



**2012-13**

## **Summary of Governor's Vetoes**

**June 28, 2012**

**Bob, Blumenfield**

Chair, Assembly Budget Committee



On June 27, 2012, Governor Brown signed AB 1464 and AB 1497, the 2012 Budget Acts. The Governor made about 27 vetoes totaling \$196 million (\$129 million General Fund), which increased the budget reserve to \$948 million.

This document details each of the vetoes, by department.

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## HEALTH

### Public Health:

- **Nursing Home Annual Work Plan.** Vetoes provisional language that required the Department of Public Health to expend funds on an annual work plan for the Nursing Home Administrator's Program.
- **Laboratory Director Training Program.** Vetoes \$500,000 for the Public Health Laboratory Director Training Program. The Governor's May Revise proposed elimination of all \$1.7 million in funding for this program. The Legislature approved of maintaining a \$500,000 appropriation for this program, to allow students in the program to complete their academic studies.

### State Hospitals:

- **CRIPA Hiring Plan Report.** Vetoes provisional language that required the department to provide quarterly progress reports on the hiring plan related to the federal court monitoring of compliance with the Civil Rights of Institutionalized Persons Act (CRIPA).
- **Adult Education.** Vetoes provisional language that authorized up to \$3.6 million to be used for adult education in state mental hospitals and eliminates 37.6 positions added by the Legislature. The Governor proposed a comprehensive plan for cost reductions in the State Hospitals. The Legislature approved of all of the plan, except the elimination of adult education in the hospitals. Therefore, the Legislature added this provisional language and position authority in order for adult education to be restored.

## HUMAN SERVICES

### County Administration of Social Service Programs

- **In-Home Supportive Services (IHSS) Administration.** Vetoes \$4.7 million General Fund that was allocated by the Legislature for IHSS administrative costs. The appropriation was made to partially backfill a reduction of \$5.2 million that the Governor had proposed at May Revision to align with caseload projections. Given the dynamic changes in the program in recent years and the new responsibilities for counties associated with the Duals Demonstration Project sanctioned by trailer bill legislation as part of the 2012 Budget, the augmentation was justified to provide the resources necessary to properly administer the program.
- **CalFresh Administration.** Vetoes \$23 million General Fund for CalFresh administration. The action the Legislature took after the May Revision was to approve a one-time reduction of \$45 million General Fund for CalFresh, with as much of the reduction achieved through reversions of funding unexpended in prior years. The forecasted reversion amounts from the Department of Finance at that time anticipated that much of the \$45 million would be achievable with this reversion approach. In the absence of knowing the exact reversion amount scored, the Governor's veto of \$23 million results in a net loss for the counties of at least that amount. If the reversions do not come in for at least the difference between the May Revision reduction and the vetoed amount (or \$22 million in reversion savings), then the counties could see a larger loss of funding. CalFresh benefits are entirely federally-funded benefits, but the administration is partially state-funded, and California's performance to enroll eligible beneficiaries in this entitlement program has been very poor for many years. Efforts to improve this performance are stymied by this reduction in county funds.

## K-12 EDUCATION

### K-12 Education:

- **Early Mental Health Initiative (EHMI).** Eliminates \$15 million (Proposition 98) for the EHMI program and makes a conforming veto to eliminate \$85,000 and one position for this program. This eliminates all state funding for the program.
- **Migrant Education Program.** Reduces federal Migrant Education Funds by \$105,000 to eliminate indirect cost funding associated with the Bureau of State Audits audit of the program. With this reduction, \$600,000 remains for the audit.
- **California School Information Services (CSIS).** Reduces \$886,000 in Proposition 98 support for the program. According to the veto message, this reflects a decrease in workload associated with the completion of the California Longitudinal Pupil Achievement Data System (CALPADS) project. The Budget acknowledges the continued workload associated with CSIS's support of the CALPADS maintenance phase, and therefore, continues to provide \$7,136,000 to ensure that CSIS is successful in meeting this objective.
- **Advancement Via Individualized Determination (AVID).** Deletes \$8.1 million in Proposition 98 provided to support the AVID program. This eliminates all state support for this program.

## HIGHER EDUCATION

### Higher Education

#### **University of California**

- Deletes provisions 1, 2, and 3 in item 6440-004-0001 from AB 1464, that detail how the University of California will expedite \$15 million in General Fund support for the University of California, Merced campus. The notion of this action is that it will facilitate the UC system in accommodating how they manage the current year's reductions.
- Deletes provisions 1 in item 6440-005-0001 from AB 1464, that detail how the University of California will expedite \$4.7 million in General Fund support for the California Institutes for Science and Innovation. The notion of this action is that it will facilitate the UC system in accommodating how they manage the current year's reductions.

