



# **Floor Report of the 2010-11 State Budget**

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## THE 2010-2011 STATE BUDGET

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## SUMMARY

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The document summarizes the 2010-11 budget package, which provides \$18.2 billion in solutions to address the continued budget deficit that mirrors California's slow recovery. The package also includes budget and pension reform provisions. The Governor vetoed an additional \$956 million of General Fund spending, resulting in a final budget reserve of \$1.3 billion.

California's budget reflects the harsh reality of diminished resources forced by the recession and mirrors the difficult decisions millions of our residents must make in these lean times.

However, this budget also reflects the key guiding principles that the Assembly Budget Committee developed for crafting a final budget agreement: This Budget protects jobs, maintains education spending, and protects against safety net cuts that would actually do more harm than good to our economy and ongoing budget challenges.

### **Key Elements of the Final Budget Package are as Follows:**

- ◆ **Bridges the Deficit.** Closes the \$17.9 billion General Fund shortfall and provides a reserve of over \$364 million.
- ◆ **Protects 430,000 Jobs.** Protects the 430,000 private sector, local government, and local school jobs that would have been eliminated under the Governor's May Revision and provides Small Business investments to benefit thousands of small businesses.
- ◆ **Protects School Funding.** Maintains programmatic school funding levels at last year's level, which is approximately \$2 billion higher than proposed in the Governor's May Revision.
- ◆ **Continues Institutions Californians Depend Upon.** Funds programs the Governor proposed to eliminate, including CalWORKs, Adult Day Health Care, Child Care programs, and Community Mental Health programs.
- ◆ **Fully Funds UC and CSU.** Retains \$610 million (\$212 million from federal funds) for the University of California and California State University systems to avoid new cuts.
- ◆ **Makes Deep Cuts.** Closes the gap with approximately \$7.5 billion (about 40% of overall solutions) in expenditure cuts in almost every policy area of state government.
- ◆ **Contains Pension Changes Insisted on by the Governor.** Includes provisions

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to make major reforms to the state pension system the roll back SB 400 retirement formulas, end pension spiking, and increase transparency of CalPERS.

- ◆ **Includes Budget Reform Provision.** Includes a revised budget reform proposal that would increase California's rainy day and require unanticipated revenue spikes to be deposited in that fund, while lowering the annual required deposit into the Rainy Day Fund.
- ◆ **Protects Californian Families from Higher Taxes.** Makes no broad based tax increases, and achieves \$1.2 billion in savings by delaying implementation of the Net Operation Loss corporate tax reduction. Includes provisions to address the underreporting penalty for corporate tax and the cost of performance corporate tax.

### How the Gap is Closed

The budget package provides \$18.3 billion of solutions to address the deficit. The chart below illustrates how the deficit is addressed:

	\$ Billions
<b>Starting Problem</b>	<b>-17.9</b>
Expenditure Reductions	7.5
Baseline Workload Costs	-0.2
Federal Funds	5.3
Alternative Funds	0.5
Fund Shifts	2.8
Additional Revenue	2.4
<b>Total Budget Solutions</b>	<b>18.2</b>
Vetoed	0.9
<b>Final Reserve</b>	<b>1.3</b>

How the package's \$18.2 billion of solutions are constructed:

- ◆ **Expenditure Reductions.** \$7.5 billion in program reductions and cuts. These solutions are detailed by policy area and reflect the targeted cuts to achieve efficiency and provide leaner levels of services in order to preserve California's public infrastructure.
- ◆ **Updated Workload Costs.** \$244 million in additional workload budget costs that reflect current expenditure data for the 2010-11 fiscal year
- ◆ **Additional Federal Funds.** \$5.3 billion in federal funding based upon the Administration's latest estimate of available federal funds

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- ◆ **Alternative Funding.** \$470 million of alternative funding, including use of hospital fee revenue to support children's health coverage in Medi-Cal and the use of excess Student Loan Operational Funds.
- ◆ **Fund Shifts and Other Revenues.** \$2.9 billion in fund shifts including the revenues related to the sale lease-back of the state buildings authorized in the 2009-10 budget package and other loans and special fund transfers.
- ◆ **Additional Revenues.** \$2.4 billion in additional revenue, reflecting the latest revenue projections from the Legislative Analyst's Office and the impact of delaying the implementation of the Net Operating Loss corporate tax reduction for an additional two years.

