

## **CONTROL SECTION 4.11**

- Approved this control section that would direct the savings from retirements under the "golden handshake" program to offset the Administration's savings targets for employee compensation.

## **0250 JUDICIAL BRANCH**

- Authorized the savings of \$500,000 through the consolidation of administrative functions.
- Reduced operational funding for the Judiciary by \$8.5 million.
- Authorized the reappropriation for continued funding for the Appellate Court Building in Santa Ana.
- Authorized the reappropriation for continued funding for the Appellate Court Building in Fresno.
- Provided \$10.7 million to implement the Trial Court Facilities Act of 2002. This would start the process for the conversion of court building maintenance and construction from the counties to the state.
- Provided \$346,000 to implement the Accounting Processing Center that would allow for the improved fiscal accountability of the trial courts.

## **0280 COMMISSION ON JUDICIAL PERFORMANCE**

- Approved a \$1.036 million unallocated reduction for the Commission on Judicial Performance.

## **0390 CONTRIBUTIONS TO THE JUDGES' RETIREMENT SYSTEM**

- Approved the reduction of the reserve to the Judges' Retirement System. This would save the General Fund \$10.3 million.

**0450 TRIAL COURT FUNDING**

- Approved a loan from the State Court Facilities Construction Fund of \$80 million.
- Reduced operational funding for the Trial Courts by \$85 million.
- Approved the increase of \$5.5 million to fund workers' compensation increases for the trial courts. This amount is based upon current year expenditures and does not reflect any cost increases that may occur in the Budget year.
- Authorized the increase of \$5.5 million to fund increases in employer contributions for employee retirement benefits.
- Approved the increase of \$3.6 million due to increases in court security costs.
- Approved the transfer of trial court security cost to the General Fund after a restructure of the state local realignment program. This would increase General Fund expenditures by \$300 million over the amount proposed in the Governor's Budget.
- Approved the increase of \$3 million to reimburse local law enforcement agencies for service of protective orders, restraining orders or injunctive orders related to domestic violence, stalking, or threat of sexual assault. Pursuant to Chapter 1009 Statutes of 2002, the service of these orders is exempt from fee.
- Denied the Governor's Budget proposal to use electronic reporting in courtrooms.
- Denied the Governor's Budget proposal to transfer the ownership rights of court transcripts from court reporters to the court.
- Approved language to limit the contracting out of the cleaning and maintenance of court facilities.
- Approved minimum retirement contributions to court interpreters hired by the courts.

**0552 OFFICE OF THE INSPECTOR GENERAL**

- Approved reductions of \$330,000 in administration services

**0690 OFFICE OF EMERGENCY SERVICES**

- Approved the reduction of \$580,000 for the maintenance of the California Integrated Seismic Network.
- Approved the reduction of \$332,000 for the California Specialized Training Institute.
- Approved the reduction of \$1.1 million for Pasadena Regional Office in the Disaster Assistance Division.
- Approved \$5.1 million reduction in local assistance disaster funding.
- Approved \$354,000 in reductions for departmental administration.
- Restored \$663,000 reduced by the Governor's Budget to pay workers' compensation insurance premiums for volunteer disaster workers.

**0820 DEPARTMENT OF JUSTICE**

- Approved continued funding for the License 2000 Database to support gaming licensing activities in the Department of Justice in conjunction with the California Gambling Control Commission.
- Approved the restoration of funding for criminal forensic services to local law enforcement agencies. This would increase General Fund obligations by \$3.5 million.
- Approved \$261,000 from the General Fund to support and coordinate the federal Do Not Call program in California. This program would limit telephone solicitor access to the public.
- Approved Budget trailer legislation to deposit the proceeds of litigation settlement with electricity generators into a new fund subject to legislative appropriation for the primary purpose of ratepayer relief and to support ongoing energy stabilization litigation costs. Proceeds of existing settlements will total approximately \$110 million, and additional significant amounts could result from future settlements. The shift in funding for the department's litigation would increase the General Fund by \$13.2 million.
- Approved the restoration of funding for the Witness Protection Program. This program seeks to protect crime witnesses from retaliation threats, and other intimidation. The Subcommittee proposes funding for this program from the Driver

Training Fund.

- Approved \$3.7 million to fund increased workload in criminal appeals.
- Approved continued funding for the Santa Barbara Crime Laboratory project.
- Approved the transfer of funding for energy litigation to the settlement funds under the Williams Co. litigation. This would save \$14.3 million from the General Fund.

