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- State costs for new debt issued by RDAs are reduced, with the basic subsidy reduced to 20 percent of the school share of the property tax (after pass-through payments). The subsidy could be larger—potentially up to 80 percent—for projects that meet the highest state priorities.
- State subsidies for redevelopment activity decline, but projects that meet state goals and priorities will be able to receive larger subsidies through reductions in the community payment. Subsequent legislation will specify the project priorities that qualify for higher levels of state subsidy.

## TRANSPORTATION

### ***Significant Changes contained in the 2011-12 Budget Package:***

- **Fuel Tax Swap.** Through various mechanisms, provided a total General Fund solution of \$2.1 billion. The General Fund solution came from the following categories and amounts are combined totals for 2010-11 and 2011-12.
  - \$962 million from bond debt service funded from truck weight fees.
  - \$851 million from loans to the General Fund from truck weight fees.
  - \$135 million from deferring a General Fund loan repayment from 2011-12 to 2012-13.
  - \$101 million from redirecting specified tribal gaming revenues from transportation funds to the General Fund.
  - \$72 million from bond debt service from miscellaneous transportation revenues.
  
- **VLF Fee Increase.** Recalculates the cost shares for Department of Motor Vehicles (DMV) administration funded from different fees and taxes collected on vehicles. The administrative costs paid by Vehicle License Fee (VLF) tax would be reduced, and the administrative costs paid from vehicle registration fees would be increased. As a result, the amount of VLF directed to local governments would increase by \$300 million to support public safety realignment. Vehicle registration fees will be increased by \$12 per vehicle to cover the new cost share from registration fees.
  
- **Prop 1B Bond Funding.** Approves a total of \$3.8 billion in Prop 1B appropriations, including reappropriation, across multiple departments. Approved Prop 1B bond funding of \$3.4 billion for the following bond categories that are budgeted directly in Caltrans budget (figures include state operations, local assistance, and capital outlay).
  - \$1.2 billion for Corridor Mobility Improvement Account (CMIA)
  - \$1.2 billion for Trade Corridors Improvement Fund
  - \$527 million for State Route 99
  - \$165 million for State Local Partnership
  - \$117 million for Intercity Rail
  - \$48 million for the State Highway Operations and Protection Program (SHOPP)
  - \$14 million for Local Bridge Seismic Retrofit
  - Other Prop 1B bond appropriations are in the budgets of State Transit Assistance (Transit); the Office of Emergency Services (Security); and the Air Resources Board (Air Quality and School Bus Retrofit).
  
- **Prop 1A Bond Funding.** Augments proposed bond funding from \$28 million to \$252 million from Proposition 1A bond funds for intercity rail and connector rail that will provide connectivity to the high-speed rail system. The additional amount is tied to a program of projects adopted by the California Transportation Commission after public hearings were held and local input received. The Governor vetoed the \$234 million in Proposition 1A bond augmentation adopted by the Legislature.

- **High Speed Rail Authority.** Approves appropriations for the High-Speed Rail Authority (HSRA) that totaled \$156.3 million (\$89.7 million Proposition 1A bond funds and \$66.6 million federal funds). A total of \$47.4 million in 2010-11 capital funds was unexpended and will carry-over for expenditure in 2011-12 budget resources total \$203.7 million. Other HSRA Authority changes included:
  - Approves the Governor’s request to add 15 positions for HSRA at a cost of \$1.4 million, which brings the total number of authorized positions to 56.5 positions.
  - Approves capital outlay funding of \$138.6 million which includes the following: (1) \$74 million for engineering and design work on the “Phase I” segments that run from San Francisco to Anaheim (carry-over funds of \$47.4 million are also available for this segment); and, (2) \$58.5 million for the ongoing program management contract; \$5.5 million for the “Phase II” segments of Sacramento to Merced, and the Altamont Pass (carry-over funds of \$1 million are also available for the Sacramento to Merced segment). Added budget bill language that limits right of- way purchase and construction contracts until after legislative reporting and review.
  - Approves funding of \$3.0 million for the ongoing program management oversight contract.
  - Approves \$2.3 million for the communication contract – added budget bill language requiring the HSRA to report to budget committees during hearings next spring on the progress in transitioning from contract staff to state staff for public outreach.
  - Approves \$750,000 for the financial consultant.
  - Approves an augmentation of \$1.1 million (relative to a base of \$359,000) to fund interagency agreements with Caltrans, the Department of General Services, and the Department of Justice.
  - Approves a one-time augmentation of \$750,000 for information technology service contracts.
  - Adds funding of \$1.1 million for the 2011-12 cost of the 2009 memorandum of understanding between HSRA and CalTrain. The Governor vetoed this augmentation.
  - Approves trailer bill language that requires the HSRA to report to the Legislature with information on fiscal, management, and planning issues. Approved trailer bill language that authorizes the Governor to appoint six management-level exempt positions. The positions are specified as: a chief program manager; up to three regional directors; a chief financial officer; and a director of risk management and project controls.
  - Appropriates \$1.06 billion of additional Proposition 1B bond funding for transit and transportation projects in 2011-12.

**Other budget changes in transportation****California Transportation Commission**

- Approves total funding of \$28.5 million for the California Transportation Commission, including \$25 million in Clean Air and Transportation Improvement bond funds.
- Rejects funding of \$400,000 from the State Highway Account for California Transportation Commission consulting services related to the evaluation of any Public Private Partnerships (P3s) that the Department of Transportation or local agencies may propose. Instead, approved budget bill language that authorizes the Director of Finance to augment budget funding by up to \$400,000 if workload materializes and with notification to the Joint Legislative Budget Committee.
- Approves funding of \$330 million from the Public Transportation Account to maintain state funding for transit agency operations, at the level adopted with the 2010 fuel tax swap.
- Approves expenditures of \$500 million from Proposition 1B (Prop 1B) Public Transportation Modernization, Improvement, and Service Enhancement Account (PTMISEA) funding. The expenditures utilize bond funds appropriated in prior budgets.
- Adopts trailer-bill language that directs that loan repayment from truck weight fees be directed to bond debt and be repaid as needed to fund bond debt.

**CalTrans**

- Approves the Administration's May Revision zero-based budget for the Capital Outlay Support (COS) staffing, which increased workload from the January budget by a total of 122 positions, resulting in a grand total of 10,756 positions (including overtime and contract resources). However, changed the 122 positions from the contract resources requested to 61 state positions and 61 units of state position overtime. This action reduced costs by \$17.7 million, and this savings was directed to investment in pavement maintenance.
- Approves the Administration's May Revision zero-based budget for transportation-planning workload related to Project Initiation Documents (PIDs), which are preliminary planning documents. However, rejected an Administration proposal to shift the costs of PIDs for locally funded highway projects (projects where the construction phase is primarily funded with local monies) from State funds to local-government reimbursement. The total number of positions approved and funded for PIDs was 314 positions, with 50 of those for locally-funded highway projects. The Governor vetoed \$6.4 million and eliminated the 50 positions associated with locally-funded highway

projects. His veto message indicated: "State funds should be reserved to fund state projects and not to subsidize locally funded projects on the state highway system."

- Approves \$1.7 million (special funds) for increased fuel costs.
- Approves \$1.3 million (federal funds) and 9 new positions to address bridge-inspection workload for locally-owned bridges. The new staff would complete load ratings on these bridges to comply with new federal requirements.
- Approves a reduction of \$3.0 million (State Highway Account) and the elimination of 35 positions for efficiency savings in the accounting area that are due to the Enterprise Resource
- Approves reappropriation of up to \$8.3 million (State Highway Account) to complete the Project Resource and Scheduling Management System (PRSM) IT project. The total cost for the project is estimated to be \$11.6 million and its expected completion is February 2012. This project will improve the Department's management and tracking of State employee time recording- by-project in the Capital Outlay Support Program.
- Approves the revised expenditure schedule for the multi-year Construction Management System (CMS) IT project. The total cost for the project is estimated to be \$22.8 million and its expected completion is in 2013-14. This project will allow better expenditure tracking for construction projects and should produce cost avoidance of about \$19 million annually from reducing bad payments to contractors and reducing federal ineligibility notices.
- Approves a net-zero shift of funding across Proposition 1B bond programs to reflect audit activities planned for 2011-12.
- Approves construction funding of \$8.7 million (State Highway Account) for the Eureka district office building repair project.
- Approves \$2.8 million in reimbursements from local planning entities and the California Energy Commission to complete the California Household Travel Survey, which is completed once every decade using United States Census data as an input. Caltrans is absorbing the baseline survey cost of \$7.2 million (State Highway Account) within its existing budget.
- Approves \$3.8 million in redirected federal funds to continue 21 limited-term positions performing workload related to various audit, accounting, and reporting, of federal funds allocated to local governments.
- Approves \$1.6 million in local reimbursements to review locally-sponsored public-private partnership (P3) project proposals. P3s generally involve new highway tolls and a lease of the public highways to private operators.

