households.

3980 Office of Environmental Health Hazard Assessment

- Approved \$380,000 GF for the biomonitoring program.
- Approved \$125,000 in special funds to complete and update toxic endpoint analysis of regulated hazardous chemicals, provide technical expertise for the periodic revision of the list of regulated chemicals and the threshold quantities, and to assist Cal-EPA in hazardous substance management standards.
- Approved \$203,000 in special funds to augment the department's Proposition 65 program.

ENERGY AND UTILITIES

3360 California Energy Commission

- Approved \$610,000 in special funds for AB 32 implementation by developing emissions reduction strategies in the energy sector.
- Approved \$486,000 in special funds for implementation of the Million Solar Roofs Initiative.
- Approved \$148,000 in special funds to administer the New Solar Homes Partnership.
- Approved \$534,000 in special funds for two permanent positions and contracts to implement a time-of-sale energy rating program for existing homes in California.
- Approved \$693,000 in special funds for Building Energy Efficiency Standards compliance and enforcement.
- Approved \$118,000 in special funds for one permanent position for appliance efficiency standards enforcement.
- Approved \$953,000 in special funds to conduct petroleum industry reporting and to develop fuel-efficiency standards for tires so that vehicles use less fuel.
- Approved \$399,000 in special funds to support the state's responsibilities for load serving entity forecast analysis and short-term forecasts of electricity demand for assessing electric supply resource adequacy.
- Approved \$500,000 in one-time special funds for contract funds to conduct an evaluation of the PUC's Self Generation Incentive Program.
- Approved \$471,000 in special funds for four permanent positions to conduct natural gas research related to transportation, climate change, and air quality.
- Approved \$746,000 in special funds for six positions to work on climate change, renewables, and electricity distribution research for the PIER electricity program.
- Approved \$244,000 in special funds to develop and adopt a greenhouse gas emissions performance standard and implementing regulations for all baseload generation of publicly-owned electric utilities.
- Approved \$336,000 in special funds for three permanent positions to implement expanded mandates of the California Renewable Portfolio Standard.
- Approved \$800,000 one-time special funds to compile and assess existing scientific studies to determine the potential vulnerability of existing large baseload generation facilities – 1,700 megawatts or greater – to major disruption due to plant aging or an earthquake.
- Approved \$536,000 for designating transmission corridor zones.

**3860 Department of Water Resources
(California Energy Resources Scheduling Division)**

- Approved as budgeted

8660 Public Utilities Commission

- Approved \$705,000 in special funds for seven permanent positions to conduct safety inspections of railroad equipment and facilities.
- Approved \$2,460,000 for implementation of the California Solar Initiative.
- Approved \$108,000 for accelerating the existing Renewables Portfolio Standard by requiring retail sellers of electricity to procure at least twenty percent of their retail sales from renewable power sources by 2010.
- Approved \$211,000 in special funds for Advanced Metering implementation.
- Approved \$950,000 in special funds for 10.5 positions to regulate video services.
- Approved \$596,719 in special funds to consider, develop, and implement performance reliability standards for fiber optic cable telephone emergency services.
- Approved \$486,000 in special funds for five positions to conduct regulations enforcement of charter passenger carrier companies, such as limousine services, that provide service to airports.
- Approved \$98,000 in special funds to implement a new Community Choice Aggregation Program to allow cities and counties to aggregate the electric load of customers in their respective geographical service areas.
- Approved \$300,000 in special funds for 3 auditors for the Division of Ratepayer Advocates.

8665 California Consumer Power and Conservation Financing Authority

- Rejected trailer bill language to eliminate the California Consumer Power and Conservation Financing Authority.

8770 Electricity Oversight Board

- Approved as budgeted.
- Rejected trailer bill language to eliminate the Electricity Oversight Board.

FOOD AND AGRICULTURE

7300 Agricultural Labor relations Board

- Approved as budgeted.

8570 Department of Food and Agriculture

- Approved \$331,000 from Department of Food and Agriculture Fund for the development of a methane capture program in response to AB 32.
- Approved a new program within CDFA, the General Agricultural Activities Program. This program provides the fiscal and policy oversight of federal agricultural grants to California. In addition, this new program coordinates departmental resources and provide centralized communications to the agricultural industry.
- Approved redirection of \$2 million GF to expand private vehicle inspections at border stations.
- Approved \$407,000 GF to support five 1-year limited-term positions to continue a pilot project at Needles to determine the pest introduction risk presented by private vehicles entering the state. The program was piloted in 2006-07 with five 1-year limited-term positions.
- Approves \$4.2 million GF for eradication of the Diaprepes Root Weevil in Southern California.
- Approved \$2 million GF for eradication of the Light Brown Apple Moth.
- Approved \$1.3 million in federal reimbursements for the Specialty Crop Grants to enhance the competitiveness of specialty crop producers.

Senate Committee
on
Budget and Fiscal Review

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

MAJOR ACTION
REPORT

May 30, 2007

Senate Bill 54
2007-08 Budget Bill

Members

Elaine Alquist, Chair
Dave Cogdill
Alex Padilla

Consultants

Brian Annis
Eileen Cubanski
Bryan Ehlers
Diane Van Maren

SUBCOMMITTEE No. 3

HEALTH, HUMAN SERVICES, LABOR, and VETERANS AFFAIRS

**Org
Code**

Health

0530	Secretary of Health and Human Services.....	3-1
4120	Emergency Medical Services Authority.....	3-1
4260	Department of Health Care Services.....	3-1
4265	Department of Public Health.....	3-5
4270	California Medical Assistance Commission.....	3-8
4280	Managed Risk Medical Insurance Board.....	3-8
4300	Department of Developmental Services.....	3-8
4440	Department of Mental Health.....	3-10

Human Services

4140	Office of Statewide Health Planning and Development.....	3-12
4170	Department of Aging.....	3-12
4180	Commission on Aging.....	3-13
4185	California Senior Legislature.....	3-13
4200	Department of Alcohol and Drug Programs.....	3-13
4700	Department of Community Services and Development.....	3-13
5160	Department of Rehabilitation.....	3-13
5170	State Independent Living Council.....	3-14
5175	Department of Child Support Services.....	3-14
5180	Department of Social Services.....	3-15

Labor

0559	Labor Workforce Development Agency.....	3-19
7100	Employment Development Department.....	3-19
7350	Department of Industrial Relations.....	3-20

Veterans Affairs

8955	Department of Veterans Affairs and Veterans Homes of California.....	3-21
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HEALTH

0530 Secretary of Health & Human Services

- Adopted Budget Bill Language to require the CA Health and Human Services Agency and the CA Environmental Protection Agency to confer to develop a specific transition plan for the transfer of the responsibilities regarding the regulation of the use, handling, transport and disposal of ionizing radiation from the Department of Public Health to the Department of Toxic Substance Control or other applicable entity.

4120 Emergency Medical Services Authority

- Approved as proposed with minor May Revision technical adjustments.

4260 Department of Health Care Services

Highlights for the Medi-Cal Program

- Increased by \$214.3 million (\$107.1 million General Fund) the rates paid to health care plans participating in the Medi-Cal Managed Care Program as proposed in the May Revision. Also adopted trailer bill language to codify the new rate methodology and to transfer all responsibility for Medi-Cal Managed Care rate development to the Department of Health Care Services and eliminated the CA Medical Assistance Commission's involvement in the process.
- Restored the growth capitation level for freestanding nursing homes and subacute facilities to the full 5.5 percent level for both 2007-08 and 2008-09 for increased expenditures of \$32.6 million (\$16.3 million General Fund) over the budget. Also approved trailer bill language to extend the sunset for the rate methodology for one-year (June 30, 2009) and to defer the evaluation report for one year.
- Reduced by \$57.4 million (total funds), in lieu of the Administration's reduction of \$77.4 million (total funds), to reflect three changes proposed for pharmacy reimbursement under the Medi-Cal Program. These include: (1) changing the existing payment structure from Average Wholesale Price to an Average Manufacturer Price (AMP); (2) implementing a revised Federal Upper Payment Limit; and (3) recognizing an upcoming settlement agreement between the federal government and First Data Bank (the source of Medi-Cal's pricing structure). The Senate recognized a \$20 million (total funds) offset due to adoption of trailer bill language that

authorizes the Administration to proceed with implementation of the AMP and to recalculate the pharmacy dispensing fee to help offset the reduction in drug ingredient costs.

- Appropriated \$119.9 million (\$60 million General Fund) for rate increases to long-term care facilities *not* governed by the rate methodology contained in AB 1629, Statutes of 2004. Specifically, this rate adjustment applies to “Level A” Nursing Facilities, Intermediate Care Facilities for the Developmentally Disabled (ICF-DD), Distinct-Part Nursing Facilities, Subacute facilities and Rural Swing Beds. Each facility type receives a different percentage increase, based upon their peer grouping and cost reports.
- Redirected a total of \$775,000 (federal Title V Maternal and Child Health) to fund three positions and provide for contract services to proceed with implementation of recommendations regarding performance measures and quality assurance measures for aged, blind and disabled individuals enrolled in the Medi-Cal Managed Care Program. Adopted Budget Bill Language to have the department develop an action plan, using their May 7th draft report as a guide.
- Reflected the Administration’s May Revision to provide an increase of \$18.9 million (General Fund) for the Medi-Cal Minor Consent Program to exempt the program from the federal Deficit Reduction Act of 2005 requirements.
- Adopted the Administration’s May Revision to utilize a Medi-Cal presumptive eligibility approach to replace the existing Healthy Families to Medi-Cal Program Bridge since the federal Centers for Medicare and Medicaid (CMS) would not approve an extension of California’s waiver for the continuation of the existing Bridge.
- Approved the Administration’s May Revision to increase by \$25.2 million (\$12.6 million General Fund) for County Social Services Departments to implement the federal Deficit Reduction Act that requires evidence of citizenship and identity as a condition of Medicaid eligibility for certain individuals who are applying for or currently receiving Medi-Cal benefits.
- Adopted placeholder trailer bill language regarding enteral nutrition products and medical supplies to facilitate Medi-Cal contract negotiations and to ensure access to diverse products for enrollees in the Medi-Cal Program. This language assumes \$4 million (\$2 million General Fund) in savings as contained in the budget.
- Adopted trailer bill language to extend the sunset date for the Quality Improvement Fee on Medi-Cal Managed Care plans from January 1, 2009 to October 1, 2009 and reduced the fee from 6 percent to 5.5 percent as required by recent federal law changes.
- Adopted trailer bill language to require the DHS to undertake a review of the Medi-Cal Program’s manual, regulations and all-county letters in an effort to make them consistent and responsive to counties for purposes of Medi-Cal eligibility processing.
- Adopted trailer bill language to provide clarity regarding the state’s court-approved Conlan Plan and necessary reimbursement to eligible Medi-Cal recipients.

- Approved placeholder trailer bill language regarding the Medi-Cal Program's ability to recover medical expenses provided through the Medi-Cal Program to individuals who have been awarded third-party payment.
- Adopted placeholder trailer bill language to establish a two-county pilot project regarding a personalized Medi-Cal Managed Care provider directory.
- Increased by \$4.4 million (\$2.2 million General Fund) to reflect a rate increase, as directed by the Budget Act of 2006, for the Program for All-Inclusive Care for the Elderly (PACE).
- Provided \$200,000 (\$100,000 General Fund) to support two staff to process PACE applications to expand the program.
- Adopted trailer bill language to clarify the Adult Day Health Care moratorium.
- Provided full funding as contained in the Administration's May Revision to support enrollment changes as contained in Senate Bill 437 (Escutia), Statutes of 2006.
- Continued all funding as proposed by the Administration in the May Revision to continue several strategies to improve the enrollment of uninsured, eligible children into the Medi-Cal and Healthy Families Program. The following key adjustments are for the Medi-Cal Program:
 - ✓ A total of \$34.1 million (\$14.8 million General Fund) for the DHS to allocate to selected counties to partner with public and private community organizations for outreach, streamlined enrollment and related measures.
 - ✓ A total of \$81.7 million (\$40.8 million General Fund) to fund Medi-Cal caseload increases and county administrative processing for enrollment which are attributable to the simplified redetermination form implemented in 2006.
- Increased by \$2.5 million (General Fund) to fund certain services that have historically been part of the state's Family PACT Waiver Program which were recently denied federal funding approval by the Center on Medicare and Medi-Cal (CMS). Specifically, these services include mammography, Hepatitis B vaccines, five medical procedures related to complications of particular contraceptive methods, and diagnostic testing regarding cancer. These medically necessary services will now be fully General Fund supported.
- Provided a total of \$11.1 million (\$5.6 million General Fund) to fund the delivery of the Human Papillomavirus vaccine to applicable women enrolled in the Medi-Cal Program.
- Decreased by \$6.4 million (\$3.2 million General Fund) to account for changes enacted in Senate Bill 1755 (Chesbro), Statutes of 2006, regarding a tightening of the medical necessity criteria used for enrollment into an ADHC facility. This reduction assumes a January 1, 2008 implementation date.
- Augmented by \$2.7 million (\$1.4 million General Fund) for the DHCS to enter into one or more contracts to implement a coordinated care management demonstration project for medically involved Medi-Cal enrollees, including seniors and persons with disabilities who have chronic

conditions or who may be near the end of life. The Budget Act of 2006 provided funding for the DHCS to establish and commence with these projects.

