

THE 2001 STATE BUDGET

GENERAL GOVERNMENT

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

The Department of Housing and Community Development (HCD) is California's principle housing agency. HCD's duties and responsibilities are focused on two main areas:

- 1) Administering state and federal housing, finance, rehabilitation, and economic development programs with an emphasis on meeting the needs of low-income and other disadvantaged groups; and
- 2) Analyzing, enforcing, and participating in the development of building codes and ensuring manufactured home construction standards meet federal and state statutory requirements.

Major Provisions

The major provisions of the Department of Housing and Community Development budget include:

- \$15.0 million for the Central Valley Infrastructure Grant Program, which will provide grants of up to \$1 million to local governments in the Central Valley for infrastructure projects that promote economic development.
- Authority to recover any costs from local governments that have collected employee housing plan check fee payments and have not responded in a timely manner.
- Changes in the loan criteria for the Child Care Facilities Financing Program in a way that reduces the matching funds requirement from 50 to 20 percent, extends the loan term from 20 to 30 years, and establishes the interest rate at 3 percent.
- \$1 million for construction of the People Assisting the Homeless Regional Center in Los Angeles.

MILITARY DEPARTMENT

The Military Department is responsible for the leadership, command and management of the Air National Guard and the California Army. The purpose of the California National Guard is to provide military service supporting this State and the Nation. The primary objective of the department is to provide mission ready forces to the Federal Government, emergency public safety support to civil authorities, and support to the community as approved by proper authority.

■ Major Provisions

The major provisions of the Military Department budget include:

- \$5.8 million for the operation of Turning Point Academy at Camp San Luis Obispo.
- \$136,000 for the National Guard Youth Programs.
- \$1.3 million for the operation and administration of the Oakland Military Institute.

TECHNOLOGY, TRADE AND COMMERCE

Created in 1992, the Technology, Trade and Commerce Agency promotes economic growth by coordinating and facilitating business development and job-retention efforts. The Agency also oversees the state's international trade programs through foreign investment, export cultivation, and strategic planning and research projects.

■ Major Provisions

The major provisions of the Technology Trade and Commerce Agency budget include:

- \$498,000 for the Military Base Retention and Reuse program.

- \$1.1 million for the Small Business Development Center program, which assists small businesses with utilizing technology to improve efficiency and productivity.
- \$8 million for the Klamath River Water Crisis Economic Assistance and Mitigation Program.

DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs (DVA) provides services to California Veterans and their dependents, and to eligible members of the California National Guard. The principle activities of the DVA include:

- 1) Providing home and farm loans to qualifying veterans, using proceeds from the sale of general obligation and revenue bonds;
- 2) Assisting eligible veterans and their dependents to obtain federal and state benefits by providing claims representation, subventions to county veterans service officers, and direct educational assistance to qualifying dependents; and;
- 3) Operating veterans' homes in Yountville, Barstow, and Chula Vista with several levels of medical rehabilitation services, as well as residential services.

■ MAJOR PROVISIONS

The major provisions of the Department of Veterans Affairs budget include:

- \$1.15 million for the reduction of residential care members' fees at all three Veterans Homes.
- \$2.3 million for various capital outlay projects at the Veterans Home in Yountville.

CALIFORNIA ARTS COUNCIL

The California Arts Council (CAC) was created in 1975 to encourage artistic awareness and expression among the residents of California. The Council has

eleven members, nine of whom are appointed by the Governor, one appointed by the Speaker of the Assembly and one by the President pro-Tempore of the Senate.

■ MAJOR PROVISIONS

The major provisions of the California Arts Council budget include:

- \$3.0 million for the exhibit "Finding Our Families...Finding Ourselves" at the Simon Wiesenthal Center.
- \$1.0 million for the expansion of the Children's Museum of Los Angeles.
- \$1.0 million for the 100th/442nd/MIS WWII Memorial Foundation, which provides a comprehensive education program to educate teachers and students on the Japanese-American World War II experience.

DEPARTMENT OF FAIR EMPLOYMENT AND HOUSING

The Department of Fair Employment and Housing (DFEH) is the largest state civil rights agency in the country. It was established by the Legislature in 1959 as the Division of Fair Employment Practices and was initially part of the Department of Industrial Relations. In 1980, DFEH was established as an independent department charged with enforcing California's comprehensive employment, housing, public accommodation and public service nondiscrimination laws, as well as the State's bias-related hate violence law.