- Approves a \$63 million (State Highway Account) funding request for equipment and vehicle replacement and retrofit for air quality compliance. Added budget bill language that requires the Director of Finance to reduce funding for this purpose if the Governor's fleet reduction proposal results in cost savings. The language directs any savings achieved to increased investment in pavement maintenance.
- Approves a one-time increase of \$10.3 million (Public Transportation Account) to baseline funding of \$5.8 million for the 2011-12 cost of railcar maintenance for the Intercity Rail Program.
- Approves \$274,000 (federal funds) and continuation of 3 temporary positions to administer federal funding for the Job Access Reverse Commute (JARC) and New Freedom transit programs.
- Approves a funding shift for one position in the Rail Program from Public Transportation Account to Proposition 1A bond funds.
- Approves \$7.2 million in local assistance grants from the Bicycle Transportation Account – the same amount of funding as provided in 2010-11.
- Approves \$10 million in local assistance grants from the Environmental Enhancement and Mitigation Program Fund – the same amount of funding as provided in 2010-11.
- Approves a reappropriation to utilize the remaining \$2 million from the \$20 million in Clean Energy Renewable Energy Bonds (CREBs) initially authorized in the 2008-09 budget. CREBs are a federal energy program that helps finance solar-generated electricity projects – Caltrans is using these funds to install solar panels on its facility rooftops.

**Department of Motor Vehicles**

- Approves a February 15, 2011, Finance Letter that deferred repayment of a prior MVA loan of \$20.5 million from 2011-12 to 2013-14.
- Approves \$511,000 (special funds) to continue 9 limited-term positions, which administer the Ignition Interlock Device (IID) Program. The program provides for the installation of IIDs in specified circumstances when the car owner has a conviction for Driving Under the Influence (DUI).
- Approves \$369,000 (special funds) to continue 7 limited-term positions, which administer the Temporary Operating Permit (TOP) Program. The program provides for a temporary operating permit when a certificate of smog compliance is required.

- Approves \$2.3 million (special funds) to fund third-party contractors to monitor the Traffic Violator School (TVS) Program. Pursuant to AB 2499 (Portantino), Chapter 599, Statutes of 2010, this program is being shifted from the courts to DMV.
- Approves a federal grant of \$918,000 for privacy and security enhancements to the DMV information technology systems.
- Approves a total of \$668,000 (special funds) for specified phases of the following facility capital outlay projects: Grass Valley Field Office Replacement (\$648,000 for preliminary plans), and the Southern Los Angeles Commercial Driver License Test Center (\$20,000 for initial planning for a leased facility).
- Approves reappropriations totaling \$23.7 million for the field office capital outlay projects in the following locations: Redding, Oakland, and Fresno.
- Approves a reversion of \$359,000 for the Palmdale and Lancaster consolidated field office capital outlay project which is now scheduled for 2012-13.
- Approves trailer bill language that requires DMV to place on driver license applications a voluntary check-box that allows veterans to self-identify if they want to be connected by the Department of Veterans Affairs to obtain federal veterans benefits.

**PUBLIC SAFETY*****Major changes to Public Safety*****Public Safety Realignment:**

- Approves a shift of \$239.9 million in 2011-12 (growing to \$762.2 million in 2014-15) from the General Fund to the 2011 Local Revenue Fund as part of the 2011 Public Safety Realignment plan related to housing of non-serious, non-violent, and non-sex offender inmates, as well as short-term parole violators, in county jails rather than in state prisons. The enacting trailer bill included additional implementing language related to the expansion of existing authority for county sheriffs to use alternative custody, application of “good time” credits, and designation of the courts as responsible for conducting revocation proceedings (majority of courts activities begin in 2013-14). The state is projected to save \$376.2 million in 2011-12 (growing to \$1.3 billion in 2014-15) due to these shifts in responsibility. However, these savings estimates may be impacted by the recent U.S. Supreme Court decision on prison over-crowding.
- Approves a shift of \$127.1 million in 2011-12 (growing to \$187.7 million in 2014-15) from the General Fund to the 2011 Local Revenue Fund as part of the 2011 Public Safety Realignment plan related to shifting community supervision of offenders released from state prison for non-serious, nonviolent crimes to the counties rather than state parole. Under this plan, the state would continue to supervise serious and violent parolees, as well as those who are on their 3<sup>rd</sup> strike and High Risk Sex Offender caseloads. The state is projected to save \$77 million in 2011-12 (growing to \$170.3 million in 2014-15) due to this shift in responsibility.
- Approves \$33.9 million General Fund to assist counties in covering the costs associated with implementing public safety realignment.
- Approves supplemental report language to ensure quarterly reporting on actions and savings related to realignment for the 2011-12 budget year.
- Approves a shift of \$97 million in 2011-12 (growing to \$103 million in 2014-15) from the General Fund to the 2011 Local Revenue Fund related to two existing juvenile justice grant programs (Youthful Offender Block Grant and Juvenile Reentry Fund). This is part of the 2011 Public Safety realignment plan.
- Approves the Governor's proposed technical clean-up trailer bill language to authorize the Division of Juvenile Justice to transfer wards under their jurisdiction to county probation departments, pursuant to Chapter 729, Statutes of 2010 (AB 1628), regardless of the committing court.

**Other budget changes:****Corrections and Rehabilitation**

- Provides an additional \$30 million for the California Community Corrections Performance Incentive Act. The Act established a system of performance-based funding that shares state General Fund savings with county probation departments when they demonstrate success in reducing the number of adult felony probationers going to state prison for committing new crimes or violating the terms of probation. As of May Revision, approximately 6,200 felony probationers were successfully kept out of state prison as a result of this program. In total, the state achieved savings of approximately \$178.4 million and will provide counties approximately \$87.5 million.
- Provides an additional \$134.4 million (\$379.6 million total) to address structural issues within the California Department of Corrections and Rehabilitation's (CDCR) budget, such as; Correctional Officer compensation, Medical Guarding and Transportation, and legal costs. These structural issues have contributed to an ongoing shortfall in CDCR's budget that has led to significant deficiency requests in recent years.
- Provides \$11.9 million and 211.3 limited-term Licensed Vocational Nurse (LVN) position for the inmate medical Receiver to perform medication management functions. These positions will reduce the use of overtime and registry, which can be more costly and are currently relied upon due to a shortage of LVNs.
- Provides \$19.2 million, on a one-time basis, to repay a loan from the Pooled Money Investment Board, which funded the design of the San Quentin Condemned Inmate Complex project. The Administration is not moving forward with this project and, as such, the CDCR must repay loans associated with the design of the project.
- Restores \$49 million to continue contracts for services (including; Substance Abuse Coordinating Agencies Contracts, Living and out-Patient Services, Parolee Services Network and Bay Area Services Network) that the CDCR had set to cancel as part of a \$150 million unallocated reduction to rehabilitation programs.
- Provides \$279,000 for sign language interpreter contract services pursuant to the *Armstrong* court order.
- Provides \$391,000 to extend the Enhanced Out Patient program to seven days a week for condemned inmates at San Quentin State Prison.

- Approves the Governor's proposal for \$359.5 million – almost all General Fund – to reflect the projected inmate, parole, and juvenile caseloads in 2011-12. \$200 million of this increase reflects the restoration of an unallocated reduction in the 2010-11 budget that the department was not able to achieve and for which no specific policy changes were enacted by the Legislature. Other adjustments were made for changes related to local assistance, the number of mentally ill inmates, and revised projections of the impacts of previously enacted policy changes, among other adjustments.
- Inmate health care:
  - Approves \$163 million in unallocated reductions to the budget for inmate medical care.
  - Approves Governor's request for \$1.2 million General Fund to provide court-ordered training sessions to custody and mental health staff at select institutions for the purpose of better collaboration.
  - Approves the Governor's proposal of \$603,000 General Fund to extend the Enhanced Outpatient Program to seven days a week for condemned inmates at San Quentin State Prison.
  - Approves the Governor's request for \$1 million General Fund in 2011-12 (growing to \$18.9 million in 2012-13) for activation of a 50-bed licensed Mental Health Crisis Bed unit at the California Men's Colony (San Luis Obispo) in compliance with a *Coleman* court order.
  - Approves \$9.4 million of the Governor's proposal for \$10.1 million General Fund to activate a Correctional Treatment Center at the California Institution for Women (Frontera).
  - Reduces by \$714,000 the Governor's request for \$2.0 million for the custody staff necessary to activate the Intermediate Care Facility at the California Medical Facility (Vacaville), which is otherwise operated by the Department of Mental Health. The Legislature approved the reduction to reflect offsetting custody savings in other parts of the system.
  - Approves the Governor's proposal for \$948,000 in 2011-12 (growing to \$1.9 million in 2012-13) to provide resources for a core pre-activation team for the Correctional Health Care Facility (Stockton).
  - Rejects the Administration's request for \$5.1 million General Fund and 17 headquarters positions to support the activations of new healthcare and infill facilities funded through AB 900 (Solorio), Chapter 7, Statutes of 2007.