## **0860 STATE BOARD OF EQUALIZATION**

- Provided \$3.4 million for start-up and administrative costs to improve collection of use tax on interstate Internet and mail-order sales by including a line for use tax payment on the personal income tax form in cooperation with the Franchise Tax Board. This will result in an estimate General Fund revenue gain of \$8 million in 2003-04 (plus \$4 million local revenue gain) from improved compliance.
- Approved Budget request for \$678,000 (\$77,000 General Fund) and 2.8 personnel-years for enhanced enforcement of cigarette and tobacco products taxes to implement the pilot program in Chapter 881, Statutes of 2002, which requires BOE to replace the current cigarette stamps and meter impressions with encrypted stamps or meter impressions that can be read by scanning devices.

## **0950 STATE TREASURER**

- Approved requested funding shift of \$613,000 from the General Fund to reimbursements for services as a result of a realignment of administrative costs.

## **0956 CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION**

- Approved a \$5.5 million loan to the General Fund from the commission's special fund. The Governor's Budget proposed a \$3 million loan, and the May Revision increased the amount to \$5.5 million.

**0968 CALIFORNIA TAX CREDIT ALLOCATION  
COMMITTEE**

- Approved Budget request for a \$3 million loan to the General Fund from the committee's special fund.

**0985 CALIFORNIA SCHOOL FINANCE AUTHORITY**

- Approved \$466,000 from 2002 state school bond funds and three positions to implement the Charter Schools Facilities Program (a reduction of \$65,000 from May Revision request).

**1100 CALIFORNIA SCIENCE CENTER**

- Approved \$156,000 General Fund reduction for the California Science Center.

**1111 CONSUMER AFFAIRS**

- Approved Governor's proposed Budget.

**1700 DEPARTMENT OF FAIR EMPLOYMENT AND  
HOUSING**

- Continued a 5 percent mid-year reduction to the department's budget for General Fund savings of \$1.6 million in 2003-04. Rejected Budget proposal for additional 15 percent cut (\$2.2 million).

**1730 FRANCHISE TAX BOARD**

- Approved budgeted savings in the board's General Fund operating budget of \$9.1

million in 2002-03 and \$1.1 million in 2003-04.

- Reduced by \$1.2 million because of reduced tax return processing workload resulting from requiring e-filing by all tax professionals who file 100 or more tax returns annually. The Governor's Budget included savings of \$1.4 million. The Subcommittee action results in slightly smaller savings because it allows taxpayers to refuse e-filing.
- Approved requested reduction of \$451,000 and 4.7 personnel-year for outreach activities.
- Approved Budget request for an augmentation of \$813,000 for initial moving expenses and costs for the Department of General Services associated with the board's Phase III Building Project.
- Approved Budget proposal for a funding shift of \$1.4 million from the General Fund to fees for support of the Political Reform Audit Program. Under the program, the FTB audits candidates, political committees, and lobbyists on behalf of the Fair Political Practices Commission.
- Approved requested increase of \$2 million (special fund) and 24.8 personnel-years to serve additional counties under the Court Collections Program.
- Augmented by \$800,000 and 14 positions to increase General Fund revenue by \$4.4 million by expanding the Integrated Nonfiler Compliance Program. The expansion reduces the threshold of estimated tax liability from \$200 to \$100.
- Approved an April Finance Letter request to augment by \$493,000 to continue the Penalty and Interest Waiver Program through December 2003 because of a late start in 2002-03 and increased workload. The extension will avoid a potential revenue loss of \$4.7 million.

## **1760 DEPARTMENT OF GENERAL SERVICES**

- Denied the Governor's proposed 911 surcharge rate increase.

## **1880 STATE PERSONNEL BOARD**

Approved \$825,000 to the Board to fund workload associated with anticipated statewide layoffs.

<b>1920 STATE TEACHERS' RETIREMENT SYSTEM</b>
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- Denied the use of pension obligation bonds for payment of state contributions for retirement. This increases General Fund costs by \$451 million.
- Approved increased state obligations to the Supplemental Benefits Maintenance Account of \$3.5 million.