■ MAJOR PROVISIONS

The major provisions of the Department of Fair Employment and Housing budget include:

- \$151,000 for administration of a restrictive covenant identification service, which assists property holders with striking out discriminatory restrictions in their deeds.
- \$106,000 for relocation of Los Angeles district offices. Currently, all three district offices are in the same building in downtown Los Angeles. This

funding will allow the Department to relocate offices to other regions of Los Angeles, thereby serving citizens more effectively and efficiently.

AGRICULTURAL LABOR RELATIONS BOARD

The Agricultural Labor Relations Board (ALRB), was created by the Agricultural Labor Relations Act of 1975, which is responsible for conducting secret ballot elections to determine collective bargaining representation in agriculture and for investigating and resolving unfair labor practice disputes.

■ Major Provision

The major provision of the Department of Industrial Relations budget include:

- \$457,000 (General Fund) to fund two Field Examiner III positions for the El Centro and Visalia regional offices, as well as a new attorney position for the Salinas office. This augment will also be used to increase education about the Agricultural Labor Relations Act, especially for underserved farm worker populations.

DEPARTMENT OF INDUSTRIAL RELATIONS

The Department of Industrial Relations (DIR) has the responsibility to protect the workforce, improve the working conditions, and advance opportunities for profitable employment in California. The Department enforces workers' compensation laws, adjudicates workers' compensation claims, administers programs to prevent industrial injuries and deaths, promulgates regulations, and enforces laws relating to wages, hours, and conditions of employment.

■ Major Provisions

The major provisions of the Department of Industrial Relations budget include:

- \$2 million (General Fund) for the Division of Labor Standards Enforcement (DLSE) and Division of Apprenticeship Standards (DAS) to increase the enforcement of labor laws throughout the state.

- Supplemental Language requiring the Department to report to the relevant legislative policy and fiscal committees regarding the status of the new positions in DLSE.
- \$1 million (General Fund) and three positions to administer a new workers' safety training grant program. The new grant program is a proposal that would target high hazard industries - including construction, agriculture, and government - by awarding grants to employers for safety training programs.
- \$42,000 (General Fund) to open a Fresno office for Farm Labor Contractors Licensing pursuant to AB 2707 (Flores), Chapter 877, Statutes of 2000.

CALIFORNIA SCIENCE CENTER

The California Science Center is an educational, scientific and technological center administered by a nine-member board of directors appointed by the Governor. It is located in Exposition Park, a 160-acre tract in South Central Los Angeles, which is owned by the State in the name of the Science Center. The Science Center is a place where children, teachers and families can explore how science is relevant to their everyday lives.

■ Major Provisions

The major provisions of the California Science Center budget include:

- \$5.3 million (General Fund) for the Phase II expansion project at the Science Center. This expansion project will provide 170,000 square feet consisting of a World of Ecology, World of Life, and Special Exhibit Gallery. Additionally, the expansion will include Live Animal exhibits including a Rain Forest, a Desert exhibit and a two-story reef tank.
- Supplemental Language requiring the Science Center to submit a report to the Chair of the Joint Legislative Budget Committee and the chairs of the Senate and Assembly Budget committees detailing the status of obtaining the necessary non-state funds to undertake and complete this project by March 1, 2002.

DEPARTMENT OF CONSUMER AFFAIRS

The predominant duty of the Department of Consumer Affairs is the education and protection of consumers to ensure a fair and honest marketplace. In addition, and within the scope of its purpose, the Department of Consumer Affairs oversees professional and occupational practices on behalf of the state's consumers through nine bureaus and programs. It shares this oversight and regulatory authority with 28 quasi-independent committees, boards, and commissions.

■ Major Provisions

The major provisions of the Department of Consumer Affairs budget include:

- \$2 million (Special Funds) to implement an Imaging and Workflow Automation System for the Contractors' State License Board.
- \$69,000 (Special Funds) for one Associate Governmental Program Analyst (AGPA) for the Board of Pharmacy (1490). This new position will allow the Board to develop, coordinate, and oversee the Board's Public Education and Outreach Program activities.