- Approves the Governor's request for \$11.9 million General Fund and 211 Licensed Vocational Nurse (LVN) positions to perform medication management functions in outpatient clinics and adopted supplemental report language that requests that the Receiver report on the savings attributed to the LVN resources hired over the past two years.
- Approves the Governor's proposed trailer bill language (TBL) to authorize the Receiver, on behalf of CDCR, to process and pay for all medical claims for inmates placed on medical parole from funds available in the Medical Services Program.
- Approves the Governor's proposed TBL to allow the Receiver to recover overpayments made to medical providers and apply the recoveries to the fiscal year in which they were collected.
- Approves TBL to allow the Receiver's medical staff to sign on behalf of inmates to obtain Medi-Cal eligibility. This trailer bill language also makes technical changes to the law enacted last year related to obtaining Medi-Cal reimbursements for inmates in inpatient hospital care per subsequent changes in state law related to the Medi-Cal program.
- Approves budget bill language requiring that CDCR submit three times each fiscal year a report to the Department of Finance and the Legislature detailing how each adult institution's expenditures are tracking compared to approved allotments. For any institutions with expenditures tracking higher than allotments, the language further requires that the department detail the reasons why, as well as list actions to bring expenditures back in line with allotments.
- Approves \$101 million of the Governor's proposal to reduce funding for prison and parole rehabilitation programs by \$150 million General Fund. Restored \$49 million to continue contracts for services in the community that were set to be canceled. Programs restored by this action include: Residential Multi-Service Center Contracts, Substance Abuse Services Coordination Agencies Contracts, Sober Living and Out-Patient Services, Parolee Service Network, Bay Area Services Network, and Other Remedial Sanction Contracts. The Governor vetoed budget bill language that limited reductions to rehabilitative programming to just these reductions for the budget year.
- Approves budget bill language to require data collection and performance metrics be a part of renewed rehabilitation contracts and the department's efficacy review of these programming contracts to determine the most effective models for achieving parolee success should not be discontinued.
- Approves \$379.6 million General Fund to address ongoing structural imbalances within CDCR's budget driven by: correctional officer salary increases, medical guarding and transportation, swing space needs, security staff overtime, and legal settlements and outside counsel.

- Approves budget bill language requiring that all funds appropriated for inmate and parole rehabilitation programs only be used for those purposes, and any unexpended funds be reverted to the General Fund at the end of the year.
- Approves the Governor's proposal for \$279,000 General Fund for sign language interpreter contract services for hearing impaired inmates participating in education and substance abuse treatment programs.
- Approves the Governor's request for \$1 million (\$98,000 General Fund and \$925,000 Special Deposit Fund) and six three-year limited-term positions for CDCR to meet the provisions of Chelsea's Law, AB 1844 (Fletcher), Chapter 219, Statutes of 2010. The funding will allow CDCR to develop standards for certification of sex offender management professionals, fingerprint treatment providers, train staff on the use of the sex offender assessment instrument, and contract for measuring program performance.
- Approves the Governor's request for \$85 million General Fund to be paid to counties for successful implementation of the California Community Corrections Performance Incentive Act of 2009 (SB 678, Leno). This funding reflects a share of the state savings achieved due to the reduction in felony probation failures sent to state prison. In addition, trailer bill changes were adopted that are designed to affect the program's funding formula.
- Denies the Governor's proposal for \$13 million General Fund to increase the number of correctional officer cadets and process applications to be hired as correctional officers. The administration stated its intent that this proposal would not be necessary if the 2011 Public Safety Realignment plan was approved.
- Approves the Governor's proposal for a net increase of \$97.2 million General Fund to reflect a recalculation of CDCR's workforce cap reduction target. The CDCR's new workforce cap target is based on 5 percent of its projected personal services costs after realignment is fully implemented, which decreases CDCR's workforce cap reduction target from \$292.4 million to \$194.5 million. Lastly, the workforce cap savings were moved from CDCR's budget to a new Control Section 3.93 in the budget.
- Approves supplemental report language to ensure quarterly reporting on actions and savings related to the workforce cap for 2011-12.
- Approves the Governor's proposal to realign existing budget authority among various CDCR budget programs to more closely align with operations. This action resulted in no net costs.
- Approves the Governor's proposal to add new items to the budget bill to reschedule contract bed funding and allow the Administration to clearly schedule savings resulting from realignment to the appropriate program area.

- Approves the Governor's proposal to abolish 1,019.7 unfunded positions. The unfunded positions are a result of various position reduction drills in which position authority was reduced but not taken from the CDCR in the formal budget process.
- Approves trailer bill language to establish a new Board of State and Community Corrections separate from CDCR that will help guide the state and local governments through realignment and provide ongoing leadership in the area of criminal justice policy. The creation of this new board will result in the termination of the Corrections Standards Authority currently within CDCR.
- Reverts \$8 million from the balance of the General Fund appropriation for prison infrastructure projects authorized under AB 900 (Solorio), Chapter 7, Statutes of 2007. This action created \$8 million in General Fund savings.
- Approves the Governor's proposal to put the Northern California Reentry Facility on warm shutdown pending further analysis of prison capacity needs in light of the 2011 Realignment proposals. Reduced the requested funding level by \$1 million as a technical adjustment to reflect existing funding authority for the facility.
- Approves the Governor's proposal for \$2.7 million General Fund in 2011-12 (growing to \$42 million in 2012-13) to support the pre-activation, activation, and ongoing operation of the new Estrella Correctional Facility (Paso Robles).
- Approves the Governor's proposal for \$15.3 million from lease-revenue authority for completion of the central kitchen replacement project at the California Men's Colony (San Luis Obispo).
- Approves Governor's proposal for \$19.2 million General Fund to repay a loan provided to CDCR from the Pooled Money Investment Board, which funded the San Quentin Condemned Inmate Complex project. In addition, a \$1.3 million General Fund loan plus any accrued interest will be forgiven. These actions were necessary because the Administration has terminated the project.
- Approves Governor's proposal to reappropriate \$471,000 General Fund for two CDCR capital outlay projects, (1) California Men's Colony, San Luis Obispo: Central Kitchen Replacement (\$258,000), and (2) Correctional Training Facility, Soledad: Solid Cell Fronts (\$213,000).

**Office of the Inspector General**

- Reduces by \$7.7 million General Fund based on the elimination of peace officer status OIG personnel and reducing the Office of the Inspector General (OIG) investigative workload. Converted 26 positions currently classified as peace officers to non-peace officer classifications and added budget bill language that allows the OIG to provide subsequent justification for continuing a limited number of peace officer positions at the Department. Also approved TBL to narrow the duties of the OIG to: (1) the existing functions of the Bureau of Independent Review; (2) reviews requested by the Governor, Senate Rules Committee, or the Speaker of the Assembly; and, (3) conducting medical inspections, consistent with the current medical inspection program conducted by the office. The Governor vetoed the funding sustained in the budget by \$1.2 million related to special reviews, audits, and investigations. The Governor indicates these reviews could be handled internally at CDCR.

**Judicial Branch**

- Approves Governor's proposal to reduce the General Fund appropriation to the Judicial Branch by \$200 million ongoing. In order to offset the operational impact of this reduction to the trial courts in the budget year, the Legislature approved the following:
  - Allocates \$22.6 million of the reduction to state operations and local assistance.
  - Authorizes a one-time transfer of \$130 million from two trial court construction fund balances – State Court Facilities Construction Fund (SCFCF) and Immediate and Critical Needs Account (ICNA) – with the specific amounts transferred from each fund to be determined by the Judicial Council.
  - Reduces \$20 million from the program for facility modifications with \$10 million, each from the SCFCF and ICNA.
  - Transfers \$20 million from the Judicial Administration Efficiency and Modernization Fund.
  - Redirects \$10 million from the Court Case Management System.
  - Adopts budget bill language specifying intent that these transfers and redirections, along with any other available court funding, including local reserves, be used to prevent court closures or reductions in court service hours. However, the additional reductions subsequently made may prevent this from occurring.
- Reduces trial court funding by \$150 million General Fund and provided budget bill language that allows the AOC to transfer funding from various other items within the judiciary's budget to offset the impact to trial courts.