### **Summary of the Vetoes:**

The Governor vetoed \$956 million of General Fund from SB 870. The chart below details the vetoes:

#### **Major Vetoes**

<b>General Fund-Related Vetoes</b>	<b>\$ Millions</b>
Elimination of Stage 3 Child Care Funding	256.0
Child Welfare Services	80.0
AB 3632 Mandate Funding	132.9
Office of AIDS	59.7
Medi-Cal Administrative Funding	22.0
Rural and Primary Clinics	10.0
Prostate Cancer Treatment	1.0
Maternal, Child and Adolescent Health	5.0
Aging Community Services	6.4
Offender Treatment Services	18.0
Residential Perinatal Drug Treatment	0.7
TANF Fund Shift	365.9
Timber Harvest Review Plans	1.5
Student Aid Commission Staff	0.5
Local Recreational Mandate	3.0
Total General Fund Vetoes	<b>\$962.5</b>

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#### **Other Vetoes (Not General Fund)**

Community Colleges Economic Development Funding	25.0
Community Colleges Categorical Funding	35.0
CalTrans State Operations	20.6
High Speed Rail	107.6
Agricultural Easements	4.5
Cal PADS	2.9
CalTIDES	0.6
EduFUND positions at CSAC	0.3

#### **Mandate Vetoes Attempt to Expand Executive Power.**

The Governor has attempted to assert an ability to suspend mandates through his veto message in the budget bill. Funding for two mandates; AB 3632 mental health for school children, and the Local Recreation Mandate, are completely eliminated and the Governor has declared in the signing statement that the mandates are effectively suspended. In prior years, mandates were suspended only by statute, so the Governor is attempting to continue the expansion of power of the Executive Office to create statute in the budget process. Litigation is already underway regarding AB 3632 and it is likely the legality of this veto will be determined in the courts.

#### **Veto of CalWORKs Stage 3 Child Care results in "Settle Up."**

The Governor vetoes \$256 million in Proposition 98 funding for CalWORKs Stage 3 child care, which is scored as a General Fund solution. However, since the provision in the SB 851, which Suspends Proposition 98 specifies a level of funding for suspension, the veto of CalWORKs Stage 3 child care creates a "settle up" debt obligation in the future by a corresponding amount. If this program is not restored, the State will still have to pay for this \$256 million "settle up" obligation in future years.

