

Senate Committee
on Budget and Fiscal Review
SUBCOMMITTEE 1

MAJOR ACTION
REPORT

May 28, 2003

Senate Bill 53
2003-04 Budget Bill

Members

Jack Scott, Chair
Bob Margett
John Vasconcellos

Consultants

Kim Connor
Amy Supinger

SUBCOMMITTEE No. 1

EDUCATION

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K-12 EDUCATION

0558 OFFICE OF THE SECRETARY OF EDUCATION

- Rejected the Governor's proposal to eliminate the School-to-Career program and instead shifted the program and most funding (\$1.7 million) to the California Department of Education.

0995 GOVERNOR'S SCHOLARS' PROGRAM

- Reduced funding by \$16.8 million based upon changes in SB 18 X, which (1) defer funding for awards until students reach 12th grade and (2) reflect State Board of Education actions that change student eligibility criteria.

6110 CALIFORNIA DEPARTMENT OF EDUCATION

- Appropriated the same level of funding for K-12 education programs as proposed by the Governor's May Revision proposal.
- Rejected the Governor's proposal to consolidate more than 64 categorical programs into a single K-12 Instructional Improvement Block Grant. The Governor's original block grant proposal would have repealed nearly all statutes governing the programs in the block grant.
- Restored 97 positions and \$6.7 million in state operations funding to CDE associated with the Governor's block grant proposal.
- Adopted the Governor's May Revision proposal to eliminate across-the-board reductions to revenue limits and categorical programs. Specifically, the budget:
 - Restored the \$612.4 million reduction (2.15 percent) for Revenue Limits, and instead reduces Revenue Limits by \$350 million (1.2 percent). This restoration provides a net increase to Revenue Limits of \$262.4 million.
 - Restored \$835 million in across-the-board reductions to categorical programs and instead makes targeted reductions or eliminations to specific programs.
- Adopted the Governor's May Revision proposal to make the following targeted *reductions* to categorical programs: Instructional Materials (\$75 m); Supplemental Grants (\$70 m); School Improvement Program (\$42 m); Peer Assistance and Review (\$25 m); School Library Materials (\$19 m); Gifted and Talented Education (\$10 m); Adult Education and ROC/P programs (\$7 m); National Board Teacher Incentive Incentives (\$4.2 m); College Preparation Partnership (\$5 m); Advanced Placement Teacher Training (\$4.1 m); and Education Technology Grants and California Technology Assistance Project (\$1 m).

- Restored reductions for two categorical programs included in the Governor’s May Revision: – Local Education Art Partnerships (\$6 million) and Civics Education (\$250,000). The Senate also restored \$10 million for Supplemental Grants – a total reduction of \$70 million -- and reduced savings for the National Board Teacher Incentives by \$ 800,000.
- Adopted the Governor’s May Revision proposal to *eliminate* the following categorical programs: Teaching-as-a-Priority (\$88.7 m); Miller-Unruh Reading Program (\$28.9 m); Teacher Recruitment Centers (\$9.4 m); Administrator Training (\$5.3 m); 7th and 8th Grade Math Academies (\$12.8 m); K-4 Intensive Reading Program (\$30.5 m); and the Institute for Computer Technology (\$574,000).
- Adopted the May Revision proposal to eliminate \$250 million for revenue limit “equalization,” including \$203 million appropriated by Chapter 1167, Statutes of 2002, and \$47 million in additional funding initially proposed in the Governor’s January Budget.
- Reduced Deferred Maintenance funding by \$128.7 million below the 2002-03 level, but maintains funding for hardship.
- Adopted the May Revision proposal to defer payment of all education mandates in 2003-04 for a savings of \$125 million.
- Reduced funding core supplemental instruction services by \$85 million to reflect \$25 million in savings from lower program participation and \$60 million in savings from lowering the enrollment cap from 7 to 5 percent.
- Provided \$ 69 million in additional federal IDEA funds available for special education to fund mental health related services for students with disabilities pursuant to state law – AB 3632 – and federal law.
- Restored funding for the K-3 Class Size Reduction program at the program’s base funding level for the 2002-03 fiscal year.
- Restored \$35 million for the PERS Mitigation Offset in order to assist school districts in making retirement contributions for classified employees.
- Adopted the Governor’s May Revision proposal for the state’s school accountability – Immediate Intervention/Underperforming Schools Program (II/USP) and High Priority (HP) Schools programs – to fully fund all schools that have applied.
- Approved two separate actions that reduce funding for Basic Aid districts by \$27.6 million, including:
 - \$17.8 million to eliminate Basic Aid funding (\$120 per ADA) and satisfy the constitutional obligation to provide state Basic Aid through the provision of categorical funds to these districts; and
 - \$9.8 million to further reduce categorical funding for Basic Aid districts based on a 1.198 percent reduction to Basic Aid revenue limits and excess property taxes, in lieu of the Governor’s \$20 million May Revision reduction proposal for Basic Aid districts.

- Rejected the Governor’s proposal to make a \$13 million unallocated reduction for state assessments and instead substitute specific reductions to assessment programs, including:
 - Elimination of the Golden State Exam, for an additional savings of \$3.7 million beyond the May Revision (and total savings at \$5.9 million); and
 - Reducing grade level testing under the state’s norm-referenced test (CAT/6) to students in 4th and 8th grades – instead of grades 2-11 – for a savings of \$10 million.
- Provided \$10 million in new NCLB Title I funds for the Reading First program to cover students in bilingual programs that do not currently have access to these federal K-3 supplemental reading funds.
- Rejected the Governor’s proposal to limit ROC/P funds to students under age 16 years and restores \$12 million to conform to this action.
- Restored \$13.5 million for Adult Education to reflect reductions tied to audit results for concurrent enrollment from the early 1990’s.
- Restored \$5.15 million in funding for the Advancement Via Individual Determination (AVID) program.
- Restored \$418,000 in funds to the Ed-Data website that provides easy-to-access financial, demographic and academic information for K-12 public schools.
- Utilized funding from the Peer Assistance and Review program – approximately \$61 million – as a “balancer” to meet appropriation levels reflected in the Governor’s Budget May Revision.

Trailer Bill Language

1. Adopted language that gives school districts additional flexibility in accessing education reserves, specifically language to reduce reserves for deferred maintenance from 3 to 2 percent; to lower the reserves for economic uncertainty in half; and to restore reserves levels in 2003-05.

PRE-K

4220 CHILD DEVELOPMENT POLICY ADVISORY COMMITTEE (CDPAC)

- Denied the Governor's request to eliminate CDPAC by appropriating an additional \$367,000.

6110 CALIFORNIA DEPARTMENT OF EDUCATION – CHILD DEVELOPMENT

- Reversed the original January child care realignment proposal, which would have shifted child care services to the counties. This resulted in an increase in the Proposition 98 guarantee of \$879 million.
- Adopted a series of caseload adjustments, fund transfers, and programmatic reforms (with accompanying Budget Bill Language) in order to reduce expenditures and increase the amount of funding available for child care services in the Budget Year to the levels proposed in the Governor's May Revision. Specifically, the committee:
 - Eliminated subsidized child care services to child over the age of 13;
 - Eliminated subsidized care to "grandfathered" families who are earning over 75 percent of the State Median Income;
 - Clarified and reformed regulations related to provisions of the Regional Market Rate which address hourly and full day care as well as premium care;
 - Reduced the administrative and support services rate for Alternative Payment Providers by one percent (1%);
 - Increased the amount of funding available for child care services from TANF and federal child care funds.
- Denied the Governor's request to fully-fund the After School program and instead reduced funding by \$7 million. This leaves \$114 million available for the program.
- Decreased funding for state Preschool by \$10 million which is \$6 million less than the amount proposed by the Governor as part of the May Revision.

HIGHER EDUCATION

6120 CALIFORNIA STATE LIBRARY

- Provided an additional \$14.8 million to the Public Library Foundation, bringing the total appropriation level for 2003-04 to \$15.8 million (which is the amount originally proposed in the Governor's January Budget).
- Appropriated \$250,000 to retain the core operations of the Civil Liberties Education Program.
- Retained funding (\$12.2 million) for the Transaction-Based Reimbursement Program, which helps cover the costs associated with interlibrary loans.
- Allocated \$128.4 million from Proposition 40 funds for the new California Cultural and Historical Endowment.

6420 CALIFORNIA POSTSECONDARY EDUCATION COMMISSION (CPEC)

- Denied the Governor's May Revision proposal to merge the California Postsecondary Education Commission with the California Student Aid Commission.
- Appropriated an additional \$1.5 million to bring funding for CPEC back to current-year levels.