- Approves Governor's proposal to reduce the Judicial Branch budget by \$17 million General Fund by not implementing the Conservatorship and Guardianship Act of 2006. Approved trailer bill language stating that provisions of the Act are not required to be implemented unless an appropriation is provided for that purpose.
- Approves all budget requests to provide funding for courthouse construction projects. These actions provided funding for projects needing approval of the next phase of design and construction to begin in the budget year. Specifically, this included courthouse projects in the following counties: Butte, Fresno, Imperial, Kern, Kings, Lake, Merced, Monterey, Riverside, Sacramento, San Diego, San Joaquin, Santa Clara, Shasta, Siskiyou, Sutter, Tehama, Tuolumne, and Yolo.
- Approves Governor's proposal to reappropriate lease revenue, Immediate and Critical Needs Account, and State Court Facilities Construction Fund funding for eight capital outlay projects (Madera, Stockton, Fairfield, Hollister, San Andreas, Riverside, San Bernardino, Porterville).
- Transfers \$310.3 million from the Immediate and Critical Needs Account to the General Fund.
- Approves Governor's proposed \$350 million loan from the SCFCF to the General Fund, to be repaid with interest within three years.
- Approves Governor's proposed \$90 million loan from the ICNA to the General Fund, to be repaid with interest.
- Approves trailer bill language extending the sunset on a previously enacted \$10 increase in the court security fee from 2011 to 2013. In addition, this fee was converted to a general court operations fee.
- Approves Governor's budget bill language to support the implementation of the Civil Representation Pilot Program, authorized under 590 (Feuer), Chapter 457, Statutes of 2009. The language further authorizes up to \$500,000 to be retained for administrative activities by the Administrative Office of the Courts.
- Approves Governor's proposal to adjust the Court Facilities Trust Fund by \$8.2 million (\$3.1 million reimbursement authority) to reflect the additional amount of funding coming from counties related to supporting the ongoing operations and maintenance of court facilities transferred to state responsibility.

- Denies the Governor's proposed budget bill language authorizing the Judicial Branch to submit a deficiency request to address a shortfall in the Courts of Appeal Court Appointed Counsel Program should a deficiency occur in 2011-12. The language would also have allowed the Branch to accrue current-year claims when the appropriated funding is insufficient.
- Approves trailer bill language requiring the Administrative Office of the Courts (AOC) to retain an independent consultant to complete an assessment of the Court Case Management System, an information technology project designed to provide a statewide-consolidated information system for the courts. The trailer bill language also requires that the assessment be completed prior to acceptance of the product from the vendor and prior to its deployment to any courts. The language also requires the AOC to work with its vendor to ensure that any flaws or defects identified in the independent assessment are addressed during the products warranty period.
- Approves trailer bill language creating a new part of the Public Contract Code requiring the Judicial Branch to comply with provisions of the Public Contract Code that apply to state agencies and departments related to the procurement of goods and services, including information technology goods and services. The trailer bill exempts from this requirement procurements related to trial court construction. The trailer bill further exempts the Judicial Branch from state oversight by the Department of General Services or the State Technology Agency, except as otherwise required under state law, and it requires the Judicial Council to adopt a Judicial Branch Contracting Manual. It also requires regular reporting by the Judicial Branch, regular auditing by the Bureau of State Audits, and an analysis by the Legislative Analyst's Office comparing Judicial Branch contracting practices, timeliness, and costs for construction projects with those managed by the Department of General Services.
- Approves the Governor's proposal to reduce the administrative costs associated with the Community Corrections Performance Incentive Program to reflect actual expenditures. This reduced funding for the courts by \$1.2 million General Fund.
- Approves a shift of \$496.4 million from the General Fund to the 2011 Local Revenue Fund as part of the 2011 Public Safety Realignment plan related to realigning funding for trial court security. See the Realignment section of this update for mandates.
- Provides \$41.8 million General Fund to support the revocation workload that the courts will be assuming as part of the 2011 Public Safety Realignment. The Governor vetoed \$22.9 million because the courts' assumption of revocation hearing responsibilities have been delayed. Additionally, the Governor vetoed budget bill language (BBL) that would require the Judicial Branch to provide a report to the Legislature related to the 2011 Public Safety Realignment because there would not be sufficient data due to the delay and vetoed BBL requiring any unspent resources for this purpose revert to the General Fund, because it is unnecessary.

**Department of Justice**

- Approves a reduction of \$35 million General Fund (\$71.5 million ongoing) to support for the DOJ's Law Enforcement Division. This reduction leaves the Division with \$10 million GF for forensic labs, \$4.9 million General Fund for the armed prohibited persons program, and \$2 million General Fund for special investigations to assist the legal services division. In addition, the Division has roughly \$167 million in funding from a variety of other sources (DNA ID fund, Gambling Control Fund, Dealer's Record of Sale Account, Gambling Control Fund, Federal Trust).
- Transfers \$10.0 million from the General Fund to the DNA Identification Fund, and restores \$4.1 million for lease revenue payments on regional forensic laboratories. These actions are necessary to ensure regional forensic laboratories are able to continue to perform critical public safety work and were taken because revenues to the DNA Identification Fund have not come in as projected. In addition, approved trailer bill language to increase the priority with which the penalty assessment revenue deposited in the DNA Identification Fund is collected. Also approved budget bill language authorizing the Department of Finance to reduce the amount of the General Fund transferred based on revenues and to require the DOJ to conduct a zero based analysis of program costs and report those findings to the Administration and the Legislature.
- Approves Governor's proposal to shift General Fund departments to a system where they are billed for legal services provided by Department of Justice (DOJ). Currently, DOJ provides these services to General Fund client departments utilizing a direct General Fund appropriation. The budget reduced DOJ's General Fund appropriation by \$50.1 million, allocated that funding to other state departments, and increased DOJ's Legal Services Revolving Fund appropriation by \$53.7 million in order to effectuate this change.
- Approves Governor's proposal to loan a total of \$47.1 million to the General Fund from special funds administered by DOJ - the Fingerprint Fees Account (\$24 million), Dealers' Record of Sale Special Account (\$11.5 million), Firearms Safety and Enforcement Special Fund (\$4.9 million), Missing Person DNA Data Base Fund (\$4 million), and Registry of Charitable Trusts Fund (\$2.7 million).
- Approves the Governor's proposal to loan \$19 million from the Gambling Control Fund to the General Fund.
- Approves trailer bill language providing an extension for counties to submit reports related to the use of Indian Gaming Special Distribution Fund grants provided for mitigation purposes.

**California Victim Compensation and Governance Claim Board**

- Approves Governor's proposal to reduce Restitution Fund expenditures by \$5.8 million and increase Federal Fund authority by \$500,000 in order to bring the Restitution Fund into solvency in 2011-12. Changes to achieve solvency include reducing operating expenditures, limiting the growth in claim payments by reducing the rate of reimbursement for mental health interns, shifting some claim payment expenditures to federal funds, reducing claims processing and restitution specialist contracts, and reducing the baseline budget for the county rebate program to more closely align with actual expenditures.

**California Emergency Management Agency**

- Reduces \$1.8 million, on a one-time basis, to reflect the planned purchase of fire engines using federal funds.
- Reduces \$779,000 by eliminating General Fund support for the annual Golden Guardian Exercise and state agency training, which will now be offered on a reimbursement basis.
- Reduces \$20.0 million to reflect historical funding levels associated with disaster assistance, as well as additional analysis and evaluation that the Agency will undertake before recommending disaster declarations.
- Accepts the elimination of the following entities; 1) Office of Gang and Youth Prevention; 2) California Council on Criminal Justice; 3) Governor's Emergency Operations Executive Council; and, 4) California Emergency Council.

**Military**

Approves Governor's proposal to shift a total of \$490 million in local public safety grant programs to the 2011 Local Revenue Fund as part of the 2011 Public Safety Realignment plan. There are a total of 15 programs funded through this realignment, including the Citizens Options for Public Safety (COPS) program, the Juvenile Justice Crime Prevention Act (JJCPA) program, the Juvenile Camps and Probation Funding programs, and booking fees.

**Local Public Safety Funding**

- Extends the 0.15 percent vehicle license fee set to expire July 1, 2011 for an additional two years. The revenues from the fee of about \$400 million will go to local public safety activities.