<b>2240 DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT</b>
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- Approved the Governor's Budget proposal for expenditures of housing bond funds provided by Proposition 46, the Housing and Emergency Shelter Trust Fund Act of 2002, which authorizes a total of \$2.1 billion for various housing programs. The local project bond expenditures will be \$255 million in 2002-03 and \$463 million in 2003-04, as follows:
  - \$59.1 million in 2002-03 and \$107.6 million in 2003-04 for State and local homeownership programs for lower income families (including programs administered by the California Housing Finance Agency).
  - \$24 million in 2002-03 and \$64.7 million in 2003-04 for housing projects that serve farm workers and their families.
  - \$109.7 million in 2002-03 and \$193.5 million in 2003-04 for affordable multifamily rental housing, supportive housing, student housing, and local housing trust funds.
  - \$31 million in both 2002-03 and 2003-04 for capital funds to construct, expand, or rehabilitate homeless shelters and transitional housing.
  - \$25 million for both 2002-03 and 2003-04 to provide financial incentives to communities that increase housing production, especially affordable rental housing production and work to balance jobs and housing.
  - \$24 million in 2003-04 for down payment assistance targeted to communities that reduce barriers to housing.
  - \$4.8 million in 2002-03 and \$17.2 million in 2003-04 for preservation of affordable low-income housing.
- Approved staffing and support for implementation of the Housing and Emergency

Shelter Trust Fund Act of 2002 Bond Support as follows: \$358,000 and 3.7 positions for the CalHome Program; \$280,000 and 2.8 positions for the BEGIN Program; \$113,000 and 1 position for the CalHome Self-Help Program; \$952,000 and 9.5 positions for the Multifamily Housing and Supportive Housing Programs; \$651,000 and 6.5 positions for the Farmworker Housing Program; \$105,000 for the Code Enforcement Program; \$607,000 and 6 positions for the Emergency Housing Capital Development Program; \$431,000 and 4.5 positions for the Jobs Housing Balance/Workforce Housing Reward Programs; and, 5 positions for Administration workload.

- Approved a total of \$139.9 million (federal funds) for awards to assist in the creation and preservation of affordable housing under the Home Investment Partnerships (HOME) Program, and an additional \$7.2 million (federal funds) for program administration.
- Approved \$47 million (federal funds) for the Community Development Block Grant Program (CDBG). Of this amount, \$13 million is reserved for economic development, including \$7 million for the California Community Economic Enterprise Fund for small business start-up capital.
- Approved the following General Fund savings proposals proposed by the Administration for 2003-04:
  - May Revision proposal to return to the General Fund \$16.7 million of unused prior appropriations for housing projects.
  - May Revision proposal to replace \$39.8 million of General Fund money provided in prior years to the CalHome and Farmworker Housing programs with Proposition 46 bond funds that are available for the same programs.
  - May Revision proposal for a loan of \$31.7 million to the General Fund from Housing Rehabilitation Loan Fund. The loan will be repaid with interest on a schedule that will not delay projects.
  - Reduction of \$721,000 (General Fund) for the Employee Housing Program to be offset by a like increase in regulatory fees.
  - Reduction of \$625,000 (General Fund) in local assistance funding for the Office of Migrant Services Program to be offset by a rent increase.
  - Reduction of 1 position and \$110,000 from the Code Enforcement Outreach Program.
  - Reduction of 1 position and \$107,000 from the Office of Migrant Services.
- Rejected a proposed \$1.3 million reduction in General Fund support for the



Emergency Housing Assistance Program, which provides operating grants for homeless shelters.

## **2920 TECHNOLOGY, TRADE AND COMMERCE**

- Eliminated various Trade Offices for a savings of \$1.8 million General Fund.
- Restored \$180,000 General Fund and one position for the Office of Military Base Reuse and Retention.
- Approved \$6 million General Fund for the Film California First Program.
- Restored \$126,000 General Fund and one position for the California Main Street Program.
- Restored \$6.8 million General Fund for the Tourism Marketing Program.
- Restored \$231,000 General Fund for the Enterprise Zone program.
- Restored \$213,000 General Fund for the Export Development program.
- Restored \$2.0 million Special Fund for the Manufacturer's Technology program.

## **5240 DEPARTMENT OF CORRECTIONS**

- Approved savings of \$2.8 million resulting from the decision not to pay down interim financing bonds for the Delano II prison.
- Approved \$1 million for the heating and air conditioning project at the infirmary at Duel Vocational Institution, Tracy.
- Approved \$1.3 million for security lighting at the California Institution for Men, Chino.
- Approved \$466,00 for an electrified fence at the California Institution for Men, Chino.
- Approved \$58.5 million for additional costs associated with the increase in estimated population.
- Approved continuing funding of \$11.7 million to continue replacement and repairs of electromechanical doors at various prisons.