6440 UNIVERSITY OF CALIFORNIA

- Adopted the majority of the funding reductions proposed by the Governor in January with the following exceptions:
- Further reduced funding to the UC by \$80.5 million pursuant to an agreement reached by all four Legislative Caucuses related to the approval of the Pension Obligation Bonds; the subcommittee opted to designate the reduction for student enrollment (\$48.7 million) with the remainder of the reduction (\$31.8 million) being unallocated.
- Deferred the opening of the UC Merced Campus for one year (from Fall 2004 to Fall 2005) for a General Fund savings of \$4 million.
- Provided \$5 million above the amount provided by the Governor for Student Outreach Programs.
- Approved all Capital Outlay projects as proposed by the Administration.

6610 CALIFORNIA STATE UNIVERSITY

- Adopted the majority of the funding reductions proposed by the Governor in January with the following exceptions:
- Further reduced funding to the CSU by \$69.5 million pursuant to an agreement reached by all four Legislative Caucuses related to the approval of the Pension Obligation Bonds; the subcommittee opted to designate the reduction for student enrollment (\$66 million) with the remainder of the reduction (\$3.5 million) being unallocated.
- Provided \$2.5 million above the amount provided in the Governor's Budget for student outreach programs.
- Allocated additional funds (\$1.2 million) for the Legislative, Executive and Judicial Fellows program to bring the reduction level from 50 percent 10 percent.
- Approved all Capital Outlay projects as proposed by the Administration.

6870 CALIFORNIA COMMUNITY COLLEGES

- Approved the May Revision proposal to increase student fees from \$11 per unit to \$18 per unit. Originally, the Governor's January Budget proposed increasing fees to \$24 per unit.
- Retained spending level for community colleges as it was proposed in the May Revision.
- Approved the May Revision augmentation of the community colleges budget, which provided an additional \$305 million in General Fund support.
- Provided additional support to the community colleges by shifting \$200 million in June 2004 General Apportionments and Partnership for Excellence payments to July 2005.

7980 CALIFORNIA STUDENT AID COMMISSION

- Shifted all operating expenses for the Student Aid Commission from the General Fund to the Student Loan Operating Fund, for a General Fund savings of \$7.7 million.
- Retained the current maximum Cal Grant award level (\$9,708) for students attending private institutions; the Governor proposed to reduce the amount of the grant by \$880.
- Accepted the May Revision proposal to make baseline reductions to the Cal Grant program by \$20 million, due to the chronic over-estimation of awards that has been occurring in recent years.
- Further reduced the baseline amount of funding available for Cal Grants by \$10 million, pursuant to an agreement reached by all four Legislative Caucuses related to the approval of Pension Obligation Bonds.

- Denied the Governor's request to reduce the Cal Grant C program.
- Eliminated the Cal Grant T program and converted existing awards to the Assumption Program of Loans for Education (APLE).

Senate Committee
on Budget and Fiscal Review
SUBCOMMITTEE 2

MAJOR ACTION
REPORT

May 28, 2003

Senate Bill 53
2003-04 Budget Bill

Members

Byron Sher, Chair
Sheila Kuehl
Bruce McPherson

Consultants

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Alex MacBain
Frank Vega

Senate Fellow

Gabe Meyer

SUBCOMMITTEE No. 2

RESOURCES, ENVIRONMENTAL PROTECTION, PUBLIC SAFETY, AND ENERGY

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NATURAL RESOURCES

3340 CALIFORNIA CONSERVATION CORPS

- Restored funding for corps member health benefits (\$2.3 million), operation of fire centers (\$1.9 million), and for local corps contracts (\$846,000)

3540 DEPARTMENT OF FORESTRY AND FIRE PROTECTION

- Reduced \$50 million from the Fire Protection Program and approved per-acre fees for landowners on state responsibility areas (SRAs).
- Reduced \$10 million from the Timber Harvest Plan review and enforcement program and approved a 4 percent timber yield fee.

Trailer Bill Language

1. Establishes a one penny per board foot fee on all timber products purchased by retailers, and uses the revenues generated from this fee for various CDF programs.

3600 DEPARTMENT OF FISH AND GAME

- Rejected the Governor's proposal to reduce funding for the department's Timber Harvest Plan (THP) review.
- Approved the Governor's proposal to raise fees for various hunting and fishing licenses.

3640 WILDLIFE CONSERVATION BOARD (WCB)

- Redirected Proposition 50 bond funds for River Parkways and the Sierra Nevada-Cascade Mountain program to the WCB, and approved trailer bill language to establish grant criteria for each program.
- Approved \$32.5 million from Proposition 50 for the Colorado River Regulatory Program.

Trailer Bill Language

1. Requires the WCB to provide pertinent information on major land acquisitions.

Budget Bill Language

1. Requires the Department of Finance to provide notification to the Joint Legislative Budget Committee for all projects that will receive Proposition 50 bond funds.

3790 DEPARTMENT OF PARKS AND RECREATION

- Redirected all Proposition 40 Cultural and Historical funds to the Cultural and Historical Endowment created under AB 716 (Firebaugh).
- Approved \$49 million (Off Highway Vehicle funds) to purchase additional land and buffer zones for State Vehicular Recreation Areas (SVRAs).

Budget Bill Language

1. Waives the 30 percent non-state match requirement for the Roberti-Z'berg-Harris Urban Park and Murray-Hayden Grant Program.

3860 DEPARTMENT OF WATER RESOURCES

- Approved \$38 million reversion of unencumbered funds from the Colorado River Management Account. These funds were originally appropriated in 1998 for the lining of the Coachella Branch of the All American Canal.

Trailer Bill Language

1. Establishes the Governor's proposal to raise existing fees for the Dam Safety program. These fees will generate approximately \$4.7 million in the budget-year.
2. Implement various programs within Proposition 50.

3870 CALFED BAY-DELTA AUTHORITY

- Approved the Governor's proposal to develop a broad based user fee for water users. This proposal is consistent with the CALFED Record of Decision (ROD).

ENVIRONMENTAL PROTECTION

0555 SECRETARY FOR ENVIRONMENTAL PROTECTION

- Approved as budgeted.

3780 NATIVE AMERICAN HERITAGE COMMISSION

- Approved the May Revision proposal to augment budget by \$247,000 and three positions for Timber Harvest Plan review.

3900 AIR RESOURCES BOARD

- Approved an additional \$4.4 million increase in stationary source fees above the Governor's proposed \$10 million increase for the Stationary Source Program to provide a total of \$14.4 million in GF savings.

Supplemental Report Language

1. Requires the Board to report on benefits and detriments on new power plant emission control technology.
2. Requires the Board to report on the final stationary source fee structure adopted by the Board.

3910 INTEGRATED WASTE MANAGEMENT BOARD

- Approved as budgeted with the following trailer bills.

Trailer Bill Language

2. Restructures the six-member board and the number of their support staff to provide budgetary savings.
3. Prohibits the board from subsidizing tire incineration research or promotion with public funds.

3930 DEPARTMENT OF PESTICIDE REGULATION

- Approved an additional \$3.6 million for farmworker outreach activities and \$8 million for increased support for County Agriculture Commissioners' pesticide-related activities above the Governor's proposed budget for the department of \$53.9 million (including adopted May Revision proposals). The subcommittee approved trailer bill language to adopt the above changes and fund the changes through an increase in pesticide registration fees and an additional mill assessment on restricted use pesticides.

Trailer Bill Language

1. Amends the Food and Agriculture code to establish a mill assessment cap on non-restricted use pesticides of 27 mills. Establishes an additional 18 mill assessment above the 27 mills (for a total of 45 mills) on restricted use pesticides and dedicates that revenue to the County Agriculture Commissioners. Increases pesticide licensing fees and pesticide registration fees (from \$250 to \$750 per product) to fully fund those respective programs. Increases the allocation of the mill assessment directed to the County Agriculture Commissioners from 6 mills to 7 ½ mills. Establishes an allocation of 2 mills toward farmworker outreach activities at the department.

3940 STATE WATER RESOURCES CONTROL BOARD

- Reduced \$3.6 million GF from the board's Water Rights Program. The subcommittee also approved trailer bill language to increase water rights fees to offset the reduction.
- Approved the Governor's proposal to shift \$13.6 million GF support to special funds for the board's core regulatory program through an corresponding increase in the waste discharge permit fee.
- Restored a proposed \$6.8 million GF reduction in water quality monitoring and assessment activities through an additional increase in the waste discharge permit fee.
- Allocated \$7 million in Prop. 50 (Clean Beaches) funds to match \$7 million from the Coastal Conservancy for coastal contaminants monitoring equipment in the California Ocean Data Observing System.
- Allocated \$10 million in Prop. 50 funds for a grant program to reduce agricultural discharges to surface or groundwater.
- Rejected the elimination of the Chromium 6 Program.