**California Highway Patrol**

- Approves total expenditures for the California Highway Patrol (CHP) of \$1.9 billion (special funds).
- Approves trailer bill language that places in statute the CHP's internal policy for privacy protection in the use of data obtained from license-plate-reader cameras.
- Approves a reappropriation of funding of up to \$27.8 million (special fund) for the Computer Aided Dispatch (CAD) replacement project, which is nearing completion. . Approved \$12.8 million (special funds) for radio tower replacement projects related to the CHP Enhanced Radio System (CHPERS) project, which is nearing completion.
- Approves reappropriations for unexpended CHPERS funds of \$24.7 million to carry over into 2011-12.
- Approves a total of \$37.9 million (special funds) for specified phases of the following facility capital outlay projects: Santa Fe Springs Area Office (\$19.6 million for construction), and Oceanside Area Office (\$18.3 million for construction).

## Budget Bills

### 2011-12 Budget Bills

**SB 87 (Leno);** Chaptered June 30, 2011 - Chapter 33, Statutes of 2011. Enrolled June, 28, 2011

This budget bill contained the final 2011-12 budget.

**SB 69 (Leno);** Enrolled March 17, 2011. **Vetoed by Governor** on June 16, 2011

This budget bill reflected the March budget package, which would have required 2/3 vote to fully enact all of the trailer bills. While the bill was passed in March, the bill was not sent to the Governor until June 15, 2011. While the Governor vetoed the budget bill itself, several trailer bills from this budget package were signed.

**AB 98 (Blumenfield);** Enrolled June 15, 2011. **Vetoed by Governor** on June 16, 2011

The budget bill reflected the majority-vote package adopted by the Legislature in June. The bill made changes to the March budget bill, SB 69 to reflect the updated budget package.

### 2010-11 Budget Bills

**SB 84 (Committee on Budget and Fiscal Review);** Chaptered March 24, 2011—Chapter 13, Statutes of 2011. Enrolled March 22, 2011

This bill amended the current year, 2010-11 budget bill, to increase the amount of budgetary loans by \$544 million in 2010-11.

**AB 112 (Committee on Budget);** Chaptered June 28, 2011—Chapter 30, Statutes of 2011, Enrolled June 24, 2011

This bill amended the current year, 2010-11 budget bill to appropriate \$48 million from the American Recovery and Reinvestment Act incentives funds tied to the implementation of an Alternate Base Period (ABP) methodology for calculating unemployment insurance benefits.

## Trailer Bills

### Public Safety Realignment

**AB 109 (Committee on Budget);** Chaptered April 4, 2011—Chapter 15, Statutes of 2011, Enrolled March 22, 2011

This bill establishes public safety realignment by shifting fiscal responsibility for low-level offenders to the counties from the State. One of the key features of the bill was the creation of Penal Code Section 1170(h), which defined the types of convictions would be considered low-level offenders that would be subject to local jurisdiction (non-serious, non-violent, non-sex crime convictions). This bill also shifted most parole responsibility to counties. It required county plans to implement public safety realignment and was effective upon appropriation of funding.

**AB 118 (Committee on Budget);** Chaptered June 30, 2011—Chapter 40, Statutes of 2011, Enrolled June 28, 2011

This bill provides the statutory framework, allocation methodology, and most of the dedicated revenue to implement the Governor's Public Safety Realignment for the 2011-12 fiscal year. This bill also articulated the broader range of realigned programs that became county fiscal responsibilities including mental health, alcohol drug program, foster care, adult protective and child welfare services. When combined with companion measure AB 108, this bill provides local funding for \$5.6 billion of public safety responsibilities that shifted to counties. With this funding, AB 109 became operative.

Although the responsibility for costs for the realigned program became a county responsibility, the funding for 2011-12 essentially mimicked the existing funding allocations that existed prior to the shift, as part of the transition year, with the intent to move to a more permanent "super structure" in future years.

**AB 111 (Committee on Budget);** Chaptered April 4, 2011—Chapter 16, Statutes of 2011, Enrolled March 22, 2011

This bill makes it easier for locals to access \$132.9 million in jail construction bond funding provided in AB 900, Chapter 7, Statutes of 2007. The bill removed requirements under AB 900 that the state give funding preference to those counties seeking jail funding that assist the state in citing facilities and instead gives preference to counties that have the largest percentage of inmates in state prison in 2010.

**AB 94 (Committee on Budget);** Chaptered May 10, 2011—Chapter 23, Statutes of 2011, Enrolled May 6, 2011

This bill lowers the required county match for AB 900 facility funds to 10 percent and additionally requires the CDCR and CSA to give funding preference to those counties that relinquish those specified local jail construction conditional awards and agree to continue to assist the state in siting reentry facilities, as specified. This bill caps at \$100,000,000 the amount a county may receive in proceeds from SPWB's issuance of bonds, notes, or bond anticipation notes under those specified provisions.

**AB 117 (Committee on Budget);** Chaptered June 30, 2011—Chapter 39, Statutes of 2011, Enrolled June 29, 2011

This bill reflects changes needed to implement the public safety realignment, as envisioned in AB 109. The bill delays the shift of responsibility for low-level offenders to counties from July 1, 2011 to October 1, 2011. It also delays the shift of court jurisdiction for parole until July 1, 2013. This bill also refines the list of criminal convictions that would subject to local custody. The bill updates AB 109 provisions regarding which offenders could be sentenced to local custody and how local post-release supervision functions.

**AB 116 (Committee on Budget);** Chaptered July 27, 2011—Chapter 136, Statutes of 2011, Enrolled July 15, 2011

This bill addressed chaptering issues with Penal Code Section 830.5 because of changes made in AB 117 and SB 92. It also reflected the exclusion of juvenile justice from public safety realignment and clarifies the Board of Parole Hearing jurisdiction.

**ABX1 16 (Blumenfield);** Chaptered September 21, 2011—Chapter 13, Statutes of 2011-12 First Extraordinary Session, Enrolled September 12, 2011

This bill makes additional changes to the funding structure for public safety realignment, as established in AB 118. These changes mostly reflected the feedback of counties regarding technical changes to the funding structure and accounts necessary for the 2011-12 realignment transfer. The bill states legislative intent that child welfare receive adequate funding to meet performance goals.

**ABX1 17 (Blumenfield);** Chaptered September 21, 2011—Chapter 12, Statutes of 2011-12 First Extraordinary Session, Enrolled September 12, 2011

This bill reflects the input from local public safety, counties, and other stakeholders and adds more specificity regarding the implementation of this shift in responsibility, which will occur on October 1, 2011. Much of the bill is intended to address specific concerns from these stakeholders that parts of the current statute regarding local custody and post release programs could be misinterpreted. As a result, the bill includes several provisions to clarify and define elements of these new programs, to address these concerns.

**SBX1 4 (Committee on Budget and Fiscal Review);** Chaptered September 21, 2011—Chapter 14, Statutes of 2011-12 First Extraordinary Session, Enrolled September 14, 2011

This bill reenacts Government Code Section 30061, as was amended by AB 16 X1 (Blumenfield), to remove the language that had required cities as a condition of the receipt of funds from the Local Law Enforcement Services Account in the Local Revenue Fund 2011 to maintain their overall funding for frontline municipal police services at or above the 2010-11 fiscal year level.

### **Redevelopment**

**ABX1 26 (Blumenfield);** Chaptered June 29, 2011—Chapter 5, Statutes of 2011-12 First Extraordinary Session, Enrolled June 28, 2011

This bill directs the wind-down and dissolution of redevelopment agencies whose sponsoring communities choose not to participate in the alternative voluntary redevelopment program authorized under AB X1 27. The bill provides that the property tax increment continues to be used to pay principal and interest on outstanding debt until all debt is retired.

**ABX1 27 (Blumenfield);** Chaptered June 29, 2011, 2011—Chapter 6, Statutes of 2011-12 First Extraordinary Session, Enrolled June 28, 2011

This bill provides for an alternative voluntary redevelopment program for sponsoring communities that wish to continue such redevelopment activities. The bill directs that an annual payment be made to local educational entities (and certain other local governments) that corresponds to a percentage of the property tax that would go to local governments absent the existence of the redevelopment agency. Thus, the bill results in state savings as it reduces the amount of General Fund support for education.

**SBX1 8 (Committee on Budget and Fiscal Review);** Vetoed by Governor on October 3, 2011—Enrolled September 21, 2011

The bill addresses certain issues pertaining to ABX1 26 and ABX1 27. This bill includes provisions that would allow for some fiscal flexibility for communities that wish to participate in the alternative voluntary redevelopment program established by ABX1 27. The bill addresses certain aspects of AB X1 27 with respect to third-party credit enhancements, tax increment caps, loans from the sponsoring communities, reduction in property tax increment, the effect of the Supreme Court stay, and various employment contracts. The bill also addresses the use of low- and moderate-income housing fund assets and the make-up of Oversight Boards under ABX1 26.