#### **Line Item Veto in Education Trailer Bill.**

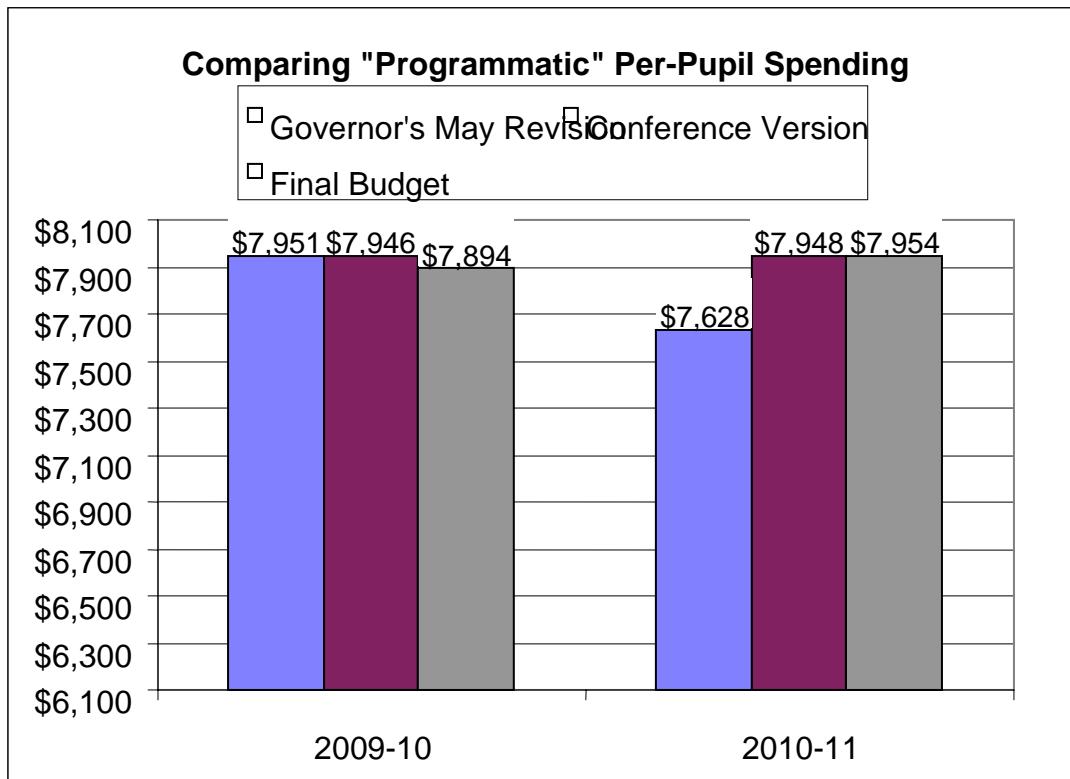
The Governor vetoed \$60 million of Proposition 98 funding for Community Colleges programs. These vetoes impacted \$25 million to double the funding for the Economic Development Program, which successfully provides job-training to get unemployed Californians back to work. In addition, the Governor vetoed \$35 million in categorical programs to restore the loss of Federal stimulus funds. Unlike the Proposition 98 funds vetoed for CalWORKs Stage 3 Child Care Administration did not score this veto as a General Fund saving and it is not reflected in the final budget reserve.

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#### Specific Information on K-12 Funding Levels

The final budget package provides a higher level of overall K-12 education funding in 2010-11 than either the Conference Budget or Governor's May Revision. The chart below illustrates the amount of overall Programmatic Funding for schools:



Calculating the Programmatic Funding level includes State General Funds, property taxes revenue, one-time funding, settle up payments, and ARRA funding and other federal funds available for schools programs.

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#### Other Major Policy Issues

There are two major policy changes contained in the budget package.

- ◆ **Pension Reform.** The Pension reform provision makes three basic changes:

1. **Rolls back SB 400 pension benefits for new employees.** All new employees, in state bargaining units that do not currently have an MOU, would be returned to the pension benefit levels that existed prior to the adoption of SB 400 in 1999. These levels are detailed in the chart below:

Retirement Category	Current Formulas	Proposed Formulas
Miscellaneous; including CSU, and Judicial	2% at Age 55 (up to 2.5% at 63)	2% at Age 60 (up to 2.418% at age 63)
Industrial	2% at Age 55 (up to 2.5% at 63)	2% at Age 60 (up to 2.418% at age 63)
State Safety	2.5% at Age 55	2% at Age 55
Peace Officer and Firefighters in CSU, Legislative and Judicial	3% at Age 50	2.5% at Age 55

2. **Addresses Pension "Spiking."** Requires three-year final compensation method of calculating benefit levels for all new state employees who are not already under this calculation method. This change applies to bargaining units that do not already have an MOU in effect.
3. **Transparency.** Requires a report of CalPERS actuarial assumptions.

- ◆ **Budget Reform Proposal.** Makes three major changes to create a stronger "rainy day fund" for California.