- Approved continued funding of \$1.4 million for the Business Information System.
- Approved \$1.7 million for the ongoing taking of samples of inmates for DNA typing.
- Approved the reduction of \$956,000 for the Office of Investigative Services. This will result in the closure of the Southern California Office and would reallocate the workload to the Northern and Central Regional Office.
- Approved the reduction of \$2.3 million for the elimination of the correctional sergeants involved in the 7K training. Under the current bargaining agreement this type of training has been superceded.
- Approved the delay of the opening of the Delano II prison. This would result in savings of \$8.8 million.
- Approved the review of the medical services program. This is expected to reduce medical expenditures by \$13 million.
- Approved the reduction of facilities captain positions in the prisons at a savings of \$16.1 million.
- Approved the reduction of facilities captain positions in departmental headquarters at a savings of \$4.3 million.
- Approved the reduction of custody captains in the department at a savings of \$7.8 million.
- Approved an additional correctional officer academy in the Budget year that would result in reduced overtime costs of \$4.6 million.
- Approved savings of \$2.6 million due to an estimated reduction of demand in beds contracted with the Department of Mental Health.
- Denied the proposed new housing for condemned inmates at California State Prison, San Quentin and directed the department to develop a plan to relocate condemned housing to California State Prison, Sacramento.
- Approved the delay of the Psychiatric Program at the Salinas Valley Prison.
- Approved the delay of 500 substance abuse beds for a savings of \$5.4 million.

**5430 BOARD OF CORRECTIONS**

- Denied the proposed elimination of the Local Juvenile Correctional Facility Inspection Program. This would restore \$176,000 to the department.
- Restored \$9.6 million from the Correctional Officer Training Fund to support the training of local correctional officers.

**5440 BOARD OF PRISON TERMS**

- Approved the reduction of \$3.5 million due to a reduction in the predicted workload for hearings for parole revocation and mentally disordered offenders.

**5450 YOUTHFUL OFFENDER PAROLE BOARD**

- Approved the decrease of \$1.6 million for the board due to the implementation of Chapter 4, Statutes of 2003 (SB 459, Burton) that eliminates the board and consolidates these functions with the Department of Youth Authority.

**5460 DEPARTMENT OF THE YOUTH AUTHORITY**

- Approved the savings of \$5 million due the consolidation of juvenile correctional facilities.
- Approved a reduction of \$900,000 due to a reduction in estimated ward population.
- Approved \$1.5 million related to the consolidation of the Youthful Offender Parole Board in the department.
- Approved \$1.5 million to provide posting relief for sergeants in accordance with collective bargaining agreements.
- Approved \$1.1 million to provide fund sick leave relief costs.
- Approve \$1.1 million to offset estimated savings from the increase in commitment fees to local governments to reflect adjustment for inflation.

**8100 OFFICE OF CRIMINAL JUSTICE PLANNING**

- Approved the restoration of the Domestic Violence Shelter Grant Program to the Office of Criminal Justice Planning. The Governor's Budget proposed the transfer of this program to the Department of Health Services.
- Approved a \$3 million reduction of Public Safety Local Assistance Programs.

**8260 CALIFORNIA ARTS COUNCIL**

- Restored \$1.5 million for Organizational Support Grants and reserved \$2.0 million for multicultural arts program.

**8380 DEPARTMENT OF PERSONNEL ADMINISTRATION**

- Approved the restoration of the rural subsidy of health care premiums for retired annuitants. This would increase Budget pressures by \$11.3 million.
- Approved a reduction of \$2 million from a revised estimate for the number of employees living in counties without access to CalPERS contracted HMO services and thereby qualifying for the rural health care subsidy.
- Approved \$735,000 for workload associated with anticipated layoffs.

**8660 PUBLIC UTILITIES COMMISSION**

The Public Utilities Commission (PUC) is supported by special funds that receive revenue from a variety of ratepayer surcharges added to utility bills.

- Approved budget request for \$10.1 million from the California High-Cost Fund A Fund and one position to implement a grant program to establish telecommunications services in unserved low-income rural areas pursuant to Chapter 903, Statutes of 2001.
- Reduced by \$85,000 and 1 position that had been redirected to establish an Office of Economic Development.