### **Budget Trigger**

**SB 73 (Committee on Budget and Fiscal Review);** Chaptered June 28, 2011—Chapter 34, Statutes of 2011, Enrolled June 28, 2011

This bill implements health and human service reductions if the budget trigger, Section 3.94 of the budget, is implemented because State revenues were over \$1 billion below the amount assumed in the budget. These triggered provisions: eliminates certain exemptions from the reduction to Medi-Cal rate reductions; requires an additional \$100 million reduction in developmental services; and implements a 20 percent across-the-board reduction to In Home Supportive Services hours.

**SB 93 (Committee on Budget and Fiscal Review);** Chaptered August 1, 2011—Chapter 143, Statutes of 2011, July 19, 2011

This bill made a technical correction to the IHSS trigger provision, enacted in SB 73.

**AB 121 (Committee on Budget);** Chaptered June 28, 2011—Chapter 41, Statutes of 2011, Enrolled June 28, 2011

This bill contains the budget trigger provisions as part of the 2011 July budget package. If the projected revenue is below \$87,452,500,000 then Section 3.94 (b) of the budget act will become operative and if the projected revenues is below \$86,452,500,000 then Section 3.94 (c) will become operative, and on or after January 1, 2012.

**SBX1 6 (Committee on Budget and Fiscal Review); Vetoed By Governor** on September 16, 2011, Enrolled September 14, 2011

This bill would have updated the budget trigger to require the Director of Finance to notify the Legislature and consult with the Speaker of the Assembly and Pro Tem of the Senate about possible alternatives to the trigger cuts identified in the 2011 budget. This bill also would have delayed the possible increase in community college student fees to the summer term of 2012 if the trigger provisions were operationalized.

**Education**

**SB 70 (Committee on Budget and Fiscal Review);** Chaptered March 24, 2011—Chapter 7, Statutes of 2011, Enrolled March 22, 2011.

This bill makes education-related statutory revisions consistent with the 2011-12 budget package: establishes for a new inter-year deferral payment for the K-12 education and community college systems, reappropriations of Proposition 98 savings for selected programs, and extends current program flexibility proposals until 2014-15.

**AB 108 (Committee on Budget);** Chaptered July 26, 2011—Chapter 135, Statutes of 2011, Enrolled July 14, 2011

This bill makes technical revisions to implement education provisions of the 2011-12 Budget Act. Specifically, this bill makes changes to the education budget item to reflect additional one-time Proposition 98 funds and property taxes in 2011-12, funds which were assumed as part of the 2011-12 budget package, but not fully scored. Also, this bill makes a correction to the community college implementation of the student fee increase if the "trigger" is operative pursuant to subdivision (b) of Section 3.94 of the 2011-12 Budget Act, to commence in the "winter" term of the 2011-12 academic year.

**AB 114 (Committee on Budget);** Chaptered June 30, 2011—Chapter 43, Statutes of 2011, Enrolled June 28, 2011

This bill makes education-related statutory revision consistent with the 2011-12 Budget package. Specifically, this bill provides direction as to the implementation of the "trigger" pursuant to Control Section 3.94 of 2011-12 Budget bill.

**ABX1 32 (Blumenfield);** Chaptered September 21, 2011, 2011—Chapter 15, Statutes of 2011-12 First Extraordinary Session, Enrolled September 12, 2011

This bill makes additional statutory revisions affecting K-12 and higher education consistent with the 2011-12 budget. Specifically, this bill updates the Proposition 98 reappropriation savings, provides continuation of funds for necessary small schools, and makes a technical correction to Proposition 98 sales tax to hold harmless.

## Health

**AB 97 (Committee on Budget);** Chaptered March 24, 2011—Chapter 3, Statutes of 2011, Enrolled March 21, 2011.

This bill makes various changes to the Medi-Cal program, the Healthy Families Program, and the Department of Developmental Services in order to achieve necessary savings in the 2011-12 budget. Specifically, this bill makes the following changes to the Medi-Cal program: implements a rate reduction to Medi-Cal providers of up to 10 percent; institutes a "soft cap" of seven physician visits per year; eliminates coverage for over-the-counter cough and cold products and nutrition products for adults; creates mandatory co-payments for most Medi-Cal services; and eliminates the adult day health care benefit. This bill also increases monthly premiums and copays within the Healthy Families Program.

**AB 99 (Committee on Budget);** Chaptered March 24, 2011—Chapter 4, Statutes of 2011, Enrolled March 22, 2011.

This bill shifts \$1 billion in Proposition 10 (tobacco tax) revenue from the First 5 Commissions to the state for support of core health services for children 0-5 years of age and to achieve \$1 billion in savings in the 2011-12 budget. The bill stipulates that of the \$1 billion, \$50 million is to be transferred from the State Children and Families Commission, and \$950 million is to be transferred from the County First 5 Commissions, exempting the smallest, rural counties.

**AB 100 (Committee on Budget);** Chaptered March 24, 2011—Chapter 5, Statutes of 2011, Enrolled March 22, 2011.

This bill achieves \$862 million in savings in the 2011-12 budget by shifting this amount in Proposition 63 (Mental Health Services Act) funds from counties to the state to support the Mental Health Managed Care, Early Periodic Screening Diagnosis and Treatment, and the AB 3632 programs. This bill also reduces state-level spending of Proposition 63 funds by reducing the state administrative cap from 5 to 3.5 percent and makes corresponding state staff reductions and modifications to state oversight responsibilities.

**AB 102 (Committee on Budget);** Chaptered June 28, 2011—Chapter 29, Statutes of 2011, Enrolled June 28, 2011.

This bill makes various changes to the Medi-Cal and mental health programs, thereby increasing state government efficiencies and achieving savings in the 2011-12 budget. Specifically, this bill eliminates the California Medical Assistance Commission, requires the Department of Health Care Services to develop and implement a new budgeting methodology for reimbursing counties for the administration of Medi-Cal eligibility functions, and authorizes the Department to develop a new Medi-Cal reimbursement methodology for pharmacies. Finally, this bill shifts the Mental Health Managed Care and the Early Periodic Screening Diagnosis and Treatment Programs from the Department of Mental Health to the Department of Health Care Services.

**ABX1 19 (Blumenfield);** Chaptered June 29, 2011—Chapter 4, Statutes of 2011-12 First Extraordinary Session, Enrolled June 28, 2011.

This bill reauthorizes the quality assurance fee paid by skilled nursing facilities for one additional year, through July 31, 2013, and expands it to stand-alone Pediatric Subacute facilities, thereby protecting substantial General Fund savings in the budget and increased Medi-Cal reimbursement rates to skilled nursing facilities.

**ABX1 21 (Blumenfield);** Chaptered September 16, 2011—Chapter 11, Statutes of 2011-12 First Extraordinary Session, Enrolled September 12, 2011.

This trailer bill allowed 350,000 children to continue to receive coverage under Healthy Families by continuing the Managed Care provider tax for one additional year to fund this coverage, as assumed in the 2011-12 budget.

**ABX1 30 (Blumenfield);** Chaptered September 21, 2011, 2011—Chapter 16, Statutes of 2011-12 First Extraordinary Session, Enrolled September 12, 2011

Amends the 2011-12 budget so that funds derived from extension of the Managed Care provider tax, as contained in ABX1 21, could be used to continue funding Healthy Family Coverage for children.

### **Adult Day Health Care**

**SB 91 (Committee on Budget and Fiscal Review);** Chaptered July 25, 2011—Chapter 119, Statutes of 2011, Enrolled July 19, 2011.

In response to the elimination of adult day *health* care (ADHC) as a Medi-Cal benefit, this bill will make it easier for ADHC providers to operate as adult day care providers by removing the requirement that an applicant for initial licensure as an ADHC center also apply for Medi-Cal certification. This bill also removes the prohibition against issuing or renewing a license for an ADHC that is not approved as a Medi-Cal provider.

**AB 96 (Committee on Budget); Vetoed by the Governor** on July 25, 2011, Enrolled July 14, 2011.

This bill would have created a new adult day health care program, to be called Keeping Adults Free from Institutions (KAFI). The bill directed the Department of Health Care Services to apply for a federal waiver in order to create this program with sufficient flexibility to operate it within the \$85 million General Fund budget included in the 2011-12 budget.