- Increased by \$127.5 million (federal funds) to reflect the inclusion of freestanding outpatient clinics and state-operated Veteran's Homes to the current Medi-Cal outpatient supplemental program.
- Increased by \$1.1 million (\$561,000 General Fund) to support 11 positions to provide increased assistance in managing the ongoing administration of the Medi-Cal Hospital Financing Waiver.
- Increased by \$2.3 million (\$565,000 General Fund) to support 19 positions to continue various activities to implement federal HIPPA requirements.
- Augmented by \$571,000 (\$285,000 General Fund) to support 5 positions regarding the implementation of federal Deficit Reduction Act requirements affecting the Medi-Cal Program as requested by the Administration.
- Adopted the Administration's request to increase by \$195,000 (\$97,000 General Fund) to support two positions to conduct monitoring activities associated with county administration of Medi-Cal eligibility processing and county performance standards regarding this processing.
- Rejected the Administration's proposal to close the Fresno field office.

4260 DEPARTMENT OF HEALTH CARE SERVICES

Highlights for Children's Medical Services & Primary Care and Rural Health

- Provided a total of \$234.7 million (\$96.4 million General Fund) for the California Children Services (CCS) Program as contained in the May Revision.
- Augmented by \$1.9 million (\$1.5 million General Fund) to expand the Newborn Hearing Screening Program to all infants in California by requiring all hospitals with licensed perinatal services to offer hearing screening services and by making available hearing screening services to newborns who are not delivered in hospitals.
- Increased by \$8.8 million (General Fund) to fund 16 positions to commence implementation of the California Discount Prescription Drug Program.
- Provided a total of \$49.5 million (total funds) for the Genetically Handicapped Persons Program (GHPP).
- Provided a total of \$2.8 million (\$2.7 million General Fund) for the Child Health Disability Prevention (CHDP) Program to provide vaccinations and health screenings for children not otherwise eligible for the Medi-Cal or Healthy Families programs.

- Adopted trailer bill language to not provide a \$20.2 million (General Fund) appropriation for the County Medical Services Program (CMSP) for 2007-08, as has been done the past several years since the CMSP has had funds available.

4265 Department of Public Health

- Reflected a series of adjustments to establish a new Department of Public Health (DPH) as required by Senate Bill 162 (Ortiz), Statutes of 2006. The core functions of the new DPH will include: (1) Emergency Preparedness; (2) Communicable Disease Control; (3) Chronic Disease and Injury Prevention; (4) Laboratory Sciences; (5) Family Health Programs; (6) Environmental and Occupational Health; (6) Drinking Water and Environmental Management; (7) Food, Drug and Radiation Safety; (8) Health Statistics; (9) Health Facility Licensure and Certification; (10) Office of Multicultural Health; and (11) Office of Binational Border Health.
- Adopted trailer bill language to require the Department of Finance to display more detailed fiscal information in the Governor's published budget regarding the programs within the new Department of Public Health.
- Adopted trailer bill language to require the new Department of Public Health to annually provide expenditure information for actual past year, estimated current year, and proposed budget year for specified programs.
- Fully funded the AIDS Drug Assistance Program as contained in the May Revision.
- Adopted trailer bill language to enable the AIDS Drug Assistance Program to more readily modify its formulary to keep abreast of new drug therapies.
- Utilized \$9.8 million (General Fund), obtained from savings within the AIDS Drug Assistance Program, to increase funding for several programs including \$4 million for the Therapeutic Monitoring Program, \$1.8 million for six eligible metropolitan areas, and \$1.5 million for the AIDS Regional Information and Evaluation System (ARIES).
- Utilized \$10.7 million (federal Ryan White CARE Act Part B funds), obtained from savings within the AIDS Drug Assistance Program, to increase funding to several HIV/AIDS programs providing case management and early intervention services as contained within the May Revision.
- Augmented by \$2 million (General Fund) to provide an accelerated HIV reporting effort in the 62 local health jurisdictions as directed by SB 699 (Soto), Statutes of 2006.
- Enacted a series of adjustments to reduce the Licensing and Certification (L&C) Fee increases proposed by the Administration and to be paid by various health care facilities. The adjustments included the following:
 - ✓ Directed that \$7 million (L&C Fund) from unspent current-year funds be used on a one-time only basis to offset L&C Fee increases in the budget year.

- ✓ Adopted a technical adjustment to reduce by \$400,000 (L&C Funds) on a one-time only basis the budget year appropriation to reflect natural salary savings that will occur as part of the phased-in hiring process.
 - ✓ Increased by \$2.6 million (General Fund) to reduce the L&C Fees of certain health care facilities.
 - ✓ Increased by \$364,000 (General Fund) to pay the L&C Fees for District Hospitals with less than 100 beds.
 - ✓ Adopted trailer bill language regarding the use of General Fund support.
 - ✓ Recalculated the L&C Fees by individual clinic facility types, versus the bundled approach the Administration had used.
 - ✓ Adopted trailer bill language to capture certain revenues obtained by the L&C Division to fund expenditures of the program but are not recognized (i.e., offset) in the L&C Fee amounts.
 - ✓ Adopted Budget Bill Language to have the Office of State Audits and Evaluations review, document, and, where appropriate, evaluate the various aspects of the methodologies used by the L&C Division in the development of the calculation of fees for payment.
- Increased by \$2.5 million (L&C Fund) to support 16 positions to implement Senate Bill 1312 (Alquist), Statutes of 2006, which requires surveys and inspections for compliance with state standards to the extent that state standards exceed federal law, and provide greater protection to residents of long-term care facilities.
 - Increased by \$7.2 million (L&C Fund) to support 43 positions to implement Senate Bill 1301 (Alquist), Statutes of 2006, related to the reporting of and follow-up on adverse events in hospitals (27 specific types of events). This increase also includes \$569,000 to modify the L&C website in order to display the outcome of inspections, investigations, compliance histories and related items in health care facilities.
 - Increased by \$1.8 million (\$1.4 million General Fund and \$400,000 L&C Fund) to support 12 positions and various contracts to implement Senate Bill 739 (Speier), Statutes of 2006, which requires the establishment of a Healthcare Associated Infection Program.
 - Appropriated \$47.3 million (Proposition 84 Bond Funds) for several components of the Safe Drinking Water and Water Quality Project Act as follows: (1) \$9.1 million for emergency grants; (2) \$27.2 million for small community water drinking systems; and (3) \$9.1 million for prevention and mitigation of ground water contamination. Also, adopted Budget Bill Language regarding the need to address perchlorate and other contaminants in the San Gabriel Valley and San Bernardino aquifers.
 - Approved a total of \$3.5 million (General Fund) to expedite the planning process by providing expert scientific staff and equipment that will develop the comprehensive Biomonitoring Program as contained in Senate Bill 1379 (Perata), Statutes of 2006.

- Adopted trailer bill language to extend the sunset regarding the use of federal bioterrorism funds at the state and local level for three years, and added language for all cost compliance reports and audit exceptions to be provided to the Legislature upon request.
- Increased by \$700,000 (General Fund) five new positions to investigate foodborne illnesses and outbreaks, and enhance the state's capability to test food and environmental samples for investigation purposes. This action deleted the \$500,000 in research funding identified for University of California, Davis, and deleted four positions as requested by the Administration.
- Augmented by \$389,000 (General Fund) to support three positions to implement SB 611 (Speier), Statutes of 2006, regarding the inspection of meat processing.
- Approved an increase of \$326,000 (Cannery Inspection Fund) to support three positions to inspect low acid canned food canneries to ensure that these products are produced without botulism toxin contamination.
- Provided total funding of \$118.3 million (Genetic Disease Testing Fund) to fund the Genetic Disease Testing Program.
- Augmented by \$885,000 (Drug and Device Safety Fund) to support eight Senior Food and Drug Investigator positions to perform licensing inspections for new drug and medical device manufacturers, home medical device facilities, and home medical device retailer exemptees.
- Redirected \$426,000 (federal funds) from operating expenses to fund five new positions within the WIC Program to expand the breastfeeding peer counseling program from a pilot project to all 82 WIC agencies statewide.
- Continued \$3.5 million (General Fund) for the treatment of Prostate Cancer (through the Improving Access, Counseling and Treatment for Californians with Prostate Cancer—IMPACT) pursuant to Chapter 442 (Ortiz), Statutes of 2005.
- Established five positions within existing resources to conduct compliance checks of tobacco retailers to reduce illegal tobacco product sales to minors in the City of Los Angeles. Federal law requires that California must decrease the ability for minors to purchase tobacco products and maintain a statewide sales rate to minors of less than 20 percent in order to maintain the receipt of federal Substance Abuse and Prevention Treatment Block Grant funds.

4270 California Medical Assistance Commission (CMAC)

- Approved their budget as proposed.
- Adopted trailer bill language to remove CMAC from involvement in the Medi-Cal Managed Care Program administered by the Department of Health Care Services.

4280 Managed Risk Medical Insurance Board

- Appropriated \$1.114 billion (\$400.4 million General Fund) for the Healthy Families Program.
- Approved, as contained in the May Revision, all funding adjustments for the Certified Application Assistance (CAA) Program to provide reimbursement to application assistors for each person successfully enrolled in the HFP or Medi-Cal, and for each annual eligibility re-determination enrollment.
- Approved all adjustments as proposed in the May Revision for the Healthy Families Program to implement Senate Bill 437 (Escutia), Statutes of 2006. These adjustments include: (1) \$426,000 (\$149,000 General Fund) to fund four positions to implement a self-certification process, a presumptive eligibility process, and a gateway from the Women, Infant, and Children's Supplemental Food (WIC) Program to the HFP; (2) funding for caseload adjustments associated with the various gateways; and (3) \$600,000 (\$210,000 General Fund) for systems changes required of the Administrative Vendor to implement the new electronic processes.
- Adopted proposed trailer bill language to implement a presumptive eligibility process for children moving from the Healthy Families Program to the Medi-Cal Managed Care Program in lieu of the existing Bridge program since the federal CMS will not renew our existing Bridge Program.
- Continued funding for the Rural Demonstration Projects as contained in the budget.

4300 Department of Developmental Services

- Appropriated \$3.6 billion (\$2.2 billion General Fund), for an increase of \$300 million (total funds) over the revised 2006-07 budget, as contained in the May Revision. A total of 219,230 consumers are estimated for 2007-08, an increase of 8,050 consumers over the revised current-year. This action includes adoption of all cost containment provisions, including the Administration's trailer bill language.
- Rejected the Governor's proposed use of \$128.8 million in Public Transportation Account support to fund certain transportation services provided through the Regional Centers, and instead, appropriated General Fund moneys for this purpose.

- Approved the May Revision to increase federal funds through an amendment to California's Medi-Cal Program to include payment for Day Programs and non-medical transportation services for Regional Center consumers residing in Intermediate Care Facilities for the Developmentally Disabled (ICF-DD facilities). A savings of \$36.6 million General Fund is assumed for this action. Also adopted Budget Bill Language to ensure that the integrity of the Individual Program Plan (IPP) is maintained when this is implemented.
- Adopted all May Revision adjustments for both the Regional Center *and* Developmental Center systems that affect the planned closure of Agnews Developmental Center by June 2008. This consists of an overall net increase of \$24.5 million as compared to the revised 2006-07 budget, and is consistent with the department's May, 2007 updated Agnews Closure Plan.
- Directed the Department of Developmental Services (DDS) to purchase two mobile clinics, using existing Wellness Funds, to be specifically outfitted to provide a range of health and medical services as determined by the DDS in working with constituency groups. Adopted Budget Bill Language to enable the DDS to purchase the mobile clinics using a competitive process but is to be exempted from public contract code due to the need to ensure the protection of public health and welfare.
- Adopted placeholder trailer bill language to codify the Medi-Cal Program's verbal commitment regarding Medi-Cal reimbursement to the local health plans for Medi-Cal services provided for people transitioned from Agnews Developmental Center to the community.
- Increased by \$503,000 (\$126,000 General Fund) to support four new positions at the three Bay Area Regional Centers to provide assistance with health care planning for residents transitioning from Agnews Developmental Center.
- Adopted trailer bill language to ensure the continuity of consumer's health care and accountability within the Administration, as well as at the community level between the Regional Centers and the health plans.
- Adopted trailer bill language for the DDS to continue operation of the Agnews Outpatient Clinic until DDS no longer has possession of the property.
- Enacted revised Budget Bill Language for the DDS to provide additional information regarding the Agnews Developmental Center closure to the Legislature.
- Appropriated a total of \$720.3 million (\$391.5 million General Fund) to serve 2,610 people who reside in the Developmental Centers. This action includes all funding adjustments as proposed by the Administration at the May Revision for employee salary increases related to *Coleman* and *Perez*, as well as other employee compensation adjustments.
- Increased by \$1.1 million (General Fund) to fund 5 new positions and equipment expenditures to begin activation of a 96-bed intensive behavioral treatment residence at Porterville as of January 1, 2008.