1. **Makes the existing Proposition 58 rainy day fund larger and makes it harder to stop making an annual contribution.**

- Increases the size of the state rainy day fund to 10 percent, from 5 percent of General Fund Revenue.
- Requires the State to always make the 3 percent payments into the rainy day fund, except in years when the State has a deficit big enough to start using the rainy day funding.

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- Allows half of the annual payment into the rainy day fund to be used for one-time infrastructure and debt service.
- 2. Restricts the use of the funds in the rainy day fund to rainy days.**
- Funds can be used to cover a budget shortfall--up to the previous year's expenditures adjusted for inflation and population growth.
  - Includes a "50-25-25 regulator" provision that prevents using all of the rainy funds in one year.
  - If the rainy day fund exceeds 10 percent of General Fund Revenue, annual payments to the fund stop and any excess funding can be used for one time purposes defined in the measure.
- 3. Captures "unanticipated revenue" for the rainy day fund.**
- Finance creates a projections of expected revenue based on the state's last twenty years of revenue performance.
  - Any revenue that is received above that trend line is "unanticipated" and must be put in the rainy day fund, until the Rainy Day Fund Reaches 10 percent of General Fund revenues.
  - Any new revenue that is needed to meet our Proposition 98 obligation is excluded, so Proposition 98 is fully funded without encroaching on funding for other programs.

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**Key Differences With Conference Version:**

The vast majority of the budget proposal is consistent with the August 27, 2010 conference version of the 2010-11 budget. Below are key differences between the proposed budget package and the conference version.

◆ **Less Revenue Increases:**

As referenced above the budget package contains only \$2.5 billion in additional revenue assumptions. The budget package relating to revenues has been modified since the August 27, 2010 conference version as follows:

- No longer delays new corporate tax cuts including the Elective Single Sales Factor change for apportioning corporate income and the new tax credit sharing rules.
- No longer includes revenues from a new Oil Severance Tax and a corresponding reduction in the state sales tax.
- No longer includes any revenues related to tax reform.
- No longer includes various tax enforcement efforts, including requiring the collection of Sales and Use Tax by out-of-state Internet retailers.

◆ **Increased Programmatic Funding for Schools:**

The budget package now includes the following key changes to K-14 education spending:

- Provides an additional \$300 million in settle-up payments to schools in the budget year.
- Changes K-12 school spending accounting to defer \$1.7 billion in payments in to the next fiscal year. This reduces the amount of money the state spends in the 2010-11 fiscal year, but provides the same level of programmatic funding for schools.
- Changes California Community Colleges spending accounting to defer \$189 million in payments in to the next fiscal year.
- Provides for an additional \$20 million in Career Technology funds for the California Community Colleges.

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#### ◆ **Changes to Health and Human Services Programs:**

The budget package includes the following changes since the August 27, 2010 conference version as follows:

- Continues to protect child care, but assumes an additional reduction of \$48 million through a modest reduction in the license-exempt rates and a small reduction in administrative funds.
- Reduces the unallocated reduction in hours to the In Home Supportive Services (IHSS) program to 3.6 percent and assumes additional caseload savings based on actual caseload numbers in 2009-10. These reductions along with a new provider fee will provide \$300 million in General Fund relief in the budget year, which is an additional \$50 million over what was assumed in the prior conference version.
- Continues to maintain health programs, but scores additional General Fund savings related to shifting expenditures to special fund sources and federal funds. Also includes reduction of discretionary General Fund expenditures related to immunizations and a new proposal to contain costs at the State mental hospitals.

#### **Federal Funds:**

The Governor and Department of Finance have updated their estimate of anticipated federal funds by \$2 billion.

#### **Other Changes:**

The budget package also includes the following additional changes:

- Provides an additional \$4.2 million General Fund for the County Veteran Service Offices to improve Operation Welcome Home services for returning veterans.
- Includes no realignment proposals to shift inmates from state prison to county jails.
- Shifts over \$13 million in water quality and water rights program expenditures from fees to the General Fund.