- Deletes provisions 5, 7, 8, 9, 10, 11 and 12 in item 6440-001-0001 from AB 1497, because the Administration believes that the requirements contained in these provisions to expend State funds on various programs that the Legislature has deemed a priority, create an unnecessary cost pressure and restrictions to the University of California. These provisions specified the funding appropriated by the Legislature to the following programs: the Charles R. Drew Medical Program, the California State Summer School for Mathematics and Science, the Science and Math Teacher Initiative, the Program in Medical Education, Nursing programs, Acquired Immune Deficiency Syndrome research, and the California Subject Matter Projects. The notion of this action is that it will facilitate the UC system in accommodating how they manage the current year's reductions.
- Deletes provision 14 of item 6440-001-0001 from AB 1497, because the requirement contained in this provision specified that \$5.2 million was to be expended on retired annuitant health and dental benefits, which was deemed to create unnecessary restrictive.
- Deletes provision 15 of item 6440-001-0001 from AB 1497, because the requirement contained in this provision that the University achieve an enrollment target of 209,977 resident full-time equivalent students creates unnecessary cost pressures on this item and is unnecessarily restrictive.
- Reduces this item by \$1,000 and deleting Provision 17 of item 6440-001-0001 from AB 1497, which would restrict the . University's ability to contract out for services rather than using in-house personnel, under specified terms. The Administration encourages the University to review the overall cost effectiveness of its contracting out, stating that this provision would unnecessarily limit the University's ability to effectively manage its operations.

### **Hastings College of the Law**

- Deletes provision 3 of item 6600-001-0001 from AB 1464, because the requirement contained in this provision to expend funds on retired annuitant health and dental benefits creates unnecessary cost pressures and is unnecessarily restrictive.

### **California State University**

- Deletes provisions 5 and 6 from item 6610-001-0001 from AB 1497, because the requirements contained in these provisions to expend funds on various programs creates unnecessary cost pressures and are unnecessarily restrictive.

Specifically, these provisions earmark funding levels for the Science and Math Teacher Initiative and nursing programs administered by the California State University (CSU). Eliminating these earmarks will give CSU greater flexibility to manage the \$750 million permanent reduction in state funding enacted in 2011-12.

- Deletes provision 9 from item 6610-001-0001 from AB 1497, because the requirement contained in this provision to expend funds on retired annuitant dental benefits was deemed to create unnecessary cost pressures and is unnecessarily restrictive.
- Deletes provision 10 from item 6610-001-0001 from AB 1497, because the requirement contained in this provision that the CSU achieve an enrollment target of 331,716 resident full-time equivalent students creates unnecessary cost pressures and is unnecessarily restrictive.

### California Student Aid Commission

- Reduces item 7980-101-0001 schedule (1) Financial Aid Grants Program by \$22,600,000, from AB 1497, and amends subsections which establish the maximum Cal Grant awards. The amounts of these awards are statutorily required to be in the Budget. Specifically, the Administration is reducing the private institution award from \$9,708 to \$9,223, the independent institution award from \$9,708 to \$9,223, the Cal Grant B access award from \$1,551 to \$1,473, the Cal Grant C tuition and fee award from \$2,592 to \$2,462, and the Cal Grant C book and supply award from \$576 to \$547. Each of these represents a 5-percent reduction. This action was determined to be necessary to align ongoing program expenditures with existing resources. This action will not eliminate eligibility for any Cal Grant student. This action revises subsections (a), (b), (c), (d), and (e) of Provision 3 to conform to this action as follows:

"(a) New and renewal recipients attending private institutions shall be ~~\$9,708~~ \$9,223.

(b) New and renewal recipients attending independent institutions shall be ~~\$9,708~~ \$9,223.

(c) All recipients receiving Cal Grant B access awards shall be ~~\$1,551~~ \$1,473.

(d) All recipients receiving Cal Grant C tuition and fee awards shall be ~~\$2,592~~ \$2,462.

(e) All recipients receiving Cal Grant C book and supply awards shall be ~~\$576~~ \$547."