- Provided \$2 million (General Fund) on a one-time only basis for water diversion structures at Sonoma Developmental Center.

4440 Department of Mental Health

- Restored \$54.9 million (General Fund) for the Integrated Services for the Homeless Mentally Ill Program by rejecting the Governor's proposed elimination of the program.
- Appropriated a total of \$254 million (General Fund) for the Early, Periodic Screening, Diagnosis and Treatment (EPSDT) Program to fund the current year and budget year, and to provide \$86.7 million for past year claims. This action assumes that the past year claims of \$260.2 million (General Fund) will be paid over a three-year period beginning in 2007-08.
- Augmented the Mental Health Managed Care Program by \$12 million (General Fund) to restore a five percent rate reduction to reflect the sunset of the rate reduction as contained in Assembly Bill 1762, Statutes of 2003.
- Increased by \$5 million (General Fund-Proposition 98) to expand the Early Mental Health Initiative to more classrooms.
- Provided \$52 million (General Fund) for mental health services provided to children enrolled in special education as directed by AB 3632, Statutes of 1984, and as required by the federal Individuals with Disabilities Education Act (IDEA).
- Augmented by \$929,000 (General Fund) for the Forensic Conditional Release Program (CONREP) to support at least 30 additional patients for 2007-08.
- Adopted the May Revision adjustments for the Sexually Violent Predator evaluations and court testimony to reflect revised data which shows less of an increase in these costs than originally projected by the Administration in the January budget.
- Appropriated a total of \$1.117 billion (\$1.039 billion General Fund) to operate the five State Hospitals which serve a total population of 6,095 patients, including patients located at Vacaville and Salinas Valley. About 92 percent of the patients are admitted under a penal code-related commitment.
- Adopted all May Revision salary adjustments for State Hospital employees as they pertain to *Coleman* and *Perez*.
- Increased by \$696,000 (General Fund) for the DMH to support an 18-bed unit at Salinas Valley Psychiatric Program for incompetent to stand trial patients who are too dangerous to reside within the State Hospital setting.
- Augmented by \$4.3 million (General Fund) as contained in the May Revision to fund a pilot treatment option through contracts with providers for treatment of services for those incompetent to stand trial individuals (IST) not currently residing in the State Hospitals thereby

reducing the State Hospital through natural attrition and creating additional bed capacity for other forensically committed individuals.

- Approved an augmentation of \$1.7 million (General Fund) and 30 positions to implement the second phase of the expansion of the Patton State Hospital police department to address issues regarding safety and security associated with the penal code population.

HUMAN SERVICES

4140 Office of Statewide Health Planning and Development

- Approved \$2.4 million from the Hospital Building Fund and one position to procure a replacement automation system for the Office of Statewide Health Planning and Development's Logbook Database System. This system is used by OSHPD's Facilities Development Division to track health facility construction projects through plan review and construction.
- Approved \$1.4 million from the Hospital Building Fund (\$1.2 million one-time) and three positions to implement Chapter 679, Statutes of 2006 (SB 1661), which provided general acute care hospitals that meet specified criteria the opportunity to obtain an additional two-year extension of the deadline by which they have to comply with statutory structural and nonstructural seismic safety requirements.
- Approved \$688,000 from the California Health Planning and Data Fund (\$459,000 one-time) to develop an on-line system to implement Chapter 775, Statutes of 2006 (AB 774). AB 774 requires OSHPD to collect from each hospital a copy of its charity care policy, discount payment policy, eligibility procedures, review process, and application form for financial assistance and make that information available to the public.

4170 California Department of Aging

- Provided \$250,000 General Fund for the Senior Legal Hotline to ensure that it can continue to provide legal services to California seniors.
- Approved \$93,000 in Mental Health Services Act (MHSA) funds and one position for the California Department of Aging (CDA) to coordinate and monitor efforts to improve access to mental health services for older persons and adults with disabilities.
- Approved \$293,000 General Fund for CDA to contract with the California Department of Social Services and the 33 Area Agencies on Aging to process criminal record clearances and conduct fingerprinting locally for Long-Term Care Ombudsmen staff and volunteers as mandated by Chapter 902, Statutes of 2006 (SB 1759).
- Approved \$194,000 (\$94,000 General Fund) and one position for CDA to provide legal analysis and consultation on complex issues arising in implementation of Adult Day Health Care (ADHC) program reforms.

4180 Commission on Aging

- Approved as budgeted.

4185 California Senior Legislature

- Approved as budgeted.

4200 Department of Alcohol and Drug Programs

- Restored \$60 million General Fund to Proposition 36 (the Substance Abuse and Crime Prevention Act of 2000, or SACPA), bringing the total funding for SACPA back to the current year amount of \$120 million General Fund.
- Reduced funding for the Substance Abuse Offender Treatment Program (OTP) by \$20 million from the Governor's Budget. The 2007-08 total is now \$40 million compared to \$25 million in 2006-07. Approved statutory changes to the OTP to modify the drug court requirement, remove the county allocation cap, and eliminate the sunset date to enable more counties to participate in the OTP.
- Approved \$1.2 million and 12.5 positions (4.5 limited-term) to conduct biennial compliance visits of licensed and/or certified programs, and federally required monitoring reviews and complaint investigations of Drug Medi-Cal providers. Authorized the collection of fees from all providers to fund these activities subject to the development of a permanent fee schedule developed in conjunction with stakeholders and approved by the Legislature.
- Approved \$519,000 General Fund and six positions (two limited-term) to license and certify additional drug treatment providers as a result of enactment of Chapter 875, Statutes of 2006 (SB 1453), which requires non-violent prison inmates who participated in drug treatment in prison to enter a 150-day residential aftercare drug treatment program upon their release from prison.

4700 Department of Community Services and Development

- Increased funding for the Naturalization Services Program by \$2 million General Fund, to provide total funding of \$5 million General Fund for this program.

5160 Department of Rehabilitation

- Authorized \$3.3 million in federal fund authority for the Department of Rehabilitation (DOR) to continue to implement the California HIV/Auto-Immune Disorder Demonstration Project. The funding is from a federal Social Services Administration (SSA) grant available to states to study

various interventions to assist Supplemental Security Income Program beneficiaries in returning to work. The SSA awarded DOR \$12 million over five years for implementation of this project.

- Approved \$203,000 in Mental Health Services Act (MHSA) funds and two limited term positions for DOR to assist in the implementation of provisions of the MHSA that relate to assisting persons with severe psychiatric disabilities to obtain employment and independent living skills.
- Authorized \$466,000 of increased federal fund authority to begin the initial development and procurement process for a new Electronic Records System to replace the existing field computer system.

5170 State Independent Living Council

- Approved as budgeted.

5175 Department of Child Support Services

- Eliminated funding for the federal penalty for child support automation. The final \$215 million General Fund payment of the federal child support automation penalty was made in the current year. The State had been required to pay an increasing penalty each year since 1997 due to the State's failure to implement a single statewide child support automation system.
- Approved the following budget adjustments to reflect implementation of the federal Deficit Reduction Act (DRA):
 - \$67.6 million (\$23 million General Fund) to backfill for lost federal financial participation (FFP) resulting from the elimination of states' ability to use federal performance incentive funds as a match for FFP (which avoids a funding reduction for local child support agencies).
 - \$1.8 million General Fund to cover the \$25 annual application fee required by the DRA for families who have at least \$500 in annual collections and have never received Temporary Assistance for Needy Families.
 - \$27.8 million in reduced collection revenues to reflect the increased payments to custodial parents of the first \$50 of the current month's child support payment collected from the non-custodial parent.
- Reduced funding for the California Child Support Automation System (CCSAS) project by \$107.2 million (\$11.2 million General Fund) to reflect cost changes identified in various approved special project reports and budget Control Section 11.0 notification letters to the Legislature.

- Reappropriated \$39.8 million in unspent 2004-05 funds to accelerate payments to the CCSAS vendor for services related to federal certification of the system and to pay costs associated with a project delay.

5180 Department of Social Services

CalWORKs and Food Programs

- Rejected the Administration's proposals to impose full-family sanctions, restrict safety-net grants, and eliminate grants for children of CalWORKs-ineligible parents.
- Adopted trailer bill language to require the Department of Social Services to review the county plans for promising practices in the areas of upfront engagement and re-engagement of sanctioned families, gather information on implementation and results of these proposals, and disseminate that information; and require DSS, in conjunction with the California Welfare Directors Association, to review the county plans and work with the counties to determine what activities and strategies counties are using to encourage participation among time-limited families, gather information about the characteristics of the time-limited population, and report that information.
- Adopted trailer bill language to delay implementation of the Temporary Assistance Program from the current date of October 1, 2007 to April 1, 2009.
- Adopted trailer bill language to implement semi-annual reporting that would reject the Administration's trailer bill language and adopt replacement placeholder trailer bill language that will: 1) require counties to redetermine eligibility for recipients of CalWORKs and food stamp benefits on a semiannual basis; 2) establish an income reporting threshold where families must report within the six month period if their income increases by \$1,100 or increases above the CalWORKs or Food Stamp eligibility thresholds; and 3) prohibit the recoupment of projected Cal-WORKs administrative savings as long as county human services departments do not have sufficient funding to cover the cost of doing business and require settle-up of actual CalWORKs administrative savings with any projected CalWORKs administrative savings.
- Approved \$17.2 million (\$3.7 million General Fund) to fund one-time automation costs necessary to implement a semi-annual reporting (SAR) system for the CalWORKs, federal Food Stamp, and CFAP programs in 2008-09. Added budget bill language that would prohibit these funds from being expended unless all of the following conditions are met: (1) the Legislature enacts a program of semi-annual reporting for the CalWORKs, Food Stamps, and CFAP; (2) related automation project documents, as required by the state administrative manual, are approved by the Department of Finance; and (3) the Department of Finance notifies the Legislature of its approval.

- Approved \$6.5 million (\$1.1 million General Fund) to reflect an increase in CalWORKs and California Food Assistance Program (CFAP) benefits related to last winter's freezing conditions.
- Approved \$4.4 million General Fund to fund local food banks and Foodlink, a private organization that stores and delivers food during emergencies, to provide relief to Californians from the effects of last winter's freeze. Added budget bill language that would permit any unused funds to be used for other emergency purposes.
- Approved an increase of \$36.5 million federal funds for CalWORKs Stage 1 child care provider costs resulting from the revised regional market rate ceilings implemented in 2006-07.

Supplemental Security Income/State Supplementary Program (SSI/SSP)

- Provided \$147.3 million General Fund to fully fund the 2008 State Supplementary Program (SSP) Cost-of-Living Adjustment (COLA) of 3.7 percent and \$73 million federal fund to fully fund the 2008 Supplemental Security Income (SSI) COLA of 1.97 percent.

In-Home Supportive Services (IHSS) Program

- Rejected the Administration's proposal to limit the state's participation in the cost of IHSS provider wages and benefits to those in effect as of January 10, 2007. The projected growth in statewide revenues in 2007-08 will result in the state's participation in IHSS wages and benefits increasing from \$11.10 per hour to \$12.10 per hour, resulting in a cost of approximately \$14.1 million General Fund.
- Approved \$149.2 million (\$48.5 million General Fund) to reflect a lower level of Quality Assurance (QA) savings due to a revised estimate based on actual implementation data. Adopted budget bill language to require DSS to report at budget hearings on the impact of the IHSS QA regulations. Adopted Supplemental Report Language to require DSS to report to the Legislature quarterly on IHSS utilization data by county, task, and client level.

Children and Family Services Programs

- Adopted trailer bill language that would enact, over five years, beginning in 2008-09, the optimal staffing standards reflected in the SB 2030 study as updated to reflect changes in practice. The human services trailer bill to the 2006 Budget Act, AB 1808 (Chapter 75, Statutes of 2006), directed DSS to work with the County Welfare Directors Association, legislative staff, and members of organizations that represent social workers to develop a methodology for budgeting the CWS program to meet specified program requirements and outcomes. This new funding methodology was to be presented to the Legislature on February 1, 2006, but was not released by the Administration until May 11, 2007. In the end, the report did not contain a

proposal for any methodology, so the Legislature acted to implement the SB 2030 standards, which are widely believed to be the appropriate standards.