### **Developmental Services**

**SB 74 (Committee on Budget and Fiscal Review);** Chaptered March, 24, 2011—Chapter 9, Statutes of 2011, Enrolled March 22, 2011

This bill adopts changes to statute necessary to achieve, in part, the target of \$174 million in General Fund savings for the Department of Developmental Services, including adoption of parameters to develop purchase of service best practices, nine Regional Center accountability and transparency measures, and the extension of the 4.25% reduction to Regional Centers.

**AB 104 (Committee on Budget);** Chaptered June 30, 2011—Chapter 37, Statutes of 2011, Enrolled June 29, 2011.

This bill extends the liquidation period for Intermediate Care Facilities for the Disabled, amends the Porterville population, and adopts 13 statutory changes necessary to achieve, in part, the \$174 million General Fund reduction.

## Human Services

**SB 72 (Committee on Budget and Fiscal Review);** Chaptered March 24, 2011—Chapter 8, Statutes of 2011, Enrolled March 22, 2011

This bill made statutory changes in the human services area necessary to achieve savings assumed by the March budget package, including major changes to the CalWORKs program (e.g. shortening of time limits, reduction of grants, and suspension of the CalLearn program), to the In-Home Supportive Services (IHSS) program (e.g. certifying need by a health care professional, requiring a medication dispensing pilot program, and facilitating additional federal support), and reduction to the grants for individuals receiving aid in the Supplemental Security Income/State Supplementary Payment program.

**AB 106 (Committee on Budget);** Chaptered June 29, 2011—Chapter 32, Statutes of 2011, Enrolled June 28, 2011

This bill made additional statutory changes in the human services area necessary to comply with the June budget agreement, including providing for a rate increase for specified foster care payments, extending CalWORKs work participation exemptions per a continuation of the Single Allocation reduction, and authorizing the transfer of the Drug Medi-Cal program to the Department of Health Care Services.

## Natural Resources

**AB 95 (Committee on Budget);** Chaptered March 24, 2011—Chapter 2, Statutes of 2011, Enrolled March 22, 2011

This Resources Trailer Bill enacted various statutory changes as part of the March budget package. These changes included eliminating state support for the California Network of Fairs and reductions to the Off-Highway Vehicle program and the State Park System.

**AB 107 (Committee on Budget);** Chaptered July 26, 2011—Chapter 134, Statutes of 2011, Enrolled July 14, 2011

This bill enacted various statutory changes related to Resources, as part of the June budget package. These changes include implementing budget reductions to the California Department of Food and Agriculture and providing clarification on liability issues related to the closure of parks, as adopted in AB 95.

**AB 120 (Committee on Budget);** Chaptered July 26, 2011—Chapter 133, Statutes of 2011, Enrolled July 14, 2011

This bill contained several resource provisions corresponding to the July budget package including the extending the moratorium on issuance of suction dredge permits and implementing the elimination of three Advisory Committees/Review Panels at the Department of Fish and Game.

**ABX1 29 (Blumenfield);** Chaptered July 8, 2011, 2011—Chapter 8, Statutes of 2011-12 First Extraordinary Session, Enrolled June 29, 2011

This bill imposed an annual \$150 fire prevention fee on structures located in State Responsibility Areas.

### **General Government**

**SB 80 (Committee on Budget and Fiscal Review);** Chaptered March 24, 2011—Chaptered 11, Statutes of 2011, Enrolled March 22, 2011

This bill implements the General Government portion of the March 2011 budget package. This bill makes changes to the law concerning the Accountancy Fund, Small Business Loan Guarantee Program, Government Claims notification, the Oil Spill Response Trust Fund, tribal gaming, Williamson Act Open Space Subvention, budgetary loans, the CalPERS Health Benefit Program, federal extended unemployment benefits, and the Consolidated Work Program Fund. It also adopts uncodified language to authorize the Director of the Department of Finance to reduce appropriations in 2010-11 to reflect a reduction in building rental rates charged to the Department of General Services.

**AB 119 (Committee on Budget);** Chaptered June 28, 2011—Chapter 31, Statutes of 2011, Enrolled June 28, 2011

This bill makes various General Government statutory changes needed to implement the June budget package. These changes include extending the sunset for the Consumer Participation Program, improve reporting and information sharing for the California Technology Agency, extending the deadline for implementation of the Unemployment Insurance Alternate Base Period Program to April 2, 2012. The bill also eliminates the Economic Strategy Panel and transfers the Governor's Commission on Employment of People with Disabilities to the Department of Rehabilitation. Finally<sup>7</sup> the bill repeals a provision of SB 80 that required the California Victim Compensation and Government Claims Board to provide notice to the Joint Legislative Budget Committee, to pay claims for prior year costs of \$500,000.

## **Cash Management**

**SB 82 (Committee on Budget and Fiscal Review);** Chaptered March 24, 2011—Chapter 12, Statutes of 2011, Enrolled March 22, 2011

This bill makes various changes to state laws in the area of cash management and cash deferrals in order to ensure adequate cash availability during 2011-12.

**SB 79 (Committee on Budget and Fiscal Review);** Chaptered August 1, 2011—Chapter 142, Statutes of 2011, Enrolled July 19, 2011

This bill creates the State Agency Investment Fund (SAIF) in the State Treasury. The SAIF will receive moneys from state agencies not currently required by law to be deposited in the Pooled Money Investment Account (PMIA). State agencies includes any state office, officer, department, division, bureau, board, commission, organization, or agency, including, but not limited to, the University of California, the California State University, the California Community Colleges, and the Judicial Council. By creating a new fund for the deposit of cash by state agencies, the state can reduce its external borrowing by an amount up to \$1.7 billion. This will add additional flexibility for cash flow management and result in savings equal to the differential between borrowing from SAIF and borrowing through the credit markets through the issuance of Revenue Anticipation Notes (RANs).

## **Revenue**

**SB 86 (Committee on Budget and Fiscal Review);** Chaptered March 24, 2011—Chapter 14, Statutes of 2011, Enrolled March 22, 2011

This bill adopts certain compliance and enforcement policies with respect to state personal income taxes administered by the Franchise Tax Board and the sales and use tax administered by the Board of Equalization. The bill adopts a "look-up" table for calculating use tax owed, institutes a data match program for tax enforcement purposes, and establishes a voluntary compliance initiative, or targeted amnesty, for taxpayers who participated in questionable tax avoidance activities. The bill also eliminates the refundable portion of the child care credit under the personal income tax.

**ABX1 28 (Blumenfield);** Chaptered June 29, 2011, 2011—Chapter 7, Statutes of 2011-12 First Extraordinary Session, Enrolled June 28, 2011

This bill imposes a duty to collect the California use tax on certain out of state sellers based on their sales into the state. The requirement to collect the tax is based on establishing and maintaining a certain presence in the state, provided that specified sales thresholds are met. Subsequent legislation delayed the imposition of the collection requirement until 2012 and made certain other changes (AB 155, Calderon, and Skinner).

**ABX1 34 (Blumenfield); Vetoed by Governor** July 7, 2011, Enrolled June 29, 2011

This measure would have restored the Property Tax Postponement program, which provided loans to low-income seniors to pay for property taxes that are repaid when the property is sold. This program was suspended as part of the 2009 budget.

### Transportation

**SB 89 (Committee on Budget and Fiscal Review);** Chaptered June 30, 2011—Chapter 35, Statutes of 2011, Enrolled June 28, 2011

This bill moves \$453 million of Vehicle License Fee revenue to counties to fund public safety realignment. This funding was previously used to support DMV's operation (\$300 million) and \$153 million from cities and Orange County. This bill also increases the amount of the vehicle registration fee (VRF) by \$12, from \$31 to \$43, beginning July 1, 2011, to backfill the lost VLF revenue at the DMV.

**SB 94 (Committee on Budget and Fiscal Review);** Chapter May 4, 2011—Chapter 21, Statutes of 2011, Enrolled May 3, 2011

This bill requires DMV to reduce the time between the mailing of the car registration bill, and the due date of that bill for July 2011 to January 2012. The intent of the bill was to preserve the ability of the Legislature to extend the Vehicle License Fee in a June budget package and avoid erroneous billing, multiple billing, or other confusion.

**AB 115 (Committee on Budget);** Chaptered June 30, 2011—Chapter 38, Statutes of 2011, Enrolled June 29, 2011

This bill contained statutory provision related to transportation necessary to enact the June budget package. It includes provisions that modify the repayment of outstanding loans from transportation special-fund loans to the General Fund. These provisions provide General Fund relief in the 2012-13 and subsequent fiscal years totaling about \$1 billion. It also modifies existing statute for supplemental reporting for the Caltrans Capital Outlay Support (COS) budget, which is the program and allows California Highway Patrol's (CHP) data from automated License Plate Reader (LPR) technology to be retained up to 60 days. The bill also expands reporting requirements for the High-Speed Rail Authority (HSRA) established in AB 105.