OFFICE OF EMERGENCY SERVICES

The principal objective of the Office of Emergency Services (OES) is the coordination of emergency activities to save lives and reduce property losses during disasters and to expedite recovery from the effects of disasters. OES further acts as the state conduit for federal assistance related to disaster recovery efforts. This budget includes \$701.7 million (\$87.4 million General Fund) for support of the Secretary's Office.

FRANCHISE TAX BOARD

The Franchise Tax Board is the department that collects state personal income taxes and bank and corporation taxes for the State of California. In 2001-02, the board will collect an estimated \$48 billion in tax revenues from individuals, banks and corporations--64 percent of total state General Fund revenue.

■ Major Provisions

The major provisions of the Franchise Tax Board budget include:

- \$6.8 million (General Fund) for an interim collection system for child support arrearages until the statewide automated child support system is in place. The augmentation partly offsets the loss of \$8.3 million of federal funds originally proposed for a collection system that the federal government disapproved.
- \$7.7 million (General Fund) to add tax collection staff, resulting in a \$53.8 million General Fund revenue gain.
- \$3.1 million (General Fund) for data center infrastructure improvements.

BOARD OF EQUALIZATION

The Board of Equalization administers state and local sales and use taxes. In 2001-02, the board will collect an estimated \$24.6 billion of state sales and use tax revenue. The board also has a number of other significant tax administration roles. It collects a variety of business and excise taxes and fees. It oversees the administration of the property tax by county assessors and assesses property owned by public utilities. The Board's elected members also serve as an appellate body for decisions of the Franchise Tax Board concerning personal income and bank and corporation taxes.

■ Major Provisions

The major provisions of the Board of Equalization budget include:

- \$6 million (General and special funds) for information technology projects-- integrated corporate database, field office automation, and integrated network management.
- Shifts 50 audit staff to more productive collection activities, increasing General Fund revenue by \$4 million.

STATE TREASURER

The State Treasurer provides banking services to state government with goals to minimize interest and service costs and to maximize yield on investments. The Treasurer has custody of all monies and securities belonging to, or held in trust by, the state; invests state funds; and administers state bond sales and bond redemption and interest payments. The Treasurer also pays warrants drawn by the State Controller and other agencies, and oversees a number of state financing entities.

■ Major Provisions

The major provisions of the State Treasurer's budget include:

- \$279,000 to manage increased investment deposits in community banks.
- \$351,000 to implement the Variable Rate Bond Program.
- \$200,000 to update the financing plan for the Oil Spill Prevention and Response Program of the Department of Fish and Game.
- \$6.3 million for Phase II of a new Debt Management System.
- \$287,000 (special fund) for workload related to issuing energy bonds.

SCHOLARSHARE INVESTMENT BOARD

The Golden State ScholarShare Trust Program, is a state-sponsored, college savings program that gives Californians the opportunity to invest on a tax-advantaged basis to meet the costs of higher education, as allowed by federal law. Participants may invest for their children's college costs over a number of years. Under recent federal tax legislation, earnings on invested funds are tax exempt. Administrative costs for the program are paid from a portion of the investment returns.

The board also maintains the scholarship investment accounts for the Governor's Scholars Program, established by SB 1688 (Polanco), Chapter 404, Statutes of 2000. This program awards \$1,000 scholarships to each public high school student who demonstrates high academic achievement on the STAR test. The Governor's Distinguished Mathematics and Science Scholars Program awards \$2,500 scholarships to students who win a Governor's Scholars Award and also demonstrate high

achievement in math and science by achieving specified scores on Advanced Placement, Golden State, or International Baccalaureate examinations.

■ Major Provisions

The major provisions of the ScholarShare Investment Board budget include:

- The budget provides \$118 million (General Fund) for the second year of awards under the Governor's Scholarship Programs.
- Budget-related legislation—SB 733 (Brulte and Alpert), currently pending—provides state tax conformity with the federal tax exemption for college savings earnings.

PUBLIC UTILITIES COMMISSION

The Public Utilities Commission (PUC) regulates investor-owned utilities, including gas, electricity, telephone, water, and railroads, and certain passenger and household goods carriers to ensure the delivery of stable, safe, and economic services. The commission has traditionally met this responsibility through enforcement of safety regulations, controlling industry rates for services, and promoting energy and resource conservation.