3960 DEPARTMENT OF TOXIC SUBSTANCES CONTROL

- Approved as budgeted.

3980 OFFICE OF ENVIRONMENTAL HEALTH HAZARD ASSESSMENT

- Approved the May Revision proposal to restore \$3.5 million of a proposed \$3.6 million GF reduction to various programs through special funds and redirected GF at the office.

PUBLIC SAFETY AND CRIMINAL JUSTICE

0550 YOUTH AND ADULT CORRECTIONAL AGENCY

- Eliminated funding for the Agency pending receipt and review of the Youth Authority education report due November 2002.

0552 OFFICE OF THE INSPECTOR GENERAL

- Approved trailer bill language related to \$1.7 million in proposed reductions.

0820 DEPARTMENT OF JUSTICE

- Approved an increase of \$3.2 million GF to restore funding for the Spousal Abuser Prosecution Program.
- Rejected the proposed \$4.3 million GF for the Youth Authority class action suit and approved budget bill language to allow DOJ to receive funding through the Section 27 process should current negotiations not result in a settlement of the case.
- Approved an increase of \$3.5 million GF to prevent charging local law enforcement user fees for the state's forensic labs.
- Approved an increase of \$2 million (False Claims Act and federal funds) for investigation and prosecution of Medi-Cal Fraud.
- Approved trailer bill language to provide additional Legislative oversight for energy settlement funds.

5240 DEPARTMENT OF CORRECTIONS

- Rejected Finance Letter requesting \$10.8 million in lease revenue bonds to convert NCWF to a male reception center.
- Approved \$3.6 million GF to change the Basic Correctional Officer Academy from 16 weeks to 12 weeks at the Academy and 4 weeks on-the-job.
- Approved \$58.5 million due to increased projections for the inmate and parole populations.

- Approved funding from lease revenue bonds for a death row facility at San Quentin State Prison.
- Approved a reduction of \$5.4 million to delay activation of 500 substance abuse beds.
- Approved a reduction of \$8.8 million to delay activation of Delano II until April 2005.
- Approved a reduction of \$13 million for various healthcare services programs to reflect improved pharmacy protocols and reduced referrals to outside emergency care facilities.
- Approved a reduction of \$2.3 million and 50 positions to reflect a reduction of management positions at institutions statewide.
- Approved a reduction of \$1.3 million and 13.5 positions to increase the span of control for Parole Administrators from supervision of five parole offices to eight offices.
- Approved a reduction of \$2.3 million and 32 positions through the elimination of Correctional Sergeant positions associated with the 7k training program.
- Approved a net reduction of \$27.5 million from the expansion and restructuring of education, vocational education, and arts programs to maximize state savings. This action includes restoring \$10.9 million for education programs and the arts-in-corrections from the proposed \$37.4 million reduction for these programs, and expanding education programs by \$10 million in reception centers.
- Approved savings of \$400,000 from the elimination of three Community Correctional Facilities.
- Approved a net reduction of \$4.5 million from increasing the number of correctional academy graduates by 640 and establishing more correctional officer positions.
- Approved a reduction of \$20.1 million through a drug treatment furlough program which would place inmates in the program into a supervised, community residential drug treatment program for the final 120 days of the inmate's sentence.
- Approved a reduction of \$5 million from placing severely ill inmates who are no longer a threat to public safety on medical parole. These potentially expensive inmates would be placed in an appropriate medical facility and would be eligible for SSI and Medi-Cal.
- Approved a net reduction of \$10.3 million from fully funding the existing program that provides pre-release planning and enhanced community services for mentally ill parolees.
- Approved a net reduction of \$7.9 million from reduced recidivism through (1) improved pre-release planning, (2) development of a new risk assessment tool to ensure parole supervision is effectively targeted, and (3) expansion of the PACT (Police and Corrections Teams) program.
- Approved a net reduction of \$50.4 million from implementing policies that would employ appropriate sanctions for low level parole violators, based on the offense and the underlying public safety risk of the parolees.
- Approved a reduction of \$17.4 million from the expansion of Felony Drug Courts.

5430 BOARD OF CORRECTIONS

- Approved the elimination of the program that reimburses local correctional agencies for partial costs for training and approved a transfer of \$9.6 million from the Corrections Training Fund to the GF.

5440 BOARD OF PRISON TERMS

- Approved a reduction of \$3.5 million from revised workload projections.

5460 DEPARTMENT OF THE YOUTH AUTHORITY (YA)

- Approved an increase of \$1.3 million in the YA due to the consolidation of the duties of the Youthful Offender Parole Board (YOPB) the YA as of January 2004. The budget for YOPB was reduced by \$1.6 million.
- Approved a reduction of \$3.6 million from savings due to closure of the Holton facility and closure of the male portion of the Ventura facility.
- Approved a reduction of \$6.1 million from adjusting for inflation the sliding scale fee charged to counties.

5480 COMMISSION ON CORRECTIONAL PEACE OFFICERS STANDARDS AND TRAINING

- Approved a reduction of \$1.1 million, or 50 percent of the budget.

8100 OFFICE OF CRIMINAL JUSTICE PLANNING

- Eliminated 24 management positions for a savings of an estimated \$3.5 million GF and federal funds. Savings from the federal funds were directed to local assistance grants.
- Approved consolidation of the Elder Abuse Vertical Prosecution, Child Abuser Vertical Prosecution, Vertical Prosecution of Statutory Rape, Major Narcotic Vendor Vertical Prosecution, and the Career Criminal Vertical Prosecution programs into a vertical prosecution block grant, and approved a 50 percent reduction in the total amount for a savings of \$8.2 million.

- Deleted funding (\$15 million GF) for the War on Methamphetamine program.
- Approved restoration of the Domestic Violence Shelter Grant Program within OCJP.

8120 COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

- Approved a Finance Letter to restore \$25.5 million in funding for the program that reimburses local law enforcement agencies for the costs of training. These funds were originally proposed to be transferred to the GF.

8700 VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD

- Approved budget bill language authorizing a short term loan from the GF to meet the cash flow needs of the Restitution Fund.
- Approved trailer bill language with a two year sunset that would limit certain awards to victims, and would increase the minimum mandatory fines for misdemeanor convictions and increase the limits on restitution diversion fees. The trailer bill language also establishes a workgroup of stakeholders to develop recommendations

CONTROL SECTION 24.10

- Approved budget bill language that would transfer \$14 million from the Driver Training Penalty Assessment Fund to the Peace Officer Training Fund, and would transfer \$3 million from the Driver Training Penalty Assessment Fund to the Witness Protection Program.

ENERGY

3360 ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

- Approved a \$20 million loan, with a repayment date of June 30, 2005, from the Public Interest Research, Development and Demonstration Fund to the GF.
- Reverted \$4.943 million of unencumbered, uncommitted funds that the Legislature appropriated to the commission through energy crisis legislation.
- Transferred a total of \$8.740 million from the Energy Resources Programs Account to the GF.

Trailer Bill Language

1. Assesses 1) a siting fee on developers of large power plants in the amount of \$100,000, plus \$250 per MW of generating capacity up to \$350,000, and 2) a \$15,000 annual compliance fee on power plant owners to cover the commission's ongoing compliance activities.

8660 PUBLIC UTILITIES COMMISSION

- Approved a May Revision proposal to increase the Commission's expenditure authority by \$9.9 million (special funds) for Pacific Gas and Electric related legal activities.
- Augmented the Commission's expenditure authority by \$2.3 million for increased contracting authority to hire auditors to address the continued backlog of required audits at the Commission.
- Approved a May Revision proposal to loan \$136 million from the Commission's Teleconnect Fund to the GF. The subcommittee also adopted trailer bill language requiring partial or whole repayment of the loan if the fund were to become deficient because of the loan.
- Amended a May Revision proposal for increased bilingual services in the Commission's Consumer Affairs Branch from 8 positions to 2 positions.

Trailer Bill Language

1. Codifies the Commission's newly proposed Office of Economic Development, defining its procedures and purpose.
2. Prohibits the Commission from raising the surcharge rate for the Teleconnect Fund due to deficiencies in the fund resulting from the above-mentioned loan. Also requires the partial or whole repayment of that loan from the GF should the fund become deficient.