**AB 105 (Committee on Budget);** Chaptered March 24, 2011—Chapter 6, Statutes of 2011, Enrolled March 22, 2011

This bill contains Transportation-related statutory provisions necessary to implement the March budget package. To comply with Proposition 26, it re-enacts the fuel tax swap, which was originally enacted in early 2010 as AB 6 X8 (Budget Committee), Chapter 11, Statutes of 2010 Eighth Extraordinary Session and SB 70 (Budget and Fiscal Review Committee), Chapter 9, Statutes of 2010. The 2010 tax swap was revenue neutral overall, but increased some taxes and reduced others. Proposition (Prop) 26 on the November 2010 ballot was approved by voters, and amended the Constitution to require a two-thirds vote for such tax neutral measures. The bill also contained other statutory provisions relating to the payment of special fund loans, reporting by High Speed Rail Authority and the California Transportation Commission. The bill also requires the Department of Motor Vehicles (DMV) to update application forms to provide a space for an applicant to indicate whether they served in the armed forces. Data collected from willing veterans will be shared with the Department of Veteran's Affairs in order to identify if they are eligible for federal benefits.

**Courts****AB 110 (Blumenfield);** Chaptered August 8, 2011—Chaptered 193, Statutes of 2011, Enrolled August 18, 2011

This bill provides various measures to mitigate the \$350 million reduction to the Judicial Branch in the 2011-12 Budget. These measures are intended to avoid disruptions and help keep courts open.

## **Public Safety**

**SB 78 (Committee on Budget and Fiscal Review);** Chaptered March, 24, 2011—Chapter 10, Statutes of 2011, Enrolled March 22, 2011

This bill grants the Attorney General authority to bill General Fund departments for legal services provided, limits Office of the Inspector General peace officer status, and requires the Administrative Office of the Courts to report to the Legislature on the Court Case Management System.

This bill also delays the expiration of some court fees and requires the Judicial Branch to comply with the Public Contract Code related to the procurement of all goods and services except procurements related to trial court construction.

**SB 92 (Committee on Budget and Fiscal Review);** Chaptered June 30, 2011—Chapter 36, Statutes of 2011, Enrolled June 28, 2011

This bill made various changes to various Public Safety statutes to implement the June 2011 budget package. This bill changes the priority for the penalty assessment revenue deposited into the DNA Identification Fund. The bill also allows the medical receiver to collect overpayments and apply for federal Medicaid participation. This bill also provides that the Board of State and Community Corrections will assume many of the responsibilities of the California Council on Criminal Justice (CCCJ) and the Governor's Office of Gang and Youth Violence Policy (OGYVP). This bill also reduces the number of commissions of the Board of Parole Hearings that must be present to meet, from nine to seven. This bill includes trigger reduction to juvenile justice. On or after January 1, 2012, requires counties to pay an annual rate of \$125,000 for each ward committed to CDCR, Division of Juvenile Facilities. This change only becomes operative if the Director of Finance reduces an appropriation pursuant to subdivision (b) of Section 3.94 of the 2011 Budget Act.

## **Deficiency Bill**

**AB 122 (Blumenfield);** Chaptered June 30, 2011—Chapter 42, Statutes of 2011, Enrolled June 29, 2011

This bill was the 2010-11 supplemental appropriations bill (deficiency bill). It appropriated \$1.2 billion from the General Fund (GF) to the State Controller for allocation to the Department of Corrections and Rehabilitation (CDCR) (\$1.15 billion), the Department of Mental Health (DMH) (\$50 million), CAL FIRE (\$12,600), the Department of Finance (DOF) (\$145,000), and \$1.1 million for Mariposa, Modoc and Shasta Counties for homicide trial reimbursement.

## **BUDGET HEARINGS**

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### **Full Budget Committee**

**August 24, 2011**-SB 14 and SB 15

**June 8, 2011**-Overview of Assembly and Senate United Budget Plan

**February 18, 2011**-Subcommittee Reports

**February 4, 2011**-Overview of Governor's Realignment Proposal

**January 13, 2011**-Overview of Governor's 2011-2012 Budget Proposal

**December 9, 2010**-Special Session Proposal and Fiscal Outlook

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### **Conference Committee**

**March 3, 2011**-Conference Committee Report

**February 25, 2011**-Major Conference Issues

**February 24, 2011**-Major Conference Issues

**February 23, 2011**-Major Conference Issues

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### **Subcommittee No.1 Health and Human Services**

**May 27, 2011**-DHCS, MRMIB

**May 26, 2011**-DPH-DMHC-DMH

**May 25, 2011**-Joint Hearing for Sub 1 & 2 part 1 Child Care

**May 25, 2011**-DDS

**May 24, 2011**-Dept of Social Services May Revision

**May 24, 2011**-Joint Sub 1 and Sub 2 AB 3632

**May 23, 2011**-May Revise Human Services

**May 11, 2011**-DDS

**May 4, 2011**-DDS

**February 10, 2011**-CDA-DPH-DDS-CDR-DSS-OSI-DMH

February 3, 2011-DDS

February 2, 2011-Joint Hearing-Child Care and Development Overview

February 1, 2011-MRMIB-CCFP-DHC

January 27, 2011-DSS

January 26, 2011-Joint Sub 1 & 2

January 25, 2011-Dept. of Aging

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## **Subcommittee No.2 Education and Finance**

May 27, 2011-UC- Dept. of ED

May 25, 2011-Higher Education

May 25, 2011-Joint Hearing for Sub 1 & Sub 2 part 1 Child Care

May 24, 2011-Joint Hearing Sub 1 and Sub 2 AB 3632

May 24, 2011-Dept of ED-Revision

May 10, 2011-Dept. of ED& Cal State Library

May 4, 2011-UC-CSU-CCC

May 3, 2011-Dept. of Education

February 7, 2011-CDE-UC-CSU-CCC

February 7, 2011-CA State Library- CDE

February 2, 2011-Joint Hearing-Child Care and Development Overview

February 1, 2011-ED

January 26, 2011-Joint Sub 1 & Sub 2

January 26, 2011-Higher ED

January 25, 2011-Prop 98 and Realignment

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### **Subcommittee No.3 Resources and Transportation**

**May 25, 2011**-Part I Transportation  
**May 25, 2011**-Part II-DPR-DWR-DFFP-CPUC  
**May 11, 2011**-DFG-DFA-DPR-HSRC  
**May 4, 2011**-CCC-DWR-PUC  
**April 27, 2011**-CalTrans-DMV-CTC  
**February 10, 2011**-Department of Transportation  
**February 7, 2011**-Resources and Transportation  
**February 2, 2011**-Resources and Transportation  
**January 26, 2011**-Trans-HSRA-DMV-CTC-CARB

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### **Subcommittee No. 4 State Administration**

**May 26, 2011**- All Depts. - All Issues  
**May 24, 2011**-May Revision  
**May 3, 2011**-Franchise Tax Board- California Technology Agency- FISCAL  
**Feb. 10, 2011**-DVA- Dept. of Gambling Control- DGS- DOF- BSA- Dept. of Consumer Affairs, SCO, Sec of Business, Transportation and Housing- Cal Science Center  
**February 7, 2011**-Joint Hearing on Enterprise Zones and Redevelopment  
**February 3, 2011**-Labor and Workforce Development  
**February 1, 2011**-Tax Agencies  
**January 31, 2011**-BTH- State Controller- Dept. of Insurance- SOS- Cal Tax Credit Allocation- Dept. of Real Estate- DHCD- Dept. of Consumer Affairs  
**January 24, 2011**-CTA-FISCAL-DOF-SCO

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## **Subcommittee No. 5 on Public Safety**

**May 25, 2011**-Courts part 2

**May 25, 2011**-CDCR

**February 10, 2011**-Addendum

**February 10, 2011**-Open Issues

**February 2, 2011**-DOJ-CDCR

**January 26, 2011**-CDCR

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## **Subcommittee No. 6 on Budget Process, Oversight & Program Evaluation**

**July 14, 2011**-Budget Oversight and Performance Evaluation

**May 5, 2011**-Overview of Performance Evaluation and Performance Based Budgeting Work Plan

**February 14, 2011**-Overview of the Governor's Realignment Proposal and Comments from California State Association of Counties

**February 4, 2011**-Overview of the Governor's Realignment Proposal