- Reduced budget request for special repairs to San Francisco headquarters building by \$105,000, and approved \$421,000 of the request, primarily to replace the roof.
- Approved request for \$223,000 and three positions to implement AB 2838 (Canciamilla, Chapter 1147, Statutes of 2002), which requires the PUC to review rates charged by water corporations every three years.
- Reduced Office of Ratepayer Advocates Telecommunications Branch by nine positions and \$642,000.
- Approved an April Finance Letter request for \$8 million for outside legal counsel and expert witnesses to continue the commission's participation in the PG&E bankruptcy proceedings.
- Rejected an April Finance Letter request for \$197,000 to reestablish four support positions for the commission's administrative law judges.
- Provided additional appropriation authority to pay remaining claims from telecommunications carriers for 2001-02 from the High-Cost A Fund (\$2.5 million), the High-Cost B Fund (\$39 million), and the Universal Lifeline Service Fund (\$6 million).
- Rejected a May Revision request for \$1.9 million for expert witnesses in PG&E's procurement cost lawsuit against the PUC.
- Rejected a May Revision request for \$389,000 to add eight positions to provide bilingual services in the Consumer Affairs Branch and, instead, adopted Budget Bill Language directing the PUC to seek bilingual persons to fill vacancies in the branch as they arise.
- Rejected a May Revision proposal for a \$136 million loan from the California Teleconnect Program Fund to the General fund. Provided instead for (1) termination of the program on July 1, 2003, (2) transfer of \$115 million from the Teleconnect Fund to the General Fund in 2003-04, and (3) the transfer of any remaining balance to the General Fund by June 30, 2005 after payment of any outstanding claims.

<b>8665 CALIFORNIA CONSUMER POWER &amp; CONSERVATION FINANCING AUTHORITY</b>
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- Approved Budget request for \$6.2 million loan to the Power Authority from the Energy Resources Programs Account (the electricity surcharge that supports the

Energy Commission). Adopted requirement that the Power Authority repay \$1 million of the loan by the end of 2003-04 for transfer to the General Fund.

- Specified that funds transferred to the authority by the Attorney General from the proceeds of litigation settlement agreements with electricity generators will be transferred to a new settlement proceeds fund to be established in budget trailer legislation for the primary purpose of ratepayer relief (also see 0820, Department of Justice).

## **8690 SEISMIC SAFETY COMMISSION**

- Reduced support by 10 percent (\$88,000).
- Approved Budget proposal to shift support to fees on earthquake insurance coverage for General Fund savings of \$796,000. Revised the Budget fee proposal to spread the fee to commercial insurance coverage in addition to homeowner coverage.

## **8770 ELECTRICITY OVERSIGHT BOARD**

- Approved Budget request for \$3.7 million (ratepayer funds).

## **8780 MILTON MARKS "LITTLE HOOVER" COMMISSION**

- Reduced Budget request by 20 percent – \$173,000 (General Fund).

## **8885 COMMISSION ON STATE MANDATES**

- Approved budgeted reductions of \$412,000 for staff, overtime and by reducing the frequency of commission meetings.
- Deferred to the Select Committee on State Mandates regarding the Administration's May Revision proposals for the suspension and repeal of various specific mandates.

**8940 MILITARY DEPARTMENT**

- Approved the Governor's proposed Budget.

**8955-8966 DEPARTMENT OF VETERAN AFFAIRS AND VETERANS' HOMES OF CALIFORNIA**

- Approved the Governor's proposed Budget.

**9100 TAX RELIEF**

- Augmented by \$40.2 million to restore funding for Williamson Act Open Space Subventions (also a May Revision request).

**9210 LOCAL GOVERNMENT FINANCE**

- Did not adopt the Governor's Budget proposal for a \$250 million property tax shift from redevelopment agencies to schools (via the Educational Revenue Augmentation Fund—ERAF—in each county). The proposed action would have reduced the state's Proposition 98 school funding requirement by \$250 million.
- Rejected elimination of Booking Fee Subventions and restored \$38.2 million for that purpose.
- Rejected elimination of Special Supplemental Subventions to certain redevelopment agencies and restored \$900,000 for that purpose.
- Approved the elimination of the Local Law Enforcement High Technology Equipment Grant. This will result in a savings to the General Fund of \$18.5 million.

**9430 SHARED REVENUES**

- Adopted Governor's Budget proposal for General Fund savings of \$36.9 million by eliminating special VLF backfill payments to local governments. These payments

replace revenue lost due to the elimination of VLF for big-rig trailers under the International Registration Program.

<b>9620</b>	<b>PAYMENT OF INTEREST ON GENERAL FUND LOANS</b>
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- Adopted LAO estimate of General Fund cash borrowing costs, reducing the May Revision estimate by a total of \$56 million (\$16 million in 2002-03 and \$40 million in 2003-04).