Supplemental Report Language

1. Requires the Commission, the Energy Commission, and the Power Authority to report on their progress in reaching goals stated in the Energy Action Plan.
2. Requires the Commission to report on the programmatic problems associated with the Teleconnect Fund program and possible solutions to address those issues.

8665 CALIFORNIA POWER AUTHORITY

- Approved as budgeted.

8690 SEISMIC SAFETY COMMISSION

- Shifts \$884,000 in funding for the Commission from the GF to a new Seismic Safety Account which would be funded through a fee on insurers.

Trailer Bill Language

1. Establishes an assessment on insurers as a prorated percentage of premiums earned on commercial and residential earthquake policies in the state for the Commission's activities.

8770 ELECTRICITY OVERSIGHT BOARD*Trailer Bill Language*

1. Eliminates the Electricity Oversight Board and transfers staff services and management to a new office under the Governor's Office by the end of the year.

GENERAL GOVERNMENT

0690 OFFICE OF EMERGENCY SERVICES

- Approved the May Revision proposal to restore \$663,000 to the Disaster Service Worker's Volunteer Program.

8550 CALIFORNIA HORSE RACING BOARD

- Approved as budgeted.

8570 DEPARTMENT OF FOOD AND AGRICULTURE

- Rejected a May Revision proposal to suspend the Animal Adoption Mandate.

Supplemental Report Language

1. Requires the department to develop a proposal for an inspection fee on incoming trade and commerce to fund pest exclusion and eradication activities.

8830 CALIFORNIA LAW REVISION COMMISSION

- Rejected the elimination of the Commission and adopted a reduced budget of \$550,000 GF.

8840 COMMISSION ON UNIFORM STATE LAWS

- Rejected the elimination of the Commission and adopted a reduced budget of \$122,000 GF.

Senate Committee
on Budget and Fiscal Review
SUBCOMMITTEE 3

MAJOR ACTION
REPORT

May 28, 2003

Senate Bill 53
2003-04 Budget Bill

Members

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Consultants

Kimberly Collins
Ana Matosantos
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SUBCOMMITTEE No. 3

HEALTH, HUMAN SERVICES, LABOR, and VETERANS AFFAIRS

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HEALTH

4120 EMERGENCY MEDICAL SERVICES AUTHORITY

- Agrees not to transfer the EMSA to the Department of Health Services and instead reduced by \$138,000 (General Fund) which is the equivalent amount of savings that would have occurred under the proposed transfer.
- Increases by \$6.9 million (General Fund) the amount provided to the Poison Control Center to maintain program operations as proposed by the Administration.

4260 DEPARTMENT OF HEALTH SERVICES

Medi-Cal Program

- Deletes the proposed Realignment package that would have shifted all long-term care expenditures and 15 percent of the non-federal share of Medi-Cal benefit expenditures to the counties. This action shifts about \$3 billion back to the Medi-Cal Program.
- Maintains Medi-Cal eligibility for the 1931 (b) category of low-income families (100 percent of poverty and below).
- Maintains Medi-Cal eligibility for the Aged, Blind and Disabled category as established in the Budget Act of 2000. Specifically, individuals making \$757 per month or below, and couples making \$1,344 per month or below, will be eligible to obtain Medi-Cal coverage at no share-of-cost. This action requires an increase of \$49.9 million (General Fund).
- Restores the 15 percent provider rate cut for fee-for-service Medi-Cal providers for an increase of \$417.3 million (General Fund).
- Assumes receipt of \$250 million in additional federal funds as a placeholder in response to the federal fiscal relief package for states as addressed in pending federal legislation (Senate 1054).
- Provides an increase of \$59.8 million (General Fund) to reflect an average rate increase of 3.8 percent for long-term care nursing facilities. This adjustment is based on actual cost reports and is a calculation that is done on an annual basis based upon the state's Medicaid Plan requirements.
- Approves the Senate Republican's and Administration's proposal to shift the Medi-Cal Program from an accrual to a cash budgeting system for savings of \$930 million (General Fund) in the Medi-Cal local assistance item.
- Restores Medi-Cal Optional Benefits for an increase of \$209.7 million (General Fund).

- Captures savings of \$35.4 million (General Fund) by collecting additional aged drug rebate moneys owed to the state and conducting more Therapeutic Category Reviews of drugs which will result in lower drug expenditures in the Medi-Cal Program.
- Approves the Administration's proposal to implement a six percent "Quality Improvement Assessment" on Medi-Cal Managed Care plans (about 31 plans in total) which will provide about \$37.5 million (General Fund) in savings to the state and will increase rates by an average of about 3 percent for the plans on an annual basis. The proposal also enables the state to draw down an additional \$112.5 million in federal funds.
- Adopts the Administration's proposal to implement a six percent "Quality Assurance Fee" for Intermediate Care Facilities for the Developmentally Disabled (ICF-DD facilities) which results in \$14.6 million (General Fund) savings for the state and will increase rates by an average of 1.9 percent for the facilities on an annual basis. The proposal also enables the state to draw down an additional \$20.5 in federal funds.
- Saves \$38 million (General Fund) by implementing new utilization and payment controls as proposed by the Administration. These include an adjustment to laboratory services, eliminating obsolete codes on certain products that are no longer provided in common practice (such as elastic stockings), and limiting a provider's ability to cause secondarily referred services to be billed by other providers.
- Sweeps a Special Fund Deposit (number 0942-14) for savings of \$4.7 million (General Fund). This fund had Surplus Money Investment Fund interest available in it which was unencumbered and therefore, available for reversion to the General Fund.
- Eliminates the second-year of Transitional Medi-Cal coverage for savings of \$2 million (General Fund).
- Adopts a managed growth proposal for Adult Day Health Care Centers in lieu of the Administration's proposed one-year moratorium and unbundling of the rate proposal. As analyzed by the Legislative Analyst's Office, the managed growth proposal will save \$5.4 million (General Fund) in 2004-05 and about \$11.1 million (General Fund) in subsequent years. Further, this will facilitate long-term structural reform.
- Places limits on Serostim (human growth hormone) as proposed by the Administration for savings of \$8.9 million (General Fund).
- Provides for the implementation of "Step-Care Drug Therapy", "Direct Prescriber Communication", and enhanced educational programs to improve the overall prescribing of drugs in the Medi-Cal Program. These programs are estimated to save \$1.2 million (General Fund) in the budget year and grow to savings of \$16 million (General Fund) on an annual basis. These programs will facilitate long-term structural reform.
- Changes the reimbursement methodology for durable medical equipment for savings of \$1.6 million (General Fund) as proposed by the Administration.
- Changes the reimbursement methodology for blood factor products for savings of \$1.2 million (General Fund) as proposed by the Administration.

- Places limits on certain laboratory services making them subject to frequency limitations for services occurring within a set period of time for savings of \$5.3 million (General Fund) as proposed by the Administration.
- Captures \$23 million (General Fund) in savings from implementation of various Medi-Cal fraud activities and directs that the Administration's proposed trailer bill changes be handled through the policy committee process. A total of 100 new positions, on an existing base of 264 positions just at the DHS alone, were provided for this purpose. Subcommittee #2 provided additional funds to the Attorney General's Office for other Medi-Cal fraud prevention efforts.
- Reduced unjustified state support costs by over \$8.6 million.
- Saves \$5.8 million (General Fund) by adopting the Administration's proposal to restructure how licensing and certification fees are calculated by the DHS. This includes basing the fee amount on budget year expenditures (versus current year) and requiring private facilities to offset the amount of fees that would have been paid by exempt health facilities.
- Provides \$196,000 General Fund (\$164,000 is one-time only) to fix the newborn enrollment processing system in order to enroll eligible newborns into the Medi-Cal Program in a timely manner as required by federal law.