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#### Overall Highlights of the Final Budget

##### **K-14 Education (Proposition 98)**

- ◆ Provides a total Proposition 98 funding level of \$49.9 billion for 2010-11 (\$49.5 billion ongoing; \$242 million one-time).
- ◆ Provides a total of \$52.5 billion for K-14 education from all state funds for 2010-11. This includes total Proposition 98 funding, a one-time General Fund "settle-up" payment, inter-year deferrals, and the annual General Fund payment for the Quality Education Improvement Act (QEIA).
- ◆ Invokes the suspension provision of Proposition 98 and maintains the constitutional standing of the maintenance factor created as part of last year's budget package. It is estimated that without suspending Proposition 98, the minimum guarantee would be \$53.8 billion or \$4.1 billion higher than the \$49.6 billion in ongoing funding provided in 2010-11.
- ◆ Provides \$300 million one-time General Fund (non-98) funds for payment towards the Proposition 98 "settle up" owed to schools for the 2009-10 fiscal year. Of this amount, \$210 million is provided on a per pupil basis to K-12 schools and Community Colleges and counts as payment against prior-year mandate claims. \$90 million is provided to K-12 and Community Colleges for annual mandate claims made in 2010-11.
- ◆ **Specific K-12 adjustments:**
  - Restores approximately \$1.5 billion in revenue limit funding for school districts and county offices of education.
  - Rejects the Governor's proposal to reduce school district and county office of education revenue limit funding by \$210 million to reflect a negative cost of living adjustment of -0.39 percent.
  - Defers approximately \$1.7 billion in K-12 spending to the next fiscal year.
  - Adopts K-14 mandate reform as follows: Suspends six mandates until 2012-13; modifies four mandates to preserve the underlying policy while eliminating the mandate, including Behavior Intervention Plans and High School Graduation Requirement; requests redetermination of one mandate; and creates a working group to make recommendation for future mandate reform.

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- Assumes \$550 million in program savings from the K-3 Class Size Reduction program but protects the program with a one time statutory appropriation that allows for full funding of the program.
- Provides approximately \$21 million for the Charter School Facility Grant program to begin conversion from a reimbursement program to a grant-based program.
- Provides \$9 million in one-time funds to allow new charter schools to access categorical funds included in the categorical flexibility program.
- Provides approximately \$3 million in Economic Impact Aid funding to county court schools beginning in 2010-11 and approved statutory changes to ensure court school students receive required instructional time.
- Provides \$2.25 million in one-time funding annually through 2012-13 to restore program funding for the Fiscal Crisis and Management Assistance Team.

#### ♦ **Federal Funds:**

- Assumes \$1.2 billion in new, one-time federal Education Jobs and Medicaid Assistance Act funding to K-12 schools to be used to retain, rehire or hire new school level staff providing educational services. These funds were appropriated through Chapter 220, Statutes of 2010.
- Assumes \$272 million in additional, one-time federal School Fiscal Stabilization Funds (SFSF) for K-12 schools. These final phase II American Recovery and Reinvestment Act (ARRA) funds are used to mitigate ongoing revenue limit reductions to school districts and related reductions to basic aid districts. This funding was appropriated through Chapter 221, Statutes of 2010,
- Assumes \$416 million in federal School Improvement Grant (SIG) funds provided to K-12 schools for the purpose of supporting three-year school improvement grants. These funds were appropriated through Chapter 221, Statutes of 2010.
- Rejects the Governor's proposal to shift the mandate for special education mental health related services (AB 3632) from county mental health agencies back to K-12 schools. Appropriated an additional \$7 million in one-time federal IDEA funds to mental health agencies, increasing federal special education funding to mental health agencies to \$76 million.