- Provided \$22 million General Fund to provide a five percent rate increase to all types of foster care providers (foster family homes, foster family agencies, and group homes) to address cost increases associated with caregiver recruitment and retention, minimum wage changes, payroll tax increases, higher benefit costs, and specialized care requirements.
- Provided a \$19.7 million General Fund augmentation to the Transitional Housing Program (THP)-Plus to fully fund the 44 counties with approved THP-Plus plans, pursuant to the 2006-07 budget negotiations. Although the Administration is pursuing legislation to appropriate an additional \$10.5 million in 2006-07 to fund the current year cost of the approved plan, the May Revision did not include funding to maintain the current year augmentation and fund a full year of implementation costs.
- Provided a \$10 million General Fund to the Adult Protective Services Program.
- Approved \$93.7 million (\$71.2 million General Fund) in increased costs to reflect the transfer of additional cases to the Enhanced Kin-GAP Program. Provided \$750,000 General Fund and adopted trailer bill language to fund the state clothing allowance for the Enhanced Kin-GAP Program and to include three counties previously excluded from the clothing allowance.
- Augmented the Private Adoption Agency Reimbursement Program (PAARP) by \$2.0 million GF to increase the PAARP reimbursement rate paid to private adoption agencies for expenditures associated with the adoption of special needs children.
- Approved \$1.7 million (\$641,000 General Fund) and 15 positions to ensure that the state's CWS system is prepared to meet new federal Child and Family Services Review (CFSR) requirements. These staff would provide state leadership and oversight, monitoring compliance, data quality and integrity improvements, and technical assistance to counties for the federal CFSRs. The next CFSR is scheduled for spring or summer of 2008.
- Approved \$180,000 (\$90,000 General Fund) and 1.5 limited-term positions for DSS to support implementation of the Title IV-E Child Welfare Waiver Capped Allocation Project (CAP). Added budget bill language to require DSS to collaborate with stakeholders on the Title IV-E waiver evaluation timeline, components, and execution.
- Adopted the Administration's proposal to clarify the rate structure for children who are regional center consumers and in receipt of either Aid to Families with Dependent Children-Foster Care (AFDC-FC) or Adoption Assistance Payments (AAP) benefits (also called "dual agency" children). Added trailer bill language to strengthen the grandfather provisions of the proposal and to require DSS and the Department of Developmental Services to collect information on the number of adoptions and regional center services provided to ensure that the proposal is not negatively impacting adoptions of or services to dual agency children.

Community Care Licensing

- Approved \$2.5 million (\$2.4 million General Fund) and 34.5 positions to increase facility inspections from 20 percent to 30 percent of facilities each year and to increase follow-up visits to remedy enforcement deficiencies in DSS.
- Approved \$1.7 million (\$1.5 million General Fund) and ten positions for DSS to begin a project to upgrade its information technology systems supporting the licensing program. Set aside \$1.7 million General Fund of DSS' existing budget for updating the Community Care Licensing (CCL) public website pages to display information about adverse administrative actions pending against a provider's license.

LABOR

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY

- Augmented the Agency's budget by \$196,000, special fund, to reflect the higher revenue received by the Agency to carry out the purposes of AB 276 (Chapter 329, Statutes of 2003) and SB 1809 (Chapter 221, Statutes of 2004). 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 2007 forecast of claims for the Unemployment Insurance Program, the Disability Insurance Program, and the School Employees Fund Program.
- Rejected proposed reduction of \$27.1 million and 271 positions to the Job Services Program. The Administration had proposed this cut to Employment Development Department Contingency Fund expenditures so the funds could instead be transferred to the General Fund. Added Provision Language requiring a report on services provided to CalWORKs recipients and parolees at One-Stop Career Centers.
- Rejected "Tax Sharing Ratio" proposal to shift the various funds used to support tax collection administrative costs. The rejection of this proposal saves \$13.5 million GF.
- Approved Finance Letter request to adjust the budget for reduced federal funds for the Workforce Investment Program. This included approval of \$2.8 million, federal funds, to create a new "At Risk/Youthful Offenders Gang Prevention" program.
- Approved funding of \$59.2 million for the Employment Training Panel.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS

- Approved budget request to permanently extend 31 limited-term positions, using special funds, in the Division of Workers' Compensation.
- Approved budget request to add 3 positions to the Division of Apprenticeship Standards, but added an additional 2 positions so the department has sufficient staff to meet statutory audit requirements. The new positions are supported by special funds.
- Augmented the budget for Apprenticeship Grants from \$1.2 million to \$3.0 million, special funds, in the Division of Apprenticeship Standards.
- Deleted funding for the Industrial Welfare Commission.
- Approved a special fund loan, not to exceed \$13 million, from the Workers' Compensation Administration Revolving Fund to the Targeted Inspection and Consultation Fund. Added budget bill language requiring a report on how the Administration proposes to fix the deficit in the Targeted Inspection and Consultation Fund.

Trailer Bill Language

1. Approved language to allow the department to charge fees to all entities for which the department inspects elevators, rides, and tramway conveyances, including the establishment of fees for local governments.

VETERANS AFFAIRS

8955 DEPARTMENT OF VETERANS AFFAIRS

- Approved \$5.1 million (GF), \$1.1 million (Federal Trust Fund), and \$580,000 (reimbursement authority) for pay increases to the following classifications essential to the care of veterans' home residents: psychiatrists, psychologists, social workers, therapists, dentists, dental hygienists, dental assistants, certified nurse's assistants, licensed vocational nurses, supervising registered nurses, physical and occupational therapists, speech pathologists, and respiratory care staff. The pay increases will provide greater parity between these positions and their counterparts in the Department of Corrections and Rehabilitation and the private sector, and better enable the department to recruit and retain medical and health care personnel.
- Approved a Finance Letter to provide \$325,000 and five positions to the Veterans' Home of California-Yountville to support implementation of "restraint free" care practices. Additionally, adopted budget bill language requiring the department to report on progress in implementing "restraint free" care at all veterans' homes.
- Amended the Governor's proposal to provide \$6.5 million (GF) and one two-year limited term position to upgrade the department's key information technology (IT) hardware and software infrastructure, and instead deferred \$860,000 in technology expenditures until 2008-09.
- Approved \$10.3 million (GF) and 22 positions to procure and implement a new Veterans Home Information System (VHIS) intended to conform to federal regulations on data reliability and transferability, resolve contract issues with the current information system provider, Meditech, and will address the IT needs of as-yet unbuilt homes.
- Approved the Governor's request for 19 new positions and \$2.3 million (\$2.1 million GF) to reopen in 20 of 40 beds at the skilled nursing facility at the California Veterans' Home—Barstow (CVH-B) in 2007-08. The 20 remaining beds will open in 2008-09 budget year and ongoing costs to operate the 40 bed facility will be \$4.5 million (including \$2.9 million General Fund) and 54 positions. Additionally, adopted supplemental report language requiring the department to identify lessons learned from the previous closing of the beds and policies instituted to avoid future problems.
- Accepted a Finance Letter reducing the Governor's proposed \$3.2 million (GF) increase for ongoing maintenance and equipment replacement and \$1.5 million (GF) baseline increase for operating expenses and equipment. The Finance Letter corrected errors in the original requests. The net effect of the Committee's actions was to approve: (1) \$2 million (GF) for ongoing maintenance and equipment replacement at the homes and headquarters; and (2) a \$825,000

(GF) baseline increase for operating expense and equipment increases associated with increased costs of pharmaceuticals, outside medical services, central supply items, supplemental medical insurance, natural gas, and petroleum purchases.

- Approved \$1.9 million one-time GF and 8.0 one-year, limited-term positions to address deferred maintenance required to maintain health and safety at the veterans' homes.
- Approved \$2.8 million (GF) and 25 positions to reflect the realignment over time of positions originally assigned to the Farm and Home Program (a non-GF supported program) to GF-supported programs.
- Approved the Governor's proposal to reduce Federal Fund and General Fund reimbursements by \$2 million, increase GF by \$940,000, and eliminate eight positions to reflect an unsuccessful effort to convert the Chula Vista Residential Care for the Elderly Facility to an Intermediate Care Facility (ICF). The Department sought and received approval to upgrade their care facility; however, during the conversion process it realized that the project was not financially or physically feasible due to fire and building code regulations, the need for revised architectural drawings, and unforeseen project costs.
- Approved budget bill language directing the department in 2007-08 to: (1) undertake the steps necessary to consolidate the separate budget items of the headquarters and veterans' homes into one item; (2) provide quarterly progress reports on its consolidation efforts; and (3) provide a transition plan for final implementation of the consolidation.
- Amended the Governor's proposal for Greater Los Angeles/Ventura County (GLAVC) Veterans Home start-up costs and approved 5.5 positions and \$621,000 (GF) for the construction and pre-activation phases of the GLAVC veterans' homes. The positions will oversee construction and business operations and ensure the veterans' homes are compliant with federal, state, and local laws and regulations.
- Approved \$180,000 (GF) and converted two expiring limited-term positions to permanent positions for veterans' claims representation at district offices aimed at increasing applications for benefits and reach out to underserved populations.
- Approved a Finance Letter proposal to appropriate \$110,000 from the Veterans Quality of Life Fund (a depository for voluntary tax check-offs). The funds may be used for discretionary purposes as determined by the veterans' home residents.

Senate Committee
on
Budget and Fiscal Review

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

MAJOR ACTION
REPORT

May 30, 2007

Senate Bill 54
2007-08 Budget Bill

Members

Mike Machado, Chair
Robert Dutton
Christine Kehoe

Consultants

Daniel Alvarez
Brian Annis
Keely Martin Bosler
Bryan Ehlers

SUBCOMMITTEE No. 4

LEGISLATIVE, EXECUTIVE, JUDICIAL BRANCH, TRANSPORTATION, PUBLIC SAFETY, and GENERAL GOVERNMENT

**Org
Code**

Transportation

2600	California Transportation Commission	4-1
2640	Special Transportation Programs	4-1
2660	Department of Transportation	4-1
2665	High-Speed Rail Authority	4-3
2720	California Highway Patrol.....	4-3
2740	Department of Motor Vehicles.....	4-4
9350	Shared Revenues	4-4

State Administration

0502	Office of the Chief Information Officer	4-5
0510	Secretary for State and Consumer Services	4-5
0520	Secretary for Business, Transportation, and Housing	4-5
0650	Office of Planning and Research.....	4-5
0690	Office of Emergency Services.....	4-6
0840	State Controller.....	4-6
0845	Department of Insurance	4-7
0850	State Lottery Commission	4-8
0860	State Board of Equalization.....	4-8
0890	Secretary of State.....	4-9
0950	State Treasurer's Office.....	4-9
1100	California Science Center.....	4-10
1110/1111	Department of Consumer Affairs	4-10
1700	Department of Fair Employment and Housing	4-10
1730	Franchise Tax Board	4-10
1760	Department of General Services.....	4-11
1880	State Personnel Board	4-12
1900	Public Employees' Retirement System	4-12
1920	State Teachers' Retirement System.....	4-13
1955	Department of Technology Services	4-13
2100	Alcoholic Beverage Control.....	4-13
2150	Department of Financial Institutions.....	4-13
2180	Department of Corporations.....	4-13
2240	Department of Housing and Community Development.....	4-14
2260	California Housing Finance Agency	4-14
2320	Department of Real Estate.....	4-14
2400	Department of Managed Health Care.....	4-15

SUBCOMMITTEE No. 4

LEGISLATIVE, EXECUTIVE, JUDICIAL BRANCH, TRANSPORTATION, PUBLIC SAFETY, and GENERAL GOVERNMENT

(continued)

State Administration (continued)

8260	California Arts Council	4-15
8320	Public Employee Relations Board.....	4-15
8380	Department of Personnel Administration.....	4-15
8620	Fair Political Practices Commission.....	4-15
8860	Department of Finance	4-15
8885	Commission on State Mandates	4-16
8910	Office of Administrative Law	4-16
8940	Department of the Military.....	4-16
9100	Tax Relief.....	4-17
9210	Local Government Financing.....	4-17
9618	Economic Recovery Financing Committee.....	4-17
9650	Support for Health and Dental Benefits for Annuitants.....	4-17
9800	Augmentation for Employee Compensation	4-17
9840	Augmentation for Contingencies and Emergencies	4-18
	Budget Control Sections.....	4-18

Judiciary

0250	Judicial Branch.....	4-20
0280	Commission on Judicial Performance	4-21
0390	Contribution to the Judges' Retirement System.....	4-21

Public Safety and Criminal Justice

0820	Department of Justice.....	4-22
0855	Gambling Control Commission.....	4-22
1690	Alfred E. Alquist Seismic Safety Commission	4-22
1870	California Victim Compensation and Government Claims Board.....	4-23
8120	Commission on Peace Officer Standards and Training.....	4-23
8140	State Public Defender.....	4-23
8180	Payments to Counties for Costs of Homicide Trials	4-23
8550	California Horse Racing Board	4-23

Corrections and Rehabilitation

5225	Department of Corrections and Rehabilitation.....	4-24
0552	Office of the Inspector General	4-28

TRANSPORTATION

2600 CALIFORNIA TRANSPORTATION COMMISSION

- Rejected \$873,000 and 7.0 positions for Proposition 1B (the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006) workload. The action put the budget into the Budget Conference Committee where staffing can be adjusted to conform to the final Proposition 1B implementation package.

2640 SPECIAL TRANSPORTATION PROGRAMS

- Rejected the Governor's proposal to permanently divert approximately \$413 million in "spillover" revenue from this item to the General Fund Proposition 98 Home-to-Schools Transportation Program obligation. Program revenues are allocated by statutory formula to local transit agencies and available for either operations or capital expenditures.
- Approved Proposition 1B transit capital funding of \$600 million.