Public Health Programs

- Deletes the proposed Realignment package that would have transferred over \$143 million in various public health programs to the counties.
- Appropriates a total of \$118.3 million (Proposition 50 Water Bond Funds) to the DHS to fund \$10.8 million in water security functions as contained in Chapter 3 of Proposition 50, and to fund \$107.5 million in safe drinking water projects as contained in Chapter 4 of Proposition 50. Of the total amount, \$1.8 million is to be used to fund 13.5 positions in state support. Also adopted trailer bill language to provide more of a framework for the program.
- Approves \$25 million in additional federal bioterrorism funds for local assistance purposes as proposed by the Administration. However only 50 percent, or \$28.9 million, in federal bioterrorism funds was approved for state support pending receipt of more specific detail as to what additional proportion of these funds will be provided for local assistance. Further detail will be forthcoming after meetings are held with local representatives.
- Provides \$24.8 million (Proposition 99 funds) for increased reimbursement to emergency medical physicians. This is the same level of funding as provided in past years.
- Reverts \$6 million in unexpended Tobacco Settlement Funds to the General Fund to serve as an offset in state expenditures overall.
- Makes adjustments to the AIDS Drug Assistance Program (ADAP) by (1) increasing drug rebates by \$8.9 million, (2) rejecting the Administration's Copay proposal and backfilling with \$1.4 million (General Fund), and (3) providing the DHS with authority to transfer up to \$7

million (General Fund) from the HIV Therapeutic Monitoring Program to ADAP if necessary. In addition, trailer bill language was adopted which (1) enables the DHS to allow for certain administrative remedies if funding is not available for ADAP, and (2) establishes the HIV Therapeutic Monitoring Program in statute.

- Implements cost-containment measures within the Genetically Handicapped Persons Program (GHPP) and the California Children's Services Program for savings of over \$2 million (General Fund).
- Reduces by a total of \$10.3 million (General Fund) by eliminating the Teen Pregnancy Media Campaign (\$7.8 million), reducing \$848,000 from TeenSMART, and reducing \$ 1.7 million from the Information and Education projects. However, additional federal funds of \$4.2 million was subsequently identified to (1) provide for funding in the Male Involvement Program, (2) backfill for the Information and Education projects and TeenSMART, and (3) provide for related teen pregnancy mitigation efforts using collateral materials.
- Appropriates \$12.5 million (\$6.25 million General Fund and \$6.25 million private funds) for the Cancer Research Program. The DHS is currently authorized to seek foundation and private grant funds for this program. Budget Bill Language was also adopted to encourage the DHS to actively seek private funding options.
- Identified \$192,000 (special funds) in Nine West Settlement funds to be used for Gynecological Cancer Information Program purposes.
- Eliminates unjustified funding of \$864,000 (General Fund) for information technology support for the Richmond Laboratory.
- Rejects the Governor's proposed ad hoc reduction and restores \$2.350 million (General Fund) for the Expanded Access to Primary Care Clinic (EAPC) Program. This would continue funding at the current level.
- Rejects the Governor's proposed ad hoc reduction and restores \$1.6 million (General Fund) for the Adolescent Family Life Program. This would continue funding at the current level.
- Reduces by \$125,000 (General Fund) an unnecessary assessment for the continuous skilled nursing pilot project.
- Deletes the \$231,000 (General Fund) requested by the DHS to move into the East End project but does appropriate \$394,000 in federal and special funds for this purpose.
- Increases by \$450,000 (Alzheimer's Disease and Related Disorders Research) to update the revenues available through the tax check-off for the specific purpose of funding research projects for Alzheimer's disease and related disorders.

4280 MANAGED RISK MEDICAL INSURANCE BOARD

- Approves as budgeted the Healthy Families Program to provide health, dental and vision insurance to an estimated 726,625 children in the budget year.

- Transfers about \$1 million (Proposition 99 Funds) from the Office of Statewide Health Planning (OSHDP) to the Rural Health Demonstration Projects in the Healthy Families Program in order to draw a 65 percent federal match and to continue to operate these valuable projects under the Health Families Program.
- Approves as budgeted the Access for Infants and Mothers (AIM) Program which is slated to be consolidated beginning July 1, 2004.
- Approves as budgeted the Managed Risk Medical Insurance Program.

4300 DEPARTMENT OF DEVELOPMENTAL SERVICES

Community-Based Services

- Saves \$18.9 million (General Fund) by freezing the Regional Center contract rates for the budget year at the current year levels for certain services, including Adult Day Programs, Transportation, Look-A-Like Programs and Supported Living. This action was taken in lieu of the Administration's proposal to implement so called "Statewide Standards" for the Purchase of Services which would have reduced the appropriation by \$69.3 million (\$50 million General Fund).
- Reduces by \$10 million (General Fund) as an "unallocated" reduction the amount appropriated for the Purchase of Services for Regional Centers. This action was also taken in lieu of the Administration's proposal to implement Statewide Standards for the Purchase of Services.
- Identifies an additional savings of \$5.3 million (General Fund), on top of the Administration's reduction of \$8.650 million (General Fund), from the Regional Center's Operations budget for a total adjustment of about \$14 million (General Fund). This action requires trailer bill language as proposed by the Administration that will (1) modify the service coordinator to consumer ratios, (2) change the core staffing ratio for secretarial support, and (3) revise the core staffing ratio for Supervising Counselors.
- Recognizes savings of \$13.3 million (General Fund) by assuming the federal Centers for Medicare and Medicaid (CMS) certifies South Central Regional Center for the Home and Community Based Waiver during the budget year.
- Agrees to adopt the Administration's proposal to apply the federal standard for "substantial disability" to existing state eligibility criteria for savings of \$2.1 million (General Fund). This federal definition requires the clinical determination of significant limitations in three or more of the seven major life activities. The new standard would be applied prospectively and the Regional Centers will still use their clinical judgement in applying the new standard.
- Deletes \$47.2 million (General Fund) to reflect the fact that Medi-Cal Optional Benefits were funded under the Medi-Cal Program and not eliminated as proposed by the Administration. Therefore, this funding is not needed to backfill for the elimination of the Optional Benefits.

- Eliminates \$1.2 million (General Fund) in incentive funds to be paid to Transportation Vendors for modifying their billing procedures.
- Rejects the Administration's proposal to require a Parental Copay for Regional Center purposes and provides \$14.7 million (General Fund) as a backfill for the Purchase of Services. However, this action also saves \$1.8 million (General Fund) in state support costs by not creating a state bureaucracy to administer the copay.
- Agrees to delay the transfer of the Habilitation Services Program from the Department of Rehabilitation to the DDS.
- Reappropriates \$5 million for the Bay Area Project to assist in facilitating the closure of Agnews Developmental Center.
- Approves trailer bill language to expend the Client's Rights Contract for two more years.

Developmental Centers

- Deletes \$7.2 million (General Fund) to reflect the fact that Medi-Cal Optional Benefits were funded under the Medi-Cal Program and not eliminated as proposed by the Administration. Therefore, this funding is not needed to backfill for the elimination of the Optional Benefits.
- Rejects the request to hire additional special investigators for savings of \$237,000 (General Fund).

4440 MENTAL HEALTH

Community-Based Services

- Agrees to shift a total of \$74.9 million in expenditures for the Children's System of Care Program and the Integrated Services for Homeless Adults to the counties if additional revenues are generated for this purpose. However until these revenues are available, these programs are to be funded at the state level using General Fund support.
- Rejects the Administration's proposed rate reduction of 10 percent to Mental Health Medi-Cal Managed Care as operated by County Mental Health Plans for increased costs of \$23 million (General Fund).
- Continues the freeze (third year) on providing a medical consumer price index adjustment for Mental Health Medi-Cal Managed Care. This results in cost avoidance of \$6.7 million (General Fund).
- Approves trailer bill language to require the DMH to implement regulations regarding Mental Health Medi-Cal Managed Care within one-year because the Administration has been operating on emergency regulation authority for over 7 years.

- Rejects the Administration's proposal to eliminate \$2 million (General Fund) in local assistance expenditures which are used for a variety of purposes including to (1) provide support and education to clients, (2) facilitate family-involvement in the treatment of mental illness, (3) provide direct services under the federal Rehabilitation Waiver, and (4) provide direct services in Sacramento County per SB 840, Statutes of 1991. It was agreed with the Administration to eliminate funds of \$2,000 for the Governor's Homeless Conference.
- Reduces by \$5 million (\$1.3 million General Fund) and one position funds available for the implementation of certain federal requirements under Mental Health Medi-Cal Managed Care due to changes in federal regulations that provide the DMH with more flexibility in implementation.
- Provides \$10 million (Proposition 98-General Fund) to continue the Early Mental Health Initiative for children.
- Proposes an alternative to eliminating the Second Level Treatment Authorization Request (TAR) appeals by adopting trailer bill language to require any hospital losing its second level appeal to be required to reimburse the DMH for its total cost of processing the appeal, less the federal match.
- Captures \$2 million in General Fund savings for the San Mateo Field Test Model by recognizing the shift in Medi-Cal accounting (i.e., changing from an accrual to a cash based system).
- Augments by \$1.250 million (Reimbursements from the California Children and Families Commission) to provide infant, preschool and family member mental health services on a two-year pilot project basis.