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Approved \$500,000 in one-time federal special education funds to the California Department of Education (CDE) to contract for a study of AB 3632 delivery and outcomes. (*Note: The Governor vetoed these funds to conform with his veto of \$133 million General Fund for mandate costs related to AB 3632.*)

- Provides \$34 million in formula grants and \$37.6 million in competitive grants from one-time ARRA Enhancing Education Through Technology (EETT) program funds. An additional \$10.6 million in ongoing federal EETT funds were approved for the existing program.
- Provides \$5.6 million in federal funds to CDE for implementation costs related to the California Longitudinal Pupil Achievement Data System (CALPADS). (Note: The Governor vetoed \$2.7 million of this funding with conforming vetoes to the California School Information Services (CSIS) and the California Teacher Information Data System (CALTIDES). This funding was vetoed with the intent to vest completion of the data system with an alternative entity)
- Maintains \$775,000 in federal funds for the Alternative Schools Accountability Model (ASAM), which was proposed for elimination by the Governor. (Note: The Governor vetoed this funding with the intent to eliminate the ASAM.)

### **Education Vetoes**

- ◆ **California Longitudinal Pupil Achievement Data System (CALPADS) Veto:**
  - Eliminates \$2.9 million in federal support for CALPADS in 2010-11 due to concerns that the resources allocated for this purpose lack accountability for a high quality longitudinal educational data system. The Administration leaves funding adequate to support activities through December 6, 2010.
  - Makes conforming reductions of \$3.8 million General Fund (Proposition 98) to the California School Information Services (CSIS) for administrative activities related to CALPADS and \$3.5 million in federal funds for the California Teachers Integration Data System (CALTIDES). The Governor intends to set this funding aside until “an appropriate entity completes the project and provides a data system that will successfully supply student-level achievement data to assist teachers, district administrators, and policy makers with reliable information.”
  - According to the Governor’s veto message, while California has struggled with this project for over seven years and spent over \$150 million since 1997

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on longitudinal data systems, other states have allocated far less funding and achieved their databases in much less time. The Governor also cites lack of this data system as a significant factor in California's loss of federal Race to the Top funding.

♦ **Curriculum Commission authority to complete the History/Social Science and Science Frameworks Veto:**

- Reduces the "legislative augmentation" of \$144,000 General Fund by \$1,000 and deletes the provisional language directing the Curriculum Commission to complete the History/Social Science and Science frameworks. Instead, the Governor expresses intent that the remaining \$143,000 be used for "higher priority activities related to the California Common Core Standards, as directed by the State Board of Education."
- This funding was added by both the Assembly and Senate Education Subcommittees to finish the frameworks for these two areas. Work on these frameworks was halted as a result of the 2009-10 veto of funding supporting all activities of the Curriculum Commission.

♦ **\$132 million AB 3632 Mandate Veto:**

- Eliminates \$132 million in General Fund support for county mental health departments to provide mental health services to students for 2010-11.
- Eliminates \$69 million in federal special education funds that also supported the mandate. The Governor proposed to suspend the mandate in his January 2010 budget. That proposal was rejected by the Legislature.
- Jeopardizes services for approximately 20,000 pupils with disabilities and mental health needs in special education, including children with autism spectrum disorders, children with other developmental disabilities, and mental health needs.
- The Governor asserts that his elimination of funding for the AB 3632 Mandate results in a "suspension" of the mandate. This however is not the case. The Constitution (per Proposition 1A) requires the Legislature to either fund the mandate or suspend the mandate. Without the Legislature suspending the mandate, the mandate remains in place, even though the Governor eliminated funding for the mandate. Proposition 1A was carefully crafted to ensure that Governor could not single handedly determine which state laws were and were not in effect.

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- Under the Governor's assertion that the county mandate is no longer in effect, the burden would then fall on schools to comply with federal law to provide these mental health services, without the funding to meet this requirement. Schools are not equipped to immediately take on this new responsibility, potentially leaving vulnerable special education students in limbo with regard to mental health care.

### How Education Spending Stacks Up.

The Final Budget package provides a higher level of overall K-12 education funding in 2010-11 than either the Conference Budget or Governor's May Revision. While this will help schools avoid further cuts, funding will not exceed the 2007 level of funding.