Trailer Bill Language

1. Approved language specifying a correction to the 2007-08 allocation to correct for an over-allocation of approximately \$95 million in 2006-07. The over-allocation was caused due to a language conflict between the 2006 Budget Act and the transportation budget trailer bill.

2660 DEPARTMENT OF TRANSPORTATION

- Approved Proposition 1B (Prop 1B) bond funding \$2.5 billion for the following bond categories that are budgeted directly in the California Department of Transportation (Caltrans) budget:
 - \$608 million for Corridor Mobility Improvement Account (CMIA)
 - \$723 million for the State Transportation Improvement Program (STIP)
 - \$201 million for Trade Infrastructure
 - \$403 million for State Highway Protection and Preservation Program (SHOPP)
 - \$201 million for State Local Partnership
 - \$123 million for Grade Separation
 - \$14 million for State Route 99
 - \$14 million for Local Bridge Seismic
 - \$188 million for Intercity Rail

This funding level ties to what the Administration requested for allocations in 2007-08, minus legislative adjustments for administrative and engineering support. Rejected the Administration's Prop 1B implementation trailer bill language and adopted placeholder trailer bill language. Other Prop 1B bond appropriations are in the budgets for the Special Transportation Programs (Transit); the Office of

Emergency Services (Security); the Air Resources Board (Air Quality and School Bus Retrofit), and Shared Revenues (Local Streets and Roads).

Budget Bill Language(Proposition 1B)

1. Rejected language for the Prop 1B proposal to “pre-appropriate” funding for allocations in 2008-09 and 2009-10, because appropriations for those years can be provided in future budgets and legislative oversight will be retained.
 2. Rejected Prop 1B language to allow the Administration to shift appropriation authority among bond programs.
 3. Added Prop 1B language to allow the Director of Finance to augment the appropriations for specified bond programs if the programs are ready for construction on an accelerated timetable.
- Rejected proposal to shift \$1.3 billion in Public Transportation Account funds to the following General Fund obligations:
 - \$832 million to reimburse the General Fund for the costs of the Home-to-School Transportation Program within Proposition 98, including \$200 million for the current year.
 - \$340 million for transportation-related general obligation bond debt.
 - \$129 million for regional center transportation budgeted in the Department of Developmental Services.

Conforming action included an augmentation of \$533 million to fully fund transit capital projects currently programmed in the State Transportation Improvement Program (STIP), and an augmentation of \$413 million for budget item 2640 – Special Transportation Programs.

- Shifted new Capital Outlay Support (COS) engineering workload from contractors to state staff for a savings of \$53 million. Directed the savings be applied to the State Highway Account (SHA), to the extent possible, so that the SHA would have additional resources for maintenance and State Highway Protection and Preservation Program (SHOPP) work.
- Approved full Proposition 42 funding of \$1.481 billion in 2007-08.
- Approved an augmentation for highway pavement maintenance of \$85 million, and amended budget bill language to specify that the funding is only available for pavement maintenance.
- Rejected trailer bill language to *permanently* redirect \$65 million in annual “non-Article XIX” revenue to the State Highway Account (SHA) instead of the Public Transportation Account (PTA). However, adopted budget bill language to direct 2007-08 non-Article XIX revenue to the State Highway Account to support maintenance and State Highway Protection and Preservation Program (SHOPP) workload.
- Reduced funding for special transportation facilities, such as maintenance stations, from \$120 million to \$83 million to conform to revised project estimates.
- Approved the Caltrans public safety radio budget request for \$19.6 million over five years to expand the high-band radio system into Caltrans District 10 to improve radio operability within Caltrans and to improve inter-operability with public safety entities such as the California Highway Patrol.

- Restored funding of \$10 million for the Environmental Enhancement and Mitigation Program.
- Augmented funding for local assistance bicycle grants from \$5 million to \$10 million, including implementing trailer bill language.

Budget Bill Language

1. Added language to specify that the first \$100 million in State Highway Protection and Preservation Program (SHOPP) allocations are attributable to the \$100 million in tribal gaming revenues received by the state pursuant to compacts ratified in 2004.

Trailer Bill Language

1. Approved language to conform statute to the Proposition 42 loan repayment requirements of Proposition 1A, approved by voters in November 2006.

2665 HIGH SPEED RAIL AUTHORITY

- Augmented the budget by \$40 million, special fund, to continue work on the high speed rail project.

2720 CALIFORNIA HIGHWAY PATROL

- Approved an increase of \$16.4 million, special fund, to augment staffing by 91 positions (50 Officers and 41 non-uniformed support staff). Included in this approval is authority to add an additional 70 Officers in 2008-09 and related funding. The California Highway Patrol (CHP) indicates that this increase would help address the continual increase in workload associated with population growth throughout the state.
- Approved funding adjustments for the five-year \$494 million public safety radio system approved with the 2006 Budget Act. Reverted \$16 million in current year funding, and decreased funding for 2007-08 by \$9.7 million.
- Reduced funding for tactical alerts from \$24.8 million to \$10 million because the number of tactical alerts has fallen relative to the years immediately following September 11, 2001. Tactical alerts involve placing Officers on 12-hour shifts to enhance CHP presence in times of emergency or high security risk. Added budget bill language that requires legislative reporting and reversion of unexpended funds.

Trailer Bill Language

1. Approved language adjusting fees for the Motor Carrier Safety Program, which involves the CHP inspection of trucks at terminals. This fee adjustment is consistent with existing statutory intent that this be a self-supporting program.

2740 DEPARTMENT OF MOTOR VEHICLES

- Approved year two and ongoing funding for the Department of Motor Vehicles (DMV) \$242 million Information Technology Modernization project. First-year funding was approved with the 2006 Budget Act along with an annual reporting requirement to keep the Legislature informed about the project.
- Approved the request for \$85 million to complete the reconstruction of the Sacramento DMV headquarters, which includes asbestos removal and seismic work.
- Approved the request for \$9.4 million for vendor costs related to 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. The number of uninsured drivers has been higher than anticipated and led to increased vendor costs.
- Took *no* budget action to implement the federal Real ID Act, which requires people without a passport to have a compliant driver's license or identification card by May of 2008 in order to enter a federal building or cross an airport checkpoint. Draft federal regulations allow states to postpone implementation, under specified conditions, and to date, the federal government has not provided any significant funding resources to implement the Real ID Act.

9350 SHARED REVENUES

- Reduced the 2007-08 Proposition 1B (Prop 1B) bond appropriation for the Local Streets and Roads category from \$600 million to \$400 million.

STATE ADMINISTRATION

0502 OFFICE OF THE CHIEF INFORMATION OFFICER

- Amended the Governor's proposal to establish an Office of the Chief Information Officer (OCIO), and approved 19.0 positions and \$3.5 million (Department of Technology Services Revolving Fund) to establish a centralized information technology (IT) management department and ensure that project specific activities are coordinated with other departments and reflect the state's policies and direction for IT development.
- Denied the proposed shift of project oversight and review functions from the Department of Finance's Office of Technology Review, Oversight, and Security (OTROS) to the OCIO.
- Denied the proposed shift of information security components from the Department of Finance (Finance) to the State and Consumer Services Agency. Instead, approved the shift of information security from the Department of Finance to the OCIO.

0510 SECRETARY FOR STATE AND CONSUMER SERVICES

- Rejected a government reorganization proposal to create an Office of Information Security and Protection within the Office of the Secretary for State and Consumer Services. Rejection of this proposal restored the existing structure of the Office of Privacy Protection in the Department of Consumer Affairs.

0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING

- Shifted funding totaling \$957,000 from new GF to the Small Business Expansion Fund for two budget requests associated with the Small Business Loan Guarantee Program. The first request was \$832,000 for the State match for federal funding for the Sudden and Severe Economic Dislocation Program and the second request was \$125,000 to perform audits of Financial Development Corporations.
- Rejected funding of \$441,000 GF and 3 new positions for international trade activities. Senate Bill 1513 (Chapter 663, Statutes of 2006) directed the Agency to report to the Legislature by February 1, 2008, with a strategic international trade and investment plan. The Budget Committee felt it was premature to add new positions in advance of this report.

0650 OFFICE OF PLANNING AND RESEARCH

- Approved \$195,000 GF to continue training and outreach to tribal governments and to update the state's General Plan Guidelines, utilized by communities throughout California when updating their general plans.

- Approved \$234,000 GF and two positions for the Office of the California Small Business Advocate to develop an emergency preparedness handbook and address workload generated by 2006 legislation.
- Approved \$3 million in federal fund reimbursements from the State Homeland Security Grant Program in order to enhance local communities' emergency response through training, outreach, and other volunteer service opportunities.

0690 OFFICE OF EMERGENCY SERVICES

- Approved \$1.2 million (\$608,000 General Fund) and 14 positions to eliminate a significant backlog of disaster assistance claims and provide improved service to local governments and disaster victims.
- Approved \$573,000 and 9.0 positions to implement final recommendations from the Bureau of State Audit and Little Hoover Commission reports, as well as comply with the California Prompt Payment Act. This request will limit future General Fund exposure to significant penalties due to delayed administrative processes.
- Approved \$200,000 federal funds to provide 3 positions to ensure the proper oversight of victim services administered sub-grants. These positions will increase the ability of OES to meet federal guidelines concerning timeliness of grant awards, reducing the threat of de-obligation of federal grants.
- Approved an increase of \$1.2 million federal funds pursuant to the Forensic Science Improvement Act. These funds would be used exclusively for local assistance grants.
- Reduced \$1.1 million GF for various external consulting contracts not justified on a workload basis.
- Approved an increase of \$5.6 million federal funds pursuant to the Victims of Crime Act.
- Approved \$4.8 million federal funds, these grant funds are part of a federal anti-gang initiative established by the U.S. Attorney General and have identified specific areas of the state that will receive these funds.
- Approved \$40 million in Proposition 1B funds to provide grants to assist ports in preparing for, responding to, and protecting against acts of terrorism.

0840 STATE CONTROLLER

- Approved \$38 million (including \$34.3 million GF) and 80.6 one-year limited-term positions to complete the system development phase of the Human Resources Management System (HRMS)/21st Century Project. The HRMS is entering the fourth year of funding in what is expected to be a six-year, \$140 million project.
- Approved a \$536,000 HRMS funding shift from Federal Trust Fund to GF, and added \$300,000 one-time GF for training room build-out costs. Denied request for an HRMS Project Communications Manager, and retention pay for HRMS project staff. Directed the Administration to fully utilize the collective bargaining and Item 9800 processes.

- Approved \$2.5 million GF and 25 positions for the Unclaimed Property Program to provide improved notification to potential owners of unclaimed property.
- Approved \$402,000 one-time GF and 3.2 one-year limited-term positions for the Unclaimed Property System Replacement Project. Additionally, reappropriated \$831,000 anticipated to go unexpended in 2006-07 due to project delays.
- Denied a five percent salary increase valued at \$224,000 (\$106,000 General Fund) for Staff Management Auditors. Directed the Administration to fully utilize the collective bargaining and Item 9800 processes.
- Approved \$1 million (Leaking Underground Storage Tank Cost Recovery Fund) for clean-up of contaminated property in Stockton. The state faces possible litigation if the site is not quickly mitigated. Adopted trailer bill language to authorize the use of the Leaking Underground Storage Tank Cost Recovery Fund for the necessary corrective action.
- Approved \$999,000 to make 11 expiring limited-term Mandate Auditor positions permanent. The auditors analyze older mandate cost claims that are approaching the end of the statute of limitations for initiating claims audits and have historically identified approximately \$17 in over-claimed costs for every \$1 spent on such efforts.
- Approved \$799,000 (collected from various special funds) and five positions to support ongoing maintenance and operation of the Apportionments Payment System (APS) so that apportionments to local agencies are distributed in a timely fashion.
- Approved \$517,000 (reimbursements and five positions) to implement a statewide rollout of the California Automated Travel Reimbursement System, an automated travel expense processing system that is expected to result in significant process and cost efficiencies.
- Approved request to cancel the Bank Reconciliation System Replacement Project. Consequently, deferred \$710,000 (\$308,000 GF) in 2006-07 and reduced 2007-08 by \$248,000 (\$107,000 GF). The department anticipated returning with a retooled project proposal in one to two years.
- Approved \$500,000 GF for audits of collection, distribution and reporting practices related to local property tax revenue for K-14 district's property.

0845 DEPARTMENT OF INSURANCE

- Approved \$780,000 (Insurance Fund) for one year for increased expenses associated with contracted "intervenor," who act on behalf of consumers to resolve compensation-claims conflicts with insurers. Additionally, approved budget bill language requiring the department to report annually on the identity of and the fees collected by intervenors.
- Approved \$1.6 million (Insurance Fund) to distribute assessments collected from insurers to district attorneys to investigate and prosecute fraudulent automobile insurance claims.
- Approved redirection of two positions and associated funding from the Regulation of Insurance Companies and Producers Program to the Administration Program to assist in the implementation of the Enterprise Information Portal.
- Approved, on a two-year limited-term basis, \$5.0 million (Insurance Fund) and six positions to: (1)

increase investigations, audits, and prosecution of workers' compensation fraud; and (2) expand a research study on measuring and addressing insurance fraud. Of the approved funds, \$3.7 million would support the efforts of local District Attorneys. The aforementioned study was funded in 2006-07, will be completed in two years, and should inform future decisions to provide permanent program funding (hence the two-year limit on funding).