State Hospitals

- Deletes \$500,000 (General Fund) from the Administration's \$2.1 million request to fund program expenditures related to the Sexually Violent Predator Program. The intent of this action is to continue discussions regarding potential options that may be available and to allow for further investigation by the Legislative Analyst's Office regarding proposed expenditures.
- Approves as budgeted the appropriation for the State Hospitals.
- Agrees to delay activation of the Salinas Valley Psychiatric Program for savings of \$1 million (Reimbursements from the California Department of Corrections).
- Agrees to delay activation of Coalinga State Hospital as proposed by the Administration for savings of \$5 million (\$1.250 million General Fund).

HUMAN SERVICES

4130 HEALTH AND HUMAN SERVICES DATA CENTER

- Reduced spending authority by \$10.3 million for maintenance and operations of the Child Welfare Services Case Management System (CWS/CMS) to reflect savings resulting from a negotiated CWS/CMS maintenance and operations contract extension.
- Reduced spending authority by \$7 million due to financing new CWS/CMS hardware.
- Eliminated the Statewide Fingerprint Imaging System for savings of \$10.7 million.
- Adopted Budget Bill language to require the Data Center to reduce its rates by at least 8 percent for savings in department budgets of approximately \$20 million. Directed Finance to adjust items to reflect the decreased departmental costs resulting from the required rate reduction.
- Denied requested spending authority increases for infrastructure costs totaling \$4.9 million.
- Increased spending authority by \$4.3 million to reflect actual expenditure level.

4140 OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

- Agreed with Governor's reduction of \$142,000 for the Health Professions Career Opportunity Program and adopted trailer bill language to make program implementation contingent on a budget appropriation.
- Approved the Governor's request to restore \$4.5 million in General Fund (GF) support for the Family Physician Training Program to reflect withdrawal of proposed fees to fund the program.
- Eliminated funding for the Rural Health Small Grants Program for Proposition 99 fund savings of \$1 million and directed the savings to the Managed Risk Medical Insurance Board for the Rural Health Demonstration Projects.

4170 DEPARTMENT OF AGING

- Agreed with the Governor's reduction of \$3.2 million to Foster Grandparent Program, Senior Companion Program and Respite Registry Program and adopted trailer bill language to make program implementation contingent on a budget appropriation.
- Reduced funding for the StayWell program by \$200,000, reduced state administration funding by \$600,000, and directed the \$800,000 in savings to the Senior Nutrition Program.

- Reduced funding for Health Insurance Counseling and Advocacy Program (HICAP) by \$560,000 to reflect a loss in federal funds.
- Augmented local funding for Nutrition, Family Caregiver program, and preventive health by \$1.1 million to reflect new federal Older Americans Act Program funding.
- Restored \$865,000 GF to the Brown Bag Program.
- Restored \$2.35 million GF to the Senior Nutrition Program.
- Agreed with the proposed increase of \$2.3 million from the Federal Penalty Citation Account to the State Long-Term Care Ombudsman Program.

4180 COMMISSION ON AGING

- Approved as budgeted.

4200 DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

- Reversed the proposed realignment of alcohol and drug treatment programs.
- Approved the Governor's proposed reduction of \$11.5 million to county alcohol and drug treatment programs.
- Augmented funding for drug courts by \$5.3 million and restructured drug courts serving adults to focus exclusively on felons for net GF savings of \$12.7 million. Savings are realized in the Department of Corrections budget.
- Increased funding for Drug Medi-Cal by \$5.8 million to reflect cost and caseload changes.
- Approved the Governor's proposed \$6 million federal funding increase to the Safe and Drug Free Communities and Schools Grant and the State Incentive Grant to support substance abuse prevention programs primarily serving youth.

4700 DEPARTMENT OF COMMUNITY SERVICES AND DEVELOPMENT

- Rejected the Governor's proposal to consolidate the Department of Community Services and Development into the Department of Social Services. This action does not result in GF costs.
- Restored \$2.9 million in funding for the Naturalization Services Program.

5160 DEPARTMENT OF REHABILITATION

- Approved \$22.8 million (\$16.5 GF) in reductions to employment programs serving persons with developmental disabilities. Suspended the Work Activity Program (WAP) rate adjustment for 2003-04. Reduced WAP rates by 5 percent. Restored 2.5 percent of the rate reduction proposed by the Governor for a resulting reduction to the Supported Employment rate of 2.5 percent.
- Reduced funding for the Habilitation Services Program by \$12.3 million GF and reverted \$5.7 million to the GF due to changes in caseload.
- Increased funding for the Vocational Rehabilitation Services Program by \$1.9 million (\$.6 GF) to reflect changes in caseload and increased costs per client.
- Approved the proposed transfer of the Habilitation Services Program from Department of Rehabilitation to Department of Developmental Services effective July 1, 2004 for savings of \$2.2 million GF in 2004-05. Adopted placeholder trailer bill language to effectuate the transfer.
- Adopted trailer bill legislation to remove the sunset of two provisions governing the Supported Employment Program.

5170 STATE INDEPENDENT LIVING COUNCIL

- Approved as budgeted.

5175 DEPARTMENT OF CHILD SUPPORT SERVICES

- Adopted trailer bill legislation to increase collection of child support arrears owed to the state and to establish more accurate support orders for a \$50 million increase in GF revenues, an increase of \$6.9 million in earned federal incentives, and net GF savings of \$3 million.
- Adopted trailer bill legislation to require the Department of Child Support Services to work with the Legislature and stakeholders to evaluate the existing county allocation methodology, consider alternatives and report to the Legislature at a budget hearing by March 31, 2004.
- Approved the Governor's proposal to reduce funding for local child support agencies by \$108.8 million (\$37 million GF).
- Suspended health insurance incentives and performance incentives for savings of \$4.2 million.
- Increased funding to pay for the federal penalty resulting from the state's failure to implement a statewide child support system to \$208.6 million GF, offset by reimbursement of \$52.1 million from counties.
- Reduced GF support for local child support agencies by \$1.8 million due to an increase in the federal incentive funds earned by the state.

- Approved the reappropriation of unspent funds to support the continuing consolidation of county automation systems into fewer systems to increase efficiency and reduce maintenance and operations costs.
- Increased funding for Child Support State Administration hearings by \$778,000 (\$264,000 GF) to address a substantial backlog in the number of cases awaiting hearings.
- Restored a \$2.4 million January reduction in child support revenues transferred to the Foster Parent Training Program operated by the Community Colleges.

5180 DEPARTMENT OF SOCIAL SERVICES

- Reversed proposed realignment of Adoption Assistance Program, Adult Protective Services, CalWORKs employment services and administration, Child Welfare Services, Foster Care, KinGAP and In-Home Supportive Services program costs to counties.
- Adopted budget bill language and trailer bill legislation to authorize the Department of Finance to adjust funding if legislation is enacted to realign costs for Adult Protective Services, Child Welfare Services, CalWORKs grants, employment services and administration, and Foster Care to counties and to provide counties a new revenue source to fund the programs.

COMMUNITY CARE LICENSING

- Adopted the Governor's proposal to reduce funding for Community Care Licensing by \$5.6 million GF as a result of reforms to target annual visits to high risk facilities. Adopted trailer bill legislation to require Department of Social Services (DSS) to visit each facility no less than once every five years, to include an escalator clause to trigger additional visits if a significant number of licensing violations are identified, and to require DSS to report to the Legislature on implementation.
- Transferred responsibility for licensing family child care homes from Fresno County to DSS for net general fund savings of \$114,000 GF.
- Transferred responsibility for investigating certain complaints filed against a certified family home from DSS to Foster Family agencies for savings of \$234,000 GF.
- Suspended, for 2003-04, fee exemptions or adjustments offered to family day care providers, persons operating or managing a certified family home or a foster family home, and volunteers at child care facilities for the costs of processing fingerprints, for savings of \$2.8 million GF.
- Reduced GF support by \$329,000 due to a caseload reduction.

AUTOMATION PROJECTS

- Reduced spending authority by \$10.3 million for maintenance and operations of the Child Welfare Services Case Management System to reflect savings resulting from a negotiated CWS/CMW maintenance and operations contract extension
- Reduced spending authority by \$7 million due to financing new CWS/CMS hardware.
- Eliminated funding for the Statewide Fingerprint Imaging System for savings of \$10.7 million.