■ Major Provisions

The major provisions of the Public Utilities Commission's budget include:

- \$2.7 million (General Fund) for activities under the California Energy Security and Reliability Act of 2000 to support the Governor's Clean Energy Green Team, expedite power plant siting procedures, remove transmission congestion, increase electricity conservation, and review generation procedures of the Independent System Operator.
- \$222,000 to add staff for processing consumer complaints. The Governor vetoed \$1.5 million added by the Legislature to eliminate the backlog of consumer complaints.
- \$456,000 for consultant services to enhance investigations of utility service quality and marketing practices and outreach and consumer education programs.

- \$2.1 million for deferred maintenance and security enhancement at the commission's San Francisco headquarters building.

CALIFORNIA CONSUMER POWER AND CONSERVATION FINANCING AUTHORITY

Senate Bill 6X (Burton)--Chapter 10, Statutes of 2001, First Extraordinary Session--creates the California Consumer Power and Conservation Financing Authority. The purposes of the authority include augmenting electric generating facilities and to ensure a sufficient and reliable supply of electricity; providing financing incentives for investment in cost-effective energy-efficient appliances and energy demand reduction, to increase power reserves; financing for the retrofit of inefficient electric powerplants, renewable energy and conservation; and, where appropriate, developing strategies for the authority to facilitate a dependable supply of natural gas at reasonable prices to the public.

■ Major Provisions

The major provisions of the California Consumer Power and Conservation Financing Authority budget include:

- The budget authorizes a General Fund loan of up to \$10 million to cover initial start-up costs and project development by the authority. Loans will be subject to review of specific expenditure plans by the Department of Finance, and will be repaid to the General Fund with interest from the authority's future project revenues.

CALIFORNIA VICTIM COMPENSATION AND GOVERNMENT CLAIMS BOARD

The primary objectives of the California Victim Compensation and Government Claims Board (formerly known as the Board of Control) are to compensate victims of violent crime and eligible family members for certain crime-related financial losses; consider and settle all civil claims against the State; establish state travel allowances; consider bid protests; and determine reimbursement for county costs of special elections for legislative and congressional seats.

■ Major Provisions

The major provisions of the California Victim Compensation and government Claims Board's budget include:

- \$2.9 million to fund personnel and operating expense increases and to increase staffing at the local level for claims processing and restitution liaison services for the Victims of Crime Program.
- \$1.3 million to establish a claims review unit and separate claims processing and payment functions.
- The Governor vetoed \$3 million to eliminate funding included by the Legislature to establish three Victims Recovery Resource and Treatment Centers.

ELECTRICITY OVERSIGHT BOARD

The Electricity Oversight Board is an entity established by the electricity deregulation legislation to oversee the operations and governance of the Independent System Operator (ISO) and the (now defunct) Power Exchange. The board continues to play a role in overseeing the ISO (which is primarily under federal jurisdiction) and in representing the state's interests in electricity matters before the Federal Energy Regulatory Commission and the courts.

■ Major Provision

The major provision of the Electricity Oversight board's budget include:

- \$750,000 (General Fund) for development of power plant outage scheduling protocols and maintenance standards.

LOCAL GOVERNMENT

The 2001 State Budget Act provides significant fiscal relief and assistance to local governments.

■ Major Provisions

The major provisions of the Local Government budget include:

- **VLF Replacement** - Local governments will receive \$3.6 billion (General Fund) to offset reduced Vehicle License Fee (VLF) revenues for local governments as a result of VLF tax reductions.
- **Local Projects** - The enacted budget includes \$6.4 million (General Fund) for a variety of local projects and civic improvements. The Governor reduced or eliminated an additional \$19.1 million of funding that had been included in the Budget Bill.
- **Law Enforcement Technology** - \$35.4 million to city and county local law enforcement agencies to fund high technology equipment needs.
- **COPS** - \$116.3 million for the Citizens' Option for Public Safety (COPS) Program to provide funding to local district attorneys, sheriffs, and police departments in support of local law enforcement efforts.
- **Juvenile Justice** - \$116.3 million to counties for implementation of local juvenile justice plans. Counties plans would represent a consolidated effort of the law enforcement, probation, education, mental health, health, social services, drug and alcohol, and youth services resources to assist at risk juveniles, juvenile offenders and their families.
- **TCRP's** - \$154 million from the State Highway Account (SHA) to fully fund the TCRP's local streets and roads maintenance program in the budget year, this represents a \$34 million increase above what was projected when the TCRP was created in 2000.