- Approved \$1.2 million (Insurance Fund), with only \$598,000 ongoing, and four positions to increase investigations and prosecution of disability and healthcare fraud. Of the approved funds, \$411,000 would support the efforts of local District Attorneys.

0850 STATE LOTTERY COMMISSION

- Approved as budgeted—\$120.1 million for operating costs.

0860 STATE BOARD OF EQUALIZATION

- Approved \$1.5 million (including \$949,000 GF) and two positions to expand electronic filing (e-filing) of returns to include the most complex and detailed returns (which constitute approximately 175,000 accounts and 89 percent sales and use tax revenues). Additionally, adopted budget bill language requiring the BOE to report on participation in the e-filing program, as well as savings achieved.
- Approved \$1.1 million (\$696,000 GF), 15.5 limited-term positions, and one permanent position to develop and investigate tax leads turned over by the U.S. Customs service. U.S. Customs electronic records tell the State Board of Equalization (BOE) where out-of-state imports were shipped in-state, information that can be compared to use tax payments. The BOE anticipates revenues of \$15.2 million to be generated, a 13:1 benefit-cost ratio.
- Approved \$244,000 GF and two permanent positions to restore resources for conducting field audits, collections, tax return processing, refunding and other tasks associated with administering the alcohol beverage tax. The BOE anticipates these resources will generate \$1.3 million, a 5.7:1 benefit-cost ratio.
- Approved \$485,000 (California Tire Recycling Management Fund) and made permanent 5.8 currently limited-term positions in order to strengthen the ability to collect the Tire Recycling Fee. Collection efforts from the current positions have yielded a more than 60:1 benefit-cost ratio.
- Approved a reduction of \$1.3 million (E-Waste Recovery and Recycling Account) and 20.7 positions to reflect a revised Electronic Waste Recycling Program workload estimate. Additionally, approved \$230,000 and extension of six expiring limited-term positions for an additional two years, to align staffing with the new workload estimate.
- Approved 11 new positions, including 8 permanent and 3 three-year limited-term, funded by redirecting existing funding of \$1 million from the Motor Vehicle Fuel Account (MVFA), to better enable the BOE to meet national International Fuel Tax Agreement membership requirements. These resources will protect an estimated \$3 billion in matching federal funds, and the BOE anticipates the new positions will generate an additional \$2.7 million annually for the MVFA.
- Approved \$715,000 (MVFA) and 5 audit positions to take advantage of new data generated by an

automated reporting system and ensure tax compliance within the BOE's transportation tax programs; the motor vehicle fuel tax, diesel fuel tax, and jet fuel tax. The BOE anticipates revenues of \$14 million associated with these positions, a 21:1 benefit-cost ratio.

- Approved \$313,000 (\$203,000 GF) and made permanent six limited-term positions to ensure collection of consumer use tax in the compliance program for vehicles, vessels, and aircraft. Additionally, accepted trailer bill language to make permanent a statute that requires payment of the use tax on vehicles, vessels, and aircraft purchased outside the state, but brought into California within 12 months.
- Approved five positions and \$483,000 (fee reimbursements) to recover costs associated with implementing and administering Chapter 77, Statutes of 2006 (AB 1803, Committee on Budget). AB 1803 expanded the types of businesses subject to the environmental fee to include limited liability companies, limited partnerships, limited liability partnerships, general partnerships, and sole proprietorships.
- Approved \$1.2 million (\$181,000 GF) and 8.1 positions to implement Chapter 501, Statutes of 2006 (AB 1749, Horton), which expanded the licensing and reporting requirements for tobacco manufacturers and importers. The BOE expects additional revenue of approximately \$4.2 million annually, a 6:1 benefit-cost ratio.
- Approved \$106,000 (\$69,000 GF) and one, two-year limited-term position to make public on a quarterly basis a list of the 250 largest delinquent taxpayers, as required by Chapter 716, Statutes of 2006 (AB 1418, Horton).

0890 SECRETARY OF STATE

- Approved \$335,000 (GF) and four positions for voter outreach and education.
- Approved 6.5 positions and \$6.9 million in federal fund authority to begin the process of replacing the existing CalVoter statewide voter database with a more centralized and technologically advanced VoteCal database.
- Approved \$2.4 million General Fund to repay the Federal Trust Fund for illegal HAVA expenditures identified by the U.S. Elections Assistance Commission. A previous repayment of \$536,000 was approved for the current year, bringing the total repayment to \$2.9 million.
- Reduced the HAVA budget by \$303,000 GF and 2.5 positions to acknowledge the most current HAVA Spending Plan (September 2006), which reflects zero administrative expenditures in fiscal year 2008-09, and the need to ramp-down activities beginning in 2007-08.

0950 STATE TREASURER'S OFFICE

- Approved four positions and \$421,000 in reimbursement authority to address increased workload associated with issuance and refunding of general obligation (GO) bonds. Voters recently approved five new GO Bond measures totaling \$42.7 billion and annual bond sales are anticipated to nearly double beginning in 2007-08.
- Approved \$429,000 (bond funds) and two positions for the Charter School Financing Authority to meet

its additional Charter School Facilities Program obligations under The Kindergarten-University Public Education Facilities Bond Act of 2006 (Proposition 1D), which contained \$500 million for charter schools.

- Approved a reduction for the California Industrial Financing Advisory Commission (CIDFAC) of one position and \$151,000 (Industrial Development Fund) to reflect a decrease in workload.

1100 CALIFORNIA SCIENCE CENTER

- Approved \$2.3 million GF for the California African American Museum (CAAM) renovation and expansion project. Total GF costs for the project are anticipated to be \$43.6 million, with an additional \$21.8 million coming from the CAAM Friends Foundation.
- Approved \$1.9 million GF and 4 positions to begin ramping up staff and operations for the late 2009 opening of the Phase II Science Center facility.

1110 / 1111 DEPARTMENT OF CONSUMER AFFAIRS

- Deleted funding for the Bureau of Private Postsecondary and Vocational Education that sunsets on July 1, 2007. Approved funding of \$7.9 million, special fund, for the Board for Private Postsecondary Education to be established January 1, 2008, pursuant to legislation to be separately enacted in 2007.
- Approved new funding of \$12.3 million, special fund, for the Smog Check Program in the Bureau of Automotive Repair. The augmentation is consistent with program changes implemented by AB 1870 (Chapter 761, Statutes of 2006).

1700 FAIR EMPLOYMENT AND HOUSING

- Approved as budgeted, which includes an increase of \$2.4 million GF and 17.0 positions to improve enforcement and related administration.

1730 FRANCHISE TAX BOARD

- Approved \$19.6 million GF and 230 positions to support Tax Gap activities. Recognized \$77.5 million in additional revenue in 2007-08.
- Reallocated \$865,000 from Underground Economy Criminal Investigations (Tax Gap) activities to provide additional resources for: (1) the Corporate Nonfiler program (\$615,000)—where an additional \$2 million in revenue was recognized; and (2) a contractor (\$250,000) to identify opportunities for increased data sharing between the tax agencies—the Franchise Tax Board, the Board of Equalization, and the Employment Development Department.
- Recognized \$500,000 GF savings generated by increased use of electronic return processing, electronic remittance process, and reduced paper printing and mailing.
- Approved \$1.5 million (GF) and one position to replace the current Internet infrastructure at the

Butterfield Way campus in Sacramento and provide redundancy to accommodate growth in the FTB's e-commerce programs.

- Approved \$1.3 million (GF) and 10 positions to address Abusive Tax Shelter workload.
- Approved a budget reduction of \$99.2 million (\$33.7 million GF) to reflect reduced project costs for the implementation of the California Child Support Automation System (CCSAS) project. Additionally, approved (1) a \$724,489 reimbursement authority increase to continue implementation of CCSAS; and (2) a \$30 million shift from 2008-09 to 2007-08 to reflect a revised rollout schedule for the Child Support Enforcement portion of CCSAS.
- Approved one, 1-year limited-term position and \$144,000 GF to implement Chapter 716, Statutes of 2006 (AB 1418, Horton).
- Recognized \$1.3 million GF savings and eliminated 18 positions to reflect the implementation of Chapter 773, Statutes of 2006 (AB 2341, Villines).

1760 DEPARTMENT OF GENERAL SERVICES

- Approved \$1.1 million (\$331,000 GF) ongoing to make permanent 13 expiring positions in the Office of Public School Construction (OPSC), Fiscal and Program Services Office.
- Approved the Governor's proposal for five positions and \$427,000 (Service Revolving Fund) for Bureau of Property Management efforts to reduce energy purchases for state-owned buildings and to design, build, and operate "greener" buildings. Additionally, approved \$3 million (Service Revolving Fund) for private consultants to pursue Leadership in Energy and Environmental Design (LEED) goals for eleven state office buildings.
- Approved \$9.2 million (Service Revolving Fund) and made permanent 73 limited-term Office of Administrative Hearings attorney and support positions in the Special Education Dispute Resolution Program.
- Approved a \$63.1 million (Service Revolving Fund) permanent increase to the department's baseline natural gas budget due to the state's expanded use of natural gas energy, growth in the number of state agency natural gas consumers, and the price of natural gas.
- Approved amended budget bill language to spend sinking funds, without submission of a budget change proposal, for tenant improvements or utilization of vacant state-owned office space.
- Approved \$1.6 million (Property Acquisition Law Money Account) one-time for external consultant services to enhance the valuation of three current surplus properties (Lanterman Developmental Center in Pomona, Fairview Developmental Center in Costa Mesa, and Los Angeles Civic Center).
- Approved two positions and \$614,000 in 2007-08 (Service Revolving Fund) and four positions and \$1.3 million (Service Revolving Fund) in 2008-09 to continue development of a Fleet Analysis and Reporting System to improve tracking state vehicles. Additionally, adopted budget bill language to require future reporting on progress toward meeting system goals, including expected savings in excess of \$2 million from surplus vehicle sales.
- Conformed to action taken in the California Highway Patrol (CHP) budget and approved 14 positions

and \$4.9 million (Service Revolving Fund) in 2007-08 and \$9.4 million (Service Revolving Fund) in 2008-09 to facilitate the implementation of a new public safety radio communications system for the CHP.

- Conformed to actions taken in the Department of Transportation (Caltrans) and Department of Corrections and Rehabilitation (CDCR) budgets and: (1) approved \$1.9 million (Service Revolving Fund) and 7.6 positions for implementation of new public safety radio communications for Caltrans; and (2) denied \$2 million (Service Revolving Fund) and 23.7 positions for implementation of new public safety radio communications for CDCR.
- Approved \$1.1 million (Service Revolving Fund) to fund increased costs contained in the Master Security Services Agreement for 15 state buildings. Additionally, adopted supplemental report language to require the department to update the Legislature on progress toward adopting standardized security assessments for all state-owned buildings.
- Approved the Governor's proposal to eliminate two positions and \$651,000 in expenditure authority for the Earthquake Safety Public Buildings Rehabilitation Bond Fund.
- Adopted the Governor's proposal to provide \$1.2 million (GF) and 4.5 positions for repair projects in the State Capitol and maintenance needs of the barrier system in Capitol Park. Approved an additional \$750,000 GF for State Capitol maintenance and repairs.
- Approved \$1.2 million (Service Revolving Fund) for State Capitol security.
- Reappropriated \$1.8 million for work on City of Richmond Hall of Justice and City Hall.
- Approved \$4.8 million (various funds) to commence a design phase for the relocation of two critical public safety communications from the top floor of the Resources Building in Sacramento. The facility is to be relocated from the downtown area to a more seismically sound structure, at an eventual cost of \$29.5 million GF.
- Approved an additional \$82 million (Public Buildings Construction Fund) and reappropriation of existing funding to continue renovation of the Central Heating and Cooling Plant, Sacramento. Additionally approved \$380,000 (Service Revolving Fund) for private consultant services related to water quality monitoring and regulatory compliance consultation in order to address potential penalties and fees of approximately \$25,000 per day.
- Approved \$2.1 million (Earthquake Safety Bond Fund) to develop working drawings for five of seven seismic safety projects that received preliminary plan funding in 2006-07. The two remaining projects were deferred.

1880 STATE PERSONNEL BOARD

- Approved budget request to augment the Board's budget by \$571,000 GF and 4.0 positions to administer the selection phase for the new information technology classifications.

1900 PUBLIC EMPLOYEES' RETIREMENT SYSTEM

- Approved budget bill language to require a report from the Public Employees' Retirement System on

how actual healthcare costs compare to estimates used for the most recent actuarial study of unfunded retiree-healthcare obligations.