CHILDREN AND YOUTH SERVICES

- Adopted the May Revision cost and caseload adjustment to Adoption Services for savings of \$1.1 million (\$343,000 GF). Adopted the May Revision cost and caseload adjustment for the Adoption Assistance Program which increases funding by \$18.9 million (\$6.8 million GF).
- Adopted the May Revision KinGAP cost and caseload adjustment for savings of \$3.3 million.
- Adopted the May Revision adjustment for Foster Care which reflects an increase in group home costs, a decrease in federally eligible children in Foster Family Homes, and caseload growth for a total funding increase of \$13 million (\$12 million GF).
- Increased by \$11 million GF funding to provide transitional housing for foster youth.
- Rejected the Governor's proposed increase of \$28 million Temporary Aid for Needy Families (TANF) funds to support the state's Program Improvement Plan (PIP) and Child Welfare Services system redesign as the federal government has not approved the state's PIP and the Legislature has not received complete information on the proposed PIP and the system redesign.
- Approved the transfer of \$26 million in TANF funds to support Child Welfare Services resulting in \$26 million GF savings.

CalWORKs

- Adopted the May Revision CalWORKs caseload estimate for net savings in assistance payments of \$307 million.
- Adopted the Governor's proposed restoration of CalWORKs grants to their current level.
- Rejected the proposed suspension of cost-of-living adjustments in 2002-03 and 2003-04.
- Increased funding for CalWORKs administration and employment services by \$184.9 million due to a revised estimate of the number of parents who will reach their time limit in 2003-04.
- Increased the one-time employment services augmentation by \$35 million.
- Adjusted funding to reflect a delay in the implementation of prospective budgeting and new estimates of the administrative savings resulting from the reform for net savings of \$ 20 million.

- Adopted trailer bill legislation to allow counties to expend previously earned and appropriated county incentive funds in future years. This change does not increase GF costs.
- Eliminated budget bill language which prohibited the redistribution of unspent county CalWORKs services and administration dollars. This change does not increase GF costs.
- Provided a \$530 million TANF fund transfer to support Stage 2 childcare.
- Approved the Governor's proposal to count \$57 million in childcare expenditures towards the TANF federal maintenance of effort requirement for general fund savings of \$57 million.

ADULT PROGRAMS

- Adopted the May Revision SSI/SSP and In-Home Supportive Services (IHSS) cost and caseload adjustments for increased costs of \$34.9 million.
- Adopted the Governor's proposed restoration of SSI/SSP grants to their current level.
- Rejected the Governor's proposal to suspend cost of living adjustments in 2002-03 and 2003-04 for an increase in costs of \$396.3 million GF.
- Rejected the Governor's proposal to transfer TANF funds to support caseload growth in the In-Home Supportive Services program for GF costs of \$54.1 million.

LABOR

0559 LABOR AND WORKFORCE DEVELOPMENT AGENCY

- Approved Finance Letter.

7100 EMPLOYMENT DEVELOPMENT DEPARTMENT

Faith-Based Funding

- Approved as budgeted.

Trailer Bill Language

1. Awards grants or contracts under federal workforce Investment Act or any other state or federally funded workforce development program shall comply with Section 4 of Article I and Section 5 of Article XVI of the California Constitution.
2. Allows grants or contracts awarded under the federal Workforce Investment Act or any other states or federally funded program to comply with civil rights laws, and the First Amendment to the United States Constitution in regards to pervasively sectarian organizations.
3. Provides constraints that include prohibitions on the discrimination against beneficiaries and staff based on protected categories and on the promoting of religious doctrine to advance sectarian beliefs.

Reed Act Fund

- Adopted Finance Letter

Budget Bill Language

1. Provides upgrades in EDD's computer system.
2. Appropriates \$95 million of federal funds for that purposes and for the purpose of expeditious payment of eligible claims and fraud detection.

Employment Training Panel

- Adopted Finance Letter

Supplemental Report Language

1. Requires the Department of Social Services and the Employment Training Panel to report to budget committee no later than April 1, 2004 on the feasibility of referring CalWORKs recipients to Employment Training Panel, reducing the diversion of Employment Training Funds to Cal WORKs employment services.
2. Requires development of the reports to include Department of Social Services, Employment training Panel and any relevant stakeholders, including but not limited to representative from the County Welfare Directors Association of California.

WIA Discretionary Funds

- Adopted Trailer Bill Language.

Trailer Bill Language

1. Requires separate schedules which itemize the proposed programs that are to be supported by federal funds.
2. Requires itemized schedules to include provisions authorizing Director of Finance to make certain transfers and modifications.
3. Requires transfers and notification provisions to be in addition to those prescribed in Section 36 and 28 of the proposed budget act.

7350 DEPARTMENT OF INDUSTRIAL RELATIONS

- Adopted finance Letter.
- Control Section 4.15 The Administration has scored a \$30 million dollar savings through Workers' Compensation Reforms.

January 10 Trailer Bill

- Adopted Governor's January 10 proposal.

Industrial Welfare Commission (IWC)

- Decreased IWC's budget from \$470,000 to \$235,000.

VETERANS AFFAIRS

0553 OFFICE OF INSPECTOR GENERAL FOR VETERANS AFFAIRS

- Approved as budgeted.

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

- Adopted April Finance Letter.
- Rejected Finance Letter for increase in positions at headquarters and decrease in Yountville budget.
- Adopted Finance Letter to expend additional, funds received due to increase in per diem rate.
- Accepted provisional language for Chula Vista and Barstow.
- Rejected Governor's January 10 budget proposal to reduce County Veterans Service Office by \$470,000.
- Rejected Governor's January 10 budget proposal to increase Domiciliary Fees from 47.5 percent to 55 percent.

Senate Committee
on Budget and Fiscal Review
SUBCOMMITTEE 4

MAJOR ACTION
REPORT

May 28, 2003

Senate Bill 53
2003-04 Budget Bill

Members

Joseph Dunn, Chair
Dick Ackerman
Denise Moreno Ducheny

Consultants

Alex MacBain
Judi Smith
Frank Vega

SUBCOMMITTEE No. 4

LEGISLATIVE, EXECUTIVE, JUDICIARY, TRANSPORTATION, and GENERAL GOVERNMENT

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TRANSPORTATION

0520 SECRETARY FOR BUSINESS, TRANSPORTATION, AND HOUSING

- Rejected the Governor's proposal to consolidate the Office of Traffic Safety

2660 DEPARTMENT OF TRANSPORTATION

- Authorized a \$938 million loan from the Transportation Investment Fund (TIF) to the General Fund.
- Approved General Fund repayment to the TIF by 2008-2009.
- Approved transfer of \$87 million in "spillover" revenues from the Public Transportation Account (PTA) to the General Fund.
- Restored \$207 million of Proposition 42 funds to the Traffic Congestion Relief Program.
- Restored \$11 million (State Highway Account funds) to the Environmental Enhancement Mitigation Program.
- Rejected the Governor's proposal to consolidate the High Speed Rail Authority within Caltrans.

2720 CALIFORNIA HIGHWAY PATROL

- Approved the creation of a Public Safety Surcharge fee to provide \$103 million in ongoing support for CHP protective and security services.

2740 DEPARTMENT OF MOTOR VEHICLES

- Approved the Governor's proposal to raise various fees for drivers licenses, identification cards, and vehicle registration. In total the fee increases will provide \$333 million in annual revenues for the Motor Vehicle Account.

Trailer Bill Language

1. Amends provisions of SB 2084 (Polanco, Chapter 861, Statutes of 2000) to correct loopholes in the vehicle Truck Weight Fee. SB 2084 requires the new Truck Weight Fee schedule to be revenue neutral, however the State Highway Account has lost approximately \$160 million since SB 2084 was enacted.

STATE ADMINISTRATION

0650 OFFICE OF PLANNING AND RESEARCH

- Augmented by \$2 million for Cesar Chavez Day of Learning Grants.

0840 CONTROLLER

- Adopted alternative trailer bill language to eliminate interest on payments under the Unclaimed Property Program instead of charging a fee.

1120 BOARD OF ACCOUNTANCY

- Augmented by \$270,000 (special funds) for 3 permanent investigator positions.

1700 FAIR EMPLOYMENT AND HOUSING

- Augmented by \$3.1 million (GF) and 45 PYs to restore proposed 20 percent reduction.

1730 FRANCHISE TAX BOARD

- Augmented by \$800,000 (GF) and increased revenues by \$4.4 million (GF) by reducing the tax liability threshold from \$200 to \$100 in the Integrated Non-Filer Compliance Program.
- Approved trailer bill language to require tax professionals who file 100 or more personal income tax returns to e-file with a provision for taxpayers to opt out of the program. This would result in reduced savings of \$443,000 and 15.5 PYs.
- Rejected trailer bill language to impose a fee on candidates and lobbyists at the time of filing statements with the Secretary of State to pay for compliance audits. The fee would have reduced a transfer to the FTB for this purpose of \$1.36 million (GF).