Year	2007-08 Funding Level	2009-10 Legislative Budget	Governor's Proposed 2010-11	Final Budget 2010-11
Total K-12 Programmatic	\$49.7 million	\$47.2 billion	\$44 billion	\$47.1 billion
Per Pupil	\$8,164	\$7,963	\$7,423	\$7,954

### Child Care and Development

- ◆ **Protects the Child Care and Development Program.** The Legislature's Budget rejects the Governor's May Revise proposal to eliminate CalWORKs child care and protected child care for about 151,000 children (51,236 in Stage 1; 61,342 in Stage 2, and 38,165 in Stage 3).
- ◆ **Restores Negative Cost-of-Living Adjustments.** The Legislative Budget rejects the Governor's \$5.9 million negative Cost-of-Living Adjustment (COLA) that would have impacted child care services.
- ◆ **Makes technical adjustments that do not impact Child Care Slots.**
  - Approves lowering the reimbursement rate ceilings for license-exempt child care providers from 90 percent to 80 percent of the 85<sup>th</sup> percentile of the 2005 Regional Market Rate Survey.
  - Reduces the Alternative Payment agencies' administrative allotment from 19 percent to 17.5 percent of the original contract amount to 17.5 percent.

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- Approves limiting local child care center reserves to five percent of contract amounts. Previously there had been no limit on the size of the reserve for certain types of centers.
- ◆ Approves placing a measure on the ballot to repeal the After School Education and Safety (ASES) Program (Proposition 49) continuous appropriation, and if it passes, add the ASES program into the K-12 flexibility item.

#### **CalWORKs Stages 3 Child Care Veto:**

##### **◆ Elimination of Stage 3 Child Care Funding:**

- Reduction of \$256 million to the CalWORKs Stage 3 program, effective November 1, 2010. \$128.8 million in federal funds remain but appears to be insufficient to support existing services until the end of the month. Impacts: 81,000 children served annually (60,000 families). The following provides some key information on this population:
  - Ages of Children:
    - 12% under 2 yrs
    - 8% 3 yrs
    - 9% 4 yrs
    - 10% 5 yrs
    - 62% 6 yrs and older
  - Type of Child Care Setting:
    - 31% served in licensed family homes
    - 23% served in licensed centers
    - 49% served in license-exempt homes
- Eliminates subsidized 55,000 child care slots for working parents that have moved off of welfare and into the workforce. Without the child care subsidy, a working-poor parent will need to choose between staying in her/his job and caring for their children.
- All of the savings from eliminating this program will be blown away by the new costs of people going back on welfare where they will receive cash grants and be required to spend hours to “job search” which is a waste of money since the person was already working—they just needed child care.
- The absurd result of the Governor's veto is that instead of moving people from welfare to work, the Governor has essentially created the world's largest Work-to-Welfare Program.

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#### Higher Education

- ◆ **Restores Funding for UC and CSU:** The Legislature's Budget restores \$610 million in funding for UC and CSU in last year's budget.
- ◆ **Defers an additional \$189 million:** \$129 million is from community college apportionment payments, \$35 million from categoricals, and \$25 million from Economic Development Program from January through June to July of the next fiscal year for fiscal year 2010-11.
- ◆ **Fully funds and protects the Cal Grant Programs from the Governor's January proposal to eliminate the Competitive awards, which supports non-traditional students:** The Cal Grant Programs is a \$1 billion state investment to provide access and affordability to all forms of higher education institutions to socio-economically disadvantaged California students.

#### Higher Education Vetoes

- **Community College Job Training and Categorical Programs:** The Governor vetoed \$60 million for Community Colleges programs. These vetoes impacted \$25 million to double the funding for the Economic Development Program, which successfully provides job-training to get unemployed Californians back to work. In addition, the Governor vetoed \$35 million in categorical programs to restore the loss of Federal stimulus funds.
- **UC Retirement Language:** During the Conference Committee that requested the University of California to report on its proposal for long-term state funding for the UC Retirement Plan (UCRP), including any alternative funding plans that might be proposed. The Governor deemed this accountability report as unnecessary, failing to recognize that UCRP is experiencing a financial structural problem that will impact future State Budgets.