1920 STATE TEACHERS' RETIREMENT SYSTEM

- Rejected trailer bill language to create a new vested purchasing power projection benefit for retired teachers. Retained budget savings of \$75 million associated with the proposal. These actions were taken to put the issue into the Budget Conference Committee.

1955 DEPARTMENT OF TECHNOLOGY SERVICES

- Approved the Governor's proposal to decrease expenditures by \$9.3 million in the budget year and \$6.4 million in 2008-09 to align appropriations with the ongoing costs of related projects.
- Approved \$5.3 million (DTS Revolving Fund) to purchase and upgrade existing enterprise data storage capacity and safeguard customer data in order to meet the anticipated growth needs of more than 450 customers.
- Approved \$3.9 million (DTS Revolving Fund) to replace phased-out hardware and accommodate network growth.
- Approved the Governor's request for \$284,000 (DTS Revolving Fund) and three positions to provide IT support to the Governor's Office.

2100 ALCOHOLIC BEVERAGE CONTROL

- Approved as budgeted, including an April request to reappropriate funds for the Licensing and Compliance System Information Technology Project.

2150 DEPARTMENT OF FINANCIAL INSTITUTIONS

- Approved request for \$1.2 million, special funds, and 10 new positions to improve the oversight of financial institutions in the areas of electronic-banking and disaster preparedness.
- Reduced a request for new information technology positions from 3 positions to 1 position.

2180 DEPARTMENT OF CORPORATIONS

- Approved request to add \$2.3 million, special fund, and 18.0 new Examiner positions. Augmented the request by \$648,000 and 5.0 additional Examiner positions to be placed in the California Deferred Deposit Transaction unit so the unit will have sufficient staff to meet statutory audit requirements for the payday lending industry.
- Approved request to add \$973,000, special fund, and 7 new enforcement positions. Added supplemental report language requiring bi-annual reporting to the Legislature on the status of the enforcement

program.

2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

- Approved Proposition 1C (Housing and Emergency Shelter Trust Fund Act of 2006) bond funding for the following bond categories that are budgeted directly in the Department of Housing and Community Development's budget (excluding support costs):
 - \$55 million for the CalHome Program.
 - \$40 million for the California Homeownership Program (BEGIN).
 - \$3 million for the Self-Help Housing Program.
 - \$15 million for the Affordable Housing Innovation Fund.
 - \$140 million for the Multifamily Rental Housing Program.
 - \$80 million for Supportive Housing.
 - \$15 million for Homeless Youths.
 - \$40 million for Serna Farmworker Loans/Grants.
 - \$10 million for Emergency Housing Assistance.
 - \$300 million for Infill Incentive Grants.
 - \$95 million for Transit Oriented Development.

The funding levels indicated above include two legislative adjustments: funding for the Infill Incentive Grant Program was increased from \$100 million to \$300 million; and \$30 million for the Housing Urban-Suburban and Rural Parks Program was deleted and shifted to the Department of Parks and Recreation. Deleted the Administration's proposed trailer bill language and adopted placeholder trailer bill language.

- Approved 4 new positions for administration of the Enterprise Zone program and related economic development zone programs. The Department identified GF savings of \$647,000 in another program to fund the new positions.

2260 CALIFORNIA HOUSING FINANCE AGENCY

- Approved Proposition 1C bond funding for the following bond categories that are budgeted directly in the California Housing Finance Agency's budget.
 - \$15 million for the Down-Payment Assistance Program.
 - \$15 million for the Residential Development Loan Program.

Both of these are existing programs and the relevant accounts are continuously appropriated, so the California Housing Finance Agency may expend in excess of these levels if demand for the programs is high.

2320 DEPARTMENT OF REAL ESTATE

- Approved as budgeted.

2400 DEPARTMENT OF MANAGED HEALTH CARE

- Approved as budgeted.

8260 CALIFORNIA ARTS COUNCIL

- Approved as budgeted.

8320 PUBLIC EMPLOYEE RELATIONS BOARD

- Approved as budgeted, which includes 3 new legal positions to investigate unfair labor practices charges.

8380 DEPARTMENT OF PERSONNEL ADMINISTRATION

- Approved funding of \$2.8 million GF and 5 new positions for the Human Resources Modernization Project, which is a multiyear project to reform state classifications and improve recruitment and retention. Adopted Supplemental Report Language requiring annual reports on the project.
- Reduced funding from \$1 million to \$350,000 for medical classification recruitment contracts. Adopted budget bill language stating legislative intent that the contracts be performance-based and allowing the Director of Finance to augment funding by \$1.5 million if specified conditions are met.
- Adopted Supplemental Report Language requiring the Department of Personnel Administration to report on how State departments are complying with their responsibilities under the terms of the workers' compensation "Master Agreement" with the State Compensation Insurance Fund.
- Adopted trailer bill language to require the abolishment of positions vacant for any twelve-month period, as specified, instead of the current six-month period.

8620 FAIR POLITICAL PRACTICES COMMISSION

- Approved \$604,000 (GF) and five positions to support administrative workload growth at the Fair Political Practices Commission.

8860 DEPARTMENT OF FINANCE

- Approved \$1.5 million (\$1.2 million GF) to fund a 15 percent increase in compensation for staff in Budgets and a 10 percent increase in compensation for staff in the Office of State Audits and Evaluations and the Fiscal Systems Consulting Unit.
- Rejected \$35.7 million GF and 238 permanent positions to support a revised special project report for a comprehensive statewide financial system named the Financial Information System for California (FI\$Cal). Ultimately, the projected total cost of this project is \$1.3 billion (of which \$788 million GF).
- Denied the transfer of \$3.3 million GF and 29 positions from the Office of Technology Review,

Oversight and Security (OTROS) to a newly created Office of the Chief Information Officer (OCIO).

- Approved \$132,000 GF and one position to provide oversight to the Department of Corrections and Rehabilitation and coordination within the Administration on Corrections litigation issues.
- Approved \$696,000 (non-GF) and five additional positions for the Fiscal Systems and Consulting Unit (FSCU). In addition, the funding for FSCU will be realigned to reflect the statewide service it provides. The proposal results in a General Fund savings of \$249,000.
- Approved \$654,000 GF to support the Public Employee Post-Employment Benefits Commission.

8885 COMMISSION ON STATE MANDATES

- Amended the Governor's request to reappropriate \$41 million (GF) to pay additional claims for costs incurred in 2004-05, 2005-06, and 2006-07 and to pay for statewide cost estimates for two newly determined mandates. Instead, limited the reappropriation to one year and excluded Peace Officer Procedural Bill of Rights claims from eligibility.
- Adopted Department of Finance-proposed technical cleanup language as placeholder trailer bill language.
- Denied the Governor's proposed trailer bill language to reform the mandate process. A policy bill, AB 1576 (Silva), contains an alternative reform proposal.

8910 OFFICE OF ADMINISTRATIVE LAW

- Approved \$224,000 (GF) to make permanent two expiring Staff Counsel positions that support efforts to enforce laws prohibiting the use of underground regulations. Additionally, adopted budget bill language requiring reporting on any redirection of the approved positions to other nondiscretionary functions.

8940 DEPARTMENT OF THE MILITARY

- Approved \$1.8 million (General Fund) and 23 positions on a two-year, limited-term basis to provide the additional resources necessary to meet the increased demand for military funeral honors.
- Approved \$165,000 (GFO) and one psychologist to establish a full-time mental health care capability for the 20,000 members of the California National Guard (CNG) and to coordinate the activities of the 38 mental health professionals provided to the CNG by the Department of Defense under the Tri-West pilot program. Additionally, adopted supplemental report language to require reporting on the mental health services needs of the CNG.
- Denied \$1.7 million (GF) in 2007-08 and \$3.3 million (GF) in 2008-09 and ongoing for a California National Guard Tuition Assistance Program because the program was not fully conceived and was unworkable as proposed (for example, California does not charge "tuition").
- Approved \$292,000 (\$166,000 GF) and two stationary engineer positions to assist in the preventive maintenance, perform repairs, and evaluate contractor work at California National Guard facilities.

- Approved a \$774,000 (\$442,000 GF) baseline increase and four positions to provide custodial services to four new armories brought online in 2006.
- Approved a \$3.5 million (\$2 million GF, \$1.5 million Federal Trust Fund) baseline increase for maintenance and repairs to address a workload backlog at state armories. The funds will be used for cyclic maintenance and remedial repairs as required.
- Approved \$5.7 million ongoing (reimbursements) and 12 five-year limited-term positions to expend funds received from the Office of Homeland Security for staffing support and operational expenses associated with the statewide antiterrorism program and other training.
- Approved Governor’s proposal to expend \$3.5 million (Federal Trust Fund) and establish 47 three-year limited-term positions to provide security for CNG installations and Army airfields that are considered “mission critical.”
- Approved a \$100,000 (GF) augmentation for additional costs associated with site acquisition for the Military Department’s new Headquarters Complex.

9100 TAX RELIEF

- Approved as budgeted.

9210 LOCAL GOVERNMENT FINANCING

- Approved as budgeted with technical amendments to budget bill language.

9618 ECONOMIC RECOVERY FINANCING COMMITTEE

- Denied the Governor’s proposal to pre-pay \$595 million in Economic Recovery Bonds.

9650 SUPPORT FOR HEALTH AND DENTAL BENEFITS FOR ANNUITANTS

- Approved funding of \$1.1 billion for the 2007-08 cost of health and dental benefits provided to annuitants.
- Approved funding of \$38 million in federal subsidies from the prescription-drug, Medicare Part-D benefit, to offset state costs for retiree healthcare.

9800 AUGMENTATION FOR EMPLOYEE COMPENSATION

- Approved funding of \$941 million GF and special funds for compensation and benefit cost increases for state workers that correspond to union contracts and court decisions.
- Rejected funding of \$32 million GF and special funds for a new “contingency” expenditure.

9840 AUGMENTATION FOR CONTINGENCIES AND EMERGENCIES

- Approved as budgeted.

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

- Adopted revised rates for the six retirement classes, pursuant to the California Public Employees' Retirement Board adoption of new rates on May 15, 2007. The final estimates for the State's retirement contributions in 2007-08 are \$2.8 billion, including GF costs of \$1.5 billion.

4.04 "PRICE" REDUCTION

- Amended a Finance Letter proposal to reduce departmental appropriations by half of the annual price increase, and instead eliminated the price increase (valued at \$86.5 million) for all state entities except the Legislature, Constitutional Officers, and the Judicial Branch.

4.05 UNALLOCATED REDUCTIONS

- Reduced the Governor's proposed \$100 million unallocated reduction by \$49.8 million (to \$60.2 million).

4.26 ELIMINATION OF BOARDS AND COMMISSIONS

- Deleted this control section because several of the boards and commissions proposed for elimination are still active and necessary.

4.85 DISPOSITION OF BONDS PROCEEDS

- Accepted Finance Letter to transfer remaining 1993 Series A and 1998 Series B Public Works Board Energy Bond proceeds to the General Fund.

8.50 FEDERAL FUNDS RECEIPTS

- Deleted the control section.

11.00 EDP/INFORMATION TECHNOLOGY REPORTING REQUIREMENT

- Revised the control section to conform to action to keep the Office of Technology Review, Oversight, and Security at the Department of Finance (adopted 2006-07 language).

11.10 REPORTING OF STATEWIDE SOFTWARE LICENSE AGREEMENTS

- Revised the control section to conform to action to keep the Office of Technology Review, Oversight, and Security at the Department of Finance (adopted 2006-07 language).

15.25 APPROPRIATION ADJUSTMENTS TO REFLECT TECHNOLOGY SERVICE RATE CHANGES

- Accepted Finance Letter to authorize the Director of Finance to adjust appropriation items to reflect cost changes resulting from new Department of Technology rate adjustment packages.

28.00 PROGRAM CHANGE NOTIFICATION

- Deleted the control section.

35.60 BUDGET STABILIZATION ACCOUNT (BSA) TRANSFER TO GENERAL FUND

- Approved a technical amendment to the control section to require 14-day instead of a 15-day notification period.

JUDICIARY

0250 Judicial Branch

- Approved \$125.3 million GF to fully fund the State Appropriations Limit (SAL) adjustment to the trial courts in the budget year. Approved the Judicial Council's draft allocation of the SAL funding, which includes funding for the following priorities:
 - Staffing and operating expenses for new courts - \$1.5 million
 - Self-help programs - \$1.5 million
 - Baseline deficiencies in conservatorship funding - \$2 million
 - Retirement adjustment - \$1.1 million reduction
 - Security - \$23.5 million
 - Inflation and workforce (allocated pro rata) - \$82.5 million
 - Workload (50% for equalization and 50% for pro rata) - \$15.3 million.
- Approved \$27.8 million GF that grows to \$74.3 million GF in 2008-09 to add 100 new judgeships over a two-year period. Approved trailer bill language to create these judgeships and to allow the trial courts to convert 162 judicial officers to judgeships as the positions become vacant.
- Approved \$25.6 million GF that grows to \$46.8 million GF in 2008-09 to implement a base-level of security for all trial courts. Approved trailer bill language to govern accountability and cost containment measures for court security.
- Approved \$17.4 million GF to implement the Conservatorship and Guardianship Reform Act of 2006 to increase court oversight over the conservatorship and guardianship system for elderly and dependent adults.
- Approved \$1.4 million GF to require court-appointed counsel for children in appeals of dependency court orders.
- Rejected a \$5 million GF proposal to create a new access to justice pilot program to provide legal representation to defendants in civil matters.
- Approved \$2.8 million GF for additional positions to support the operations of the Administrative Office of the Courts.