1760 GENERAL SERVICES

- Adopted trailer bill language to increase the maximum 911 rate from 0.75 percent to 1.00 percent. Denied the proposal to dedicate increased funding to CHP.
- Augmented by \$1.5 million, per DOF, to develop and provide a procurement training program.

2100 ALCOHOLIC BEVERAGE CONTROL

- Augmented by \$650,000 (ABCF) to restore investigator and support positions that had been eliminated.

2180 CORPORATIONS

- Denied Finance Letter to augment STOPP program by \$4 million (SCF) for a media campaign.
- Denied Finance Letter to restore \$407,000 (SCF) to restore funding for vacant positions.
- Approved transfer of \$39.6 million, per DOF, in settlement funds to the GF and increased the transfer by \$4.4 million.

2240 HOUSING AND COMMUNITY DEVELOPMENT

- Augmented \$65,000 (GF) to reinstate funding for Housing Preservation Research Contract.
- Augmented \$1.3 million (GF) for the Emergency Housing and Assistance Program.
- Denied proposal to increase rents at migrant centers and instead adopted budget bill language revoking HCD's authority to raise rents in 2003-04 and augmented by \$625,000 (GF).
- Augmented by \$721,000 (GF) and adopted budget bill language prohibiting increase in regulatory fees on employers that provide employee housing for 2003-04.
- Adopted budget bill language authorizing payment through redirection of already appropriated funds for settlement costs in Vega case.
- Adopted trailer bill language allowing use of bond funds to pay for rehabilitation of the Planada Migrant Services Center in Merced County.
- Approved transfer of \$39.75 million (GF) from Self-Help Housing Fund (SHHF) and Housing Rehabilitation Loan Fund (HRLF) to the GF and instead authorize the use of Proposition 46 bond funds for projects with GF appropriations. This transfer is conditional upon approval of funding augmentations for Housing Preservation, Research Contract, EHAP, Office of Migrant Services program, and Employee Housing Program.
- Approved transfer of \$16.7 million, per DOF, from the SHHF and HRLF to the General Fund for delayed projects.
- Approved augmentation of \$22.5 million (federal funds), per DOF, for Home Investment Partnership Program.

- Augmented \$749,000 (GF) to reimburse COGs for the mandate for regional housing needs.

2310 OFFICE OF REAL ESTATE APPRAISERS

- Denied trailer bill language to eliminate the department and transfer the responsibilities to the Department of Corporations.

2920 TECHNOLOGY, TRADE AND COMMERCE AGENCY

- Reduced GF transfer and funding for Film California First program by \$2.2 million (GF).
- Approved Foreign Trade Offices as budgeted.
- Denied Finance Letter to restore \$480,000 (GF) for contract foreign trade offices. This funding was deleted in current year.
- Denied Finance Letter to restore \$180,000 (GF) for Military Base Reuse and Retention Program.
- Restored \$126,000, per DOF, for support of the California Main Street program.
- Restored \$326,000 (GF), per DOF, to administer the Small Business Loan Guarantee Program.
- Approved \$2 million (GF) for Manufacturing Technology Program, per DOF.
- Approved Finance Letter to restore \$2.5 million (GF) for Tourism Marketing Contracts and augmented by an additional \$2.5 million (GF).

8260 ARTS COUNCIL

- Approved funding for Wiesenthal Center at \$1.5 million (GF) per DOF.
- Approved Finance Letter to delete \$127,000 (GF) for special initiatives.
- Denied Finance Letter to reduce Arts in Education by an additional \$1.7 million (\$1.4 million GF).
- Denied Finance Letter to delete \$932,000 (GF) for Artists in Residence Program.
- Denied Finance Letter to delete \$932,000 (GF) for statewide projects.
- Denied Finance Letter to augment Performing Arts Touring program by \$130,000 (GF).
- Denied Finance Letter to reduce Organization Support grants by an additional \$1.4 million.

- Adopted budget bill language to specify that 50 percent of the funds for Organization Support grants must be spent for Multicultural Arts Development Program.
- Approved reappropriation for Wal-Las Memorias project.
- Denied Finance Letter to reduce state operations by \$532,000 (GF).

8380 PERSONNEL ADMINISTRATION

- Approved Finance Letter to augment by \$11.3 million (GF) to restore funding for Rural Health Care Equity program for annuitants. Adopted trailer bill language to limit payments to California residents only for annuitants.
- Denied Finance Letter to augment by \$1.5 million (GF) and authority to hire limited-term staff to process layoffs.

8940 MILITARY DEPARTMENT

- Adopted trailer bill language requiring the department to contract with Orange County Fire Authority for fire protection services for their Los Alamitos facility.

9100 TAX RELIEF

- Restored \$40.1 million (GF) for Open Space subventions (Williamson Act Contracts) per DOF.

9210 LOCAL GOVERNMENT

- Adopted trailer bill language to transfer \$250 million for 2003-04 only from redevelopment agencies to ERAF using a proportional formula.

CONTROL SECTIONS

4.10 EMPLOYEE COMPENSATION SAVINGS PLAN

- Amended control section and adopted trailer bill language to adjust departmental appropriations to reflect implementation of an employee compensation savings plan.

5.50 CONTRACT RENEGOTIATIONS

- Adopted a new control section (alternative to DOF proposal) and trailer bill language to generate savings of up to \$100 million (\$50 million GF) through various contract renegotiations.

JUDICIARY

0250 JUDICIARY

- Reduced the GF unallocated reduction to the Judiciary from \$17.7 million to \$8.5 million with the reduction coming from state operations only.
- Rejected the proposal to increase the appellate filing fee to \$630. Instead approved trailer bill language to increase the appellate filing fee to \$485, the Supreme Court filing fee to \$420, and the deposit for transcripts to \$270 for a total revenue increase of \$2.1 million. All new fees and the base fees (\$1.6 million) to be deposited into the newly created Appellate Court Trust Fund. Imposition of the new fees is contingent upon the approved level of funding cuts.

0280 COMMISSION ON JUDICIAL PERFORMANCE

- Rejected the proposed 25 percent GF reduction (\$1 million) and approved a GF reduction of 8 percent (\$331,000).

0390 JUDGES' RETIREMENT SYSTEM

- Approved Finance Letter to reduce the appropriation by \$10.3 million, leaving a fund balance of one month's worth of benefit payments.

0450 TRIAL COURT FUNDING

- Reduced the proposed GF unallocated reduction from \$116 million to \$85 million, with the following allocation: \$59.8 million from trial court operations, \$10 million from judicial salary savings, \$10 million from the Improvement Fund, \$4.3 million from the Modernization Fund, and \$900,000 from the Assigned Judges program.
- Rejected the court security contracting out proposal and adopted trailer bill language directing the Judicial Council, in consultation with sheriffs and California State Association of Counties (CSAC), to establish common standards and requirements for court security services.
- Approved \$31 million GF reduction to the Trial Court Trust Fund (TCTF) and approved trailer bill language to offset reduction with an increase of \$31 million in undesignated fees that the counties currently retain.
- Rejected proposal to achieve \$31 million in GF savings through the implementation of electronic court recording.

- Rejected trailer bill language to achieve \$5.5 million in GF savings from court ownership of transcripts.
- Approved a GF decrease of \$1.2 million from the TCTF and offset with new fee revenue from increasing the Trial Motion Fee from \$23 to \$33. Imposition of the increased fees (and all the new fee proposals in this item) is contingent upon the approved level of funding cuts.
- Approved a GF decrease of \$28.9 million from the TCTF and offset with new fee revenue from increasing the filing fee for limited jurisdiction cases above \$10,000 from \$90 to \$185.
- Approved a GF decrease of \$1.6 million from the TCTF and offset with new fee revenue from an increase in the Small Claims filing fees from \$35 to \$50 for filers of more than 12 filings annually.
- Approved a GF decrease of \$760,000 from the TCTF and offset with new fee revenue from an increase to the Summary Judgement Motion Fee from \$100 to \$150.
- Approved a GF decrease of \$18.6 million from the TCTF and offset with new fee revenue from the imposition of a Continuance fee of \$100 for all civil and family law cases.
- Approved a GF decrease of \$34 million from the TCTF and offset with new fee revenue from a Security fee of \$20 on all civil and criminal filings.
- Approved a GF decrease of \$6 million from the TCTF and offset with new fee revenue from the enforcement of the fee for verbatim record keeping in civil matters.