- Revises subsections to eliminate costs resulting from the Student Aid Commission's authority to issue new warrants for the Assumption Program of Loans for Education and the State Nursing Assumption Program of Loans for

Education. The number of awards are statutorily required to be in the Budget. The General Fund savings that will begin in 2013-14 will help align ongoing program expenditures with available resources into the future. Revises subsection (c) of Provision 1 to conform to this action as follows:

"(c) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. The Student Aid Commission shall issue 7,200 new warrants."

- Revises subsection (f) of Provision 1 to conform to this action as follows:

"(f) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code. The Student Aid Commission shall issue 100 new warrants."

## CHILD CARE & DEVELOPMENT PROGRAMS

### Child Care & Development Programs

- **Preschool Education (Proposition 98).** Vetoes \$29,972,000 from AB 1464, or 8.7 percent reduction, from preschool programs, which are administered by Title 5 centers that contract directly with the Department of Education. This reduction in funding will lead to about 12,500 lost children slots. If centers decide to disenroll families based on highest income first, the Administration estimates an additional loss in family fee revenue of \$16.4 million.
- **Child Nutrition (Non-Proposition 98).** Vetoes all of the funding from AB 1464, \$10.1 million, from the child nutrition supplemental program. The Legislature restored this funding appropriation, as it provides over 62 million meals each year to low-income children in private schools, child care homes and centers throughout the state of California. If these schools and homes cannot find a sponsor receiving Proposition 98 nutrition funding, it puts about 150,000 children (out of 312,000) at risk of losing access to free and reduced meals.
- **Alternative Payment (Non-Proposition 98).** Vetoes \$20 million from AB 1497, or an additional 10 percent, from the Alternative Payment Program, which is a voucher-based program for low income families. This reduction in funding will eliminate services to another 3,400 slots for a total reduction of services to 14,000 children.

## RESOURCES AND ENVIRONMENTAL PROTECTION

### Department of Parks and Recreation:

- **Funding for State Parks.** Reduces transfer of funds from Alternative and Renewable Fuel and Vehicle Technology Fund to the State Parks and Recreation Fund from \$10 million to \$3 million; reduces General Fund Support from \$430,099 million to \$399,099 million; vetoes \$10 million in funds from the State Water Pollution Control Revolving Fund; and reduces the transfer from the Motor Vehicle Fuel Account from \$21 million to \$7 million.

### Department of Fish and Game:

- **Expenditure Plan.** Deletes a budget bill provision requiring the Department to submit a plan to the Legislature by January 10, 2013 to substitute Fish and Game Preservation Fund money with Greenhouse Gas (GHG) Reduction Fund moneys for renewable energy activities.
- **Salton Sea Restoration Study.** Vetoes \$2 million (Salton Sea Restoration Fund) to the Salton Sea Authority for a funding and feasibility study on Salton Sea restoration.

### State Water Resource Control Board:

- **Program Efficiencies.** Deletes a budget bill provision requiring the Board to submit a proposal to the Legislature to increase program efficiencies through reduction of the number of regional water quality control boards.

## TRANSPORTATION

### Caltrans:

- **State Funding for Local Project Initiation Documents.** Vetoes State Highway Account funding that was dedicated to fund Caltrans PID work associated with local projects. The Administration had proposed that the state oversight be funded with local reimbursement rather than State Highway Account funding. This funding was also vetoed in the 2011-12 budget, but later restored in as reimbursements in section letter because local projects would need to stop without completed PIDS.
- **Capital Outlay Support.** Deletes a budget bill provision in Caltrans budget that continues the longstanding state policy of having a 90-10 split between state staff and contracted-out work on capital outlay support projects.

## STATE ADMINISTRATION

### Secretary of State and Consumer Services:

- **Office of Privacy Protection.** Vetoes funding for the Office of Privacy Protection, which provides information and assistance to consumers and businesses on identity theft and other privacy issues and recommends policies and practices that protect individual privacy rights to business and government. The Administration had proposed eliminating this office in the January budget, but the Legislature restored funding.

## PUBLIC SAFETY

### Judicial Branch:

- **Trial Court funding.** Deletes a budget bill provision in the Judicial Branch budget that allows the Judicial Council to offset up to \$350,000,000 in General Fund reductions to trial courts by transferring funding from other areas of the Judicial Branch budget.
- **Crime Statistics Reporting Mandate.** Vetoes \$1,800,000 General Fund that was dedicated to reimbursing local governments for costs associated with compiling and reporting homicide and hate crime statistics. To the extent that local governments don't continue to collect and report this data to the state Department of Justice, federal dollars could be lost.