- Approved \$35.9 million from the Court Facilities Construction Fund to fund acquisition, preliminary plans, and/or working drawings for 11 new courthouse projects in the following counties: Contra Costa, joint facility for Plumas and Sierra, Mono, Madera, San Bernardino, San Joaquin, Riverside, Tulare, San Benito, Calaveras, Lassen, and Los Angeles – Long Beach. Approved trailer bill language to allow the Administrative Office of the Courts to enter into a public-private partnership to construct a new courthouse to replace the Long Beach courthouse.

0280 Commission on Judicial Performance

- Approved as budgeted.

0390 Contributions to the Judges' Retirement System

- Approved trailer bill language to enhance the benefits provided by the Judges' Retirement System II.

PUBLIC SAFETY AND CRIMINAL JUSTICE

0820 Department of Justice

- Approved \$3.4 million GF to augment the department's Criminal Law division to support the increased federal habeas corpus workload.
- Approved \$2.2 million GF to augment the department's Civil Law division to handle the increased class action workload related to the California Department of Corrections and Rehabilitation.
- Approved \$4.2 million GF to maintain staffing to continue a class action lawsuit against insurance companies referred to as the *Underwriters* litigation. This litigation is against insurance companies that reneged on insurance coverage held by the state on the Stringfellow hazardous waste dump.
- Approved \$611,000 GF to enhance the Megan's Law website and implement other requirements of legislation (SB 1128, Alquist and AB 1849, Leslie) enacted in 2006 related to sex offenders.
- Approved \$11.2 million GF to fully fund the DNA Program at \$32.2 million in the budget year.
- Approved \$1 million GF to fund new climate change related litigation.
- Approved \$541,000 from the Dealers' Record of Sale Special Account to modernize the Automated Firearms System database to allow local law enforcement to trace crime guns.
- Approved \$723,000 to increase funding for the California Witness Protection Program, including an increase of \$500,000 for local assistance grants to district attorneys. Rejected \$3 million from the Restitution Fund to further augment the local assistance to reimburse district attorneys for witness protection costs.

0855 Gambling Control Commission

- Rejected \$1.7 million for the commission to oversee minimum internal control standards of tribal gaming operations.

1690 Alfred E. Alquist Seismic Safety Commission

- Approved \$2 million special fund for a new grant program to fund research topics selected from

the Commission's Earthquake Research Plan.

1870 California Victim Compensation and Government Claims Board

- Approved as budgeted.

8120 Commission on Peace Officer Standards and Training

- Approved \$3.5 million special funds to replace the eight oldest Law Enforcement Driving Simulators.
- Approved \$650,000 special funds to develop a new web-based training portal, including converting current CD-ROM training to web-based.
- Approved \$250,000 in special funds to increase the contract it has with the State Controller's Office to audit local law enforcement to ensure that local agencies are submitting appropriate reimbursement claims. Approved budget bill language to require a report on audit findings.
- Approved budget bill language to allow state law enforcement to participate in the *Tools for Tolerance* training program at the Simon Wiesenthal Museum of Tolerance.

8140 State Public Defender

- Approved as budgeted.

8180 Payments to Counties for Costs of Homicide Trial

- Approved as budgeted.

8550 California Horse Racing Board

- Deleted funding for the California Horse Racing Board.

CORRECTIONS AND REHABILITATION

5225 Department of Corrections and Rehabilitation

Adult Population Highlights

- Approved \$47.9 million GF to support the projected growth in the adult inmate and parolee population for 2007-08. The inmate population is estimated to be 179,600 at the end of the budget year. The parolee population is estimated to be 123,400 at the end of the budget year.
- Approved \$22.8 million GF less \$1,000 to cover additional costs associated with transferring up to 5,000 inmates to prison facilities outside of California. The total estimated cost of this program is \$82.7 million, which is offset by population savings related to not housing these prisoners in California prisons. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$21.5 million GF less \$1,000 to cover additional costs associated with growth in the mental health population in state prison. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$8.2 million GF less \$1,000 to fund staffing for a 50-bed Mental Health Crisis Bed Unit at the California Medical Facility. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$16.8 million GF less \$4,000 to fund local assistance for a jail rate increase and other local mitigation costs to reimburse county coroners, district attorney costs, and other costs. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$3.8 million GF to implement a 35-bed community facility for female offenders and to continue to support efforts to develop up to 4,500 additional beds in community facilities for female offenders. This item is contained in the population estimate.
- Added \$25 million GF to reflect the withdrawal of the majority of the parole reforms proposed in the Governor's budget. The administration will discharge parolees after 12 months of "clean time" and savings related to that change in policy are reflected in the proposal adopted by the Subcommittee. This item is contained in the population estimate.

Juvenile Justice Highlights

- Approved \$4.8 million GF to support the projected growth in the juvenile ward and parolee population for 2007-08. The ward population is estimated to be 2,500 at the end of the budget

year. The parolee population is estimated to be 2,400 at the end of the budget year. This total funding level assumes savings of \$1.7 million GF due to the closure of DeWitt Nelson Youth Correctional Facility in the budget year.

- Approved \$1.5 million Proposition 98 GF less \$1,000 to support education at the Division of Juvenile Justice (DJJ) facilities in the budget year. This item is contained in the population estimate. The intent of the Subcommittee was to place this issue in conference.
- Approved \$14.7 million GF to implement the Governor's budget proposal (as revised by the May Revision) to realign certain low-level wards to the counties. The additional funding assumes that only 25 percent of the wards currently housed at DJJ will be returned to the counties in the budget year and allocates \$5 million for a competitive grant to develop local capacity for specialized services.
- Restored \$10 million GF to continue the Juvenile Parole Re-entry Grant Program.
- Approved \$18.9 million GF to continue implementation of the Safety and Welfare and Mental Health Remedial plans as directed under the *Farrell* lawsuit.
- Approved \$395,000 GF to develop a Juvenile Justice Operational Master Plan in collaboration with the counties and local law enforcement to build on the work of the Juvenile Justice Data Project.

Rehabilitation Program Highlights

- Rejected the Governor's block grant proposal to fund local probation services for 18- to 25-year olds statewide. Approved \$20 million for four probation pilot projects.
- Approved \$74 million GF of the \$94 million GF proposed in the Governor's budget for the reducing recidivism plan. Approved an additional \$22.6 million to fund the following Senate priorities for reducing recidivism that were not included in the Governor's plan:
 - Expanded 3rd day visiting to 10 additional prisons: \$4 million.
 - Reduced, by 25 percent, the telephone surcharges on inmate phone calls: \$6.5 million.
 - Reinstated funding for the post-parole component of the Offender Employment Continuum program: \$800,000.
 - Approved funding to enable the department to expand life skills programming efforts: \$175,000.
 - Added a Community Partnership Manager to every prison: \$3.6 million.
 - Approved funding for residential and case management services for mentally ill parolees: \$4 million.

- Approved funding to expand the Parolee Employment Program to contract with non-profit providers to provide job placements to parolees: \$3.6 million.
- Approved \$13.9 million GF to provide pay parity for teachers in the adult institutions with teachers in the juvenile institutions and provide adequate funding to restore half of the teacher positions that are currently vacant.
- Approved \$19.5 million GF for services to implement aftercare as a mandatory condition of parole. The population estimate contains \$10.9 million of the funding provided for aftercare as a mandatory condition of parole. The remaining \$8.6 million is included in the Governor's reducing recidivism plan and was approved by the Subcommittee.
- Approved trailer bill language to allocate the \$50 million for rehabilitation programs appropriated in Chapter 7, Statutes of 2007 (AB 900, Solorio).

Health Care Highlights

- Approved \$248 million GF to improve medical care at CDCR as directed by the federal court-appointed Receiver. This amount includes an unallocated \$175 million to fund medical care activities at CDCR directed by the court-appointed Receiver in the *Plata* lawsuit. Also approved \$73.2 million to fund ongoing costs related to expenditures the Receiver has directed in the current year.
- Approved \$117 million GF to improve mental health care at CDCR as directed by the *Coleman* court. This amount includes \$50.6 million to fund increased salaries for mental health clinicians, \$17.5 million for modifications of administrative segregation unit cells to prevent suicide, and \$5.1 million to implement Enhanced Outpatient Programs at the reception centers. The funding also included \$40.2 million to fund the ongoing costs related to the positions established in Chapter 511, Statutes of 2006 (SB 1134).
- Approved \$81.4 million GF to improve dental care at CDCR as directed by the *Perez* court. This amount includes \$57.8 million to fund increased salaries for dental clinicians, \$20.9 million to implement a lower inmate-to-dentist ratio and to fund additional management staff to oversee the implementation of the remedial plan related to the *Perez* lawsuit.

Other Highlights

- Approved \$105.8 million GF to implement the Sex Offender Management Plan and High Risk Sex Offender Task Force recommendations. The Sex Offender Management Plan implements Jessica's Law (Proposition 83) and other legislation by funding mandatory GPS tracking for some sex offenders.
- Deleted \$45 million GF for the Mentally Ill Offender Crime Reduction Grants to local law enforcement.

- Approved \$118.5 million GF for the Consolidated Information Technology Project to provide basic network infrastructure to enable the department to implement new information technology solutions. Also approved GS \$SMART financing for this project so budget expenditures will be reduced to \$36.1 million GF.
- Approved \$46 million GF to augment the department's baseline budget for maintenance and special repairs.
- Approved \$1.6 million GF to support 12 positions in the Correctional Standards Authority to administer the local jail bed construction fund authorized in Chapter 7, Statutes of 2007 (AB 900, Solorio).
- Approved \$3.9 million GF to support 49 positions to improve the department's ability to recruit correctional officer candidates.
- Approved \$20 million GF to approve additional support positions for the Office of Facilities Management. The department is required to submit a staffing plan to the Joint Legislative Budget Committee before the funds can be expended.
- Approved \$7.9 million GF to approve recent court orders in the *Armstrong* case that requires the department to do more to oversee its compliance efforts with the Americans with Disabilities Act.
- Approved \$6.6 million GF for an information technology system, increased custody staff, and a contract for transcription services to comply with the *Lugo (Rutherford)* lawsuit to improve the lifer hearing process.
- Approved \$8 million GF to provide additional funding to comply with the *Valdivia* lawsuit to improve the parole revocation hearing process. This includes \$6.4 million that is included in the population estimate for legal representation and records staff and \$1.6 million included in a budget for compliance monitoring teams in the Office of Legal Affairs.

Infrastructure Highlights

- Approved trailer bill language and supplemental report language to ensure that lease revenue bonds authorized in Chapter 7, Statutes of 2007 (AB 900, Solorio) for infill prison bed projects are scheduled separately and ensure that the State Public Works Board treats each infill project separately.
- Approved trailer bill language and supplemental report language to ensure that GF monies appropriated in Chapter 7, Statutes of 2007 (AB 900, Solorio) for infrastructure projects needed to address overcrowding and infill prison bed projects be scheduled separately and ensure that the State Public Works Board treats each project separately.

- Approved trailer bill language to ensure that lease revenue bonds authorized in Chapter 7, Statutes of 2007 (AB 900, Solorio) for re-entry projects be treated separately by the State Public Works Board.
- Approved \$5.1 million GF to develop preliminary plans for a new Psychiatric Services Unit at the California Institution for Women and upgrades needed to a Locked Observation Unit at California Men's Colony. Also approved the reversion of \$43.5 million in capital outlay projects that are no longer being pursued by the department per a revised Mental Health Bed Plan submitted to the *Coleman* court.
- Denied \$15.1 million to start preliminary plans to construct dental clinic space at seven different institutions to comply with the *Perez* lawsuit and approved budget bill language to request that the department coordinate with the Receiver over medical care on the construction of joint medical and dental clinic space.
- Approved \$12.6 million GF less \$2,000 for various projects and additional modular units to implement the *Farrell* reforms. The intent of the Subcommittee was to place this issue in conference.

0552 Office of the Inspector General

- Approved \$1.8 million GF to expand the audit functions of the Office of the Inspector General.
- Approved \$1 million GF to require the Office of the Inspector General to review candidates for appointment as superintendent of a juvenile correctional facility.
- Approved approximately \$517,000 GF to support the operations of the California Rehabilitation Oversight Board as created by Chapter 7, Statutes of 2007 (AB 900, Solorio).
- Approved \$191,000 GF for one position to oversee the implementation of the *Armstrong* lawsuit and audit the federal court-appointed Receiver's budget.