#### Health

- ◆ **Fully Funds Healthy Families:** The 2010-11 Budget fully funds the Healthy Families program to enable children of working families to have access to health care.
- ◆ **Rejects Governor's Elimination of Adult Day Healthcare:** The 2010-11 Budget rejects the Governor's call to eliminate Adult Day Health Care. Not only would eliminating these services be devastating to individuals dependent upon

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the program, but it would be fiscally irresponsible with more individuals needing to rely on more costly institutional care.

- ◆ **Rejects Governor's Medi-Cal Cuts:** The 2010-11 Budget rejects the Governor's Medi-Cal cuts, including cuts to programs for legal immigrants who have played by the rules, and funding for critical family planning services which receive a 9-to-1 federal match. The Budget also rejects numerous cuts to Medi-Cal that would have violated federal laws and greatly reduced access to health services for the state's lowest-income families. To help address the state's fiscal crisis, the budget discontinues coverage for Medicare Part B premiums and over-the-counter acetaminophen products (excluding children's Tylenol).
- ◆ **Protects Community Mental Health:** The 2010-11 Budget rejects several proposals that collectively would decimate community mental health services, increase crime, increase costs through state mental hospitals, emergency rooms, and jails, and return the state to conditions in the 1960s, before the deinstitutionalization of mental health care (including for children). Alternatively, the budget increases accountability and contains costs by capping rates paid for outside medical care for state hospital patients. The Governor also violated the state constitution by vetoing all of the funding for mental health services for students that counties provide due to a state mandate.
- ◆ **Rebuilds the State's Public Health Infrastructure:** The 2010-11 Budget recognizes that protecting the public health is a core function of state government, and therefore rejects cuts to, and rebuilds, key public health programs such as the Every Woman Counts Program. To help address the state's fiscal crisis, the budget continues a reduction from last year to the immunizations program and shifts Prop 99 funding to Medi-Cal. The Governor also reinstated vetoes that he made last year to clinics, HIV/AIDS programs, and maternal, child, and adolescent health programs.
- ◆ **Adopts the Governor's DDS 1.25 percent reduction:** The Legislature's budget adopts the Governor's additional 1.25 percent reimbursement reduction for Purchase of Services and Regional Center Operations, to save the General Fund \$25 million.
- ◆ **Reflects the Governor's closure of Lanterman Developmental Center:** The Legislature's budget adopts the closure of Lanterman Developmental Center to transition consumers into the community. Several pieces of language have been adopted, including the expansion of Adult Residential Facilities for Persons with Special Health Care needs (962 Homes) and ensuring continuity of care by allowing Lanterman staff to be contracted out in the community.

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#### **Health Veto**

##### ◆ **\$132 million AB 3632 Mandate Veto:**

- Eliminates \$132 million in General Fund support for county mental health departments to provide mental health services to students for 2010-11.
- Eliminates \$69 million in federal special education funds that also supported the mandate. The Governor proposed to suspend the mandate in his January 2010 budget. That proposal was rejected by the Legislature.
- Jeopardizes services for approximately 20,000 pupils with disabilities and mental health needs in special education, including children with autism spectrum disorders, children with other developmental disabilities, and mental health needs.
- The Governor asserts that his elimination of funding for the AB 3632 Mandate results in a "suspension" of the mandate. This however is not the case. The Constitution (per Proposition 1A) requires the Legislature to either fund the mandate or suspend the mandate. Without the Legislature suspending the mandate, the mandate remains in place, even though the Governor eliminated funding for the mandate. Proposition 1A was carefully crafted to ensure that Governor could not single handedly determine which state laws were and were not in effect.
- Under the Governor's assertion that the county mandate is no longer in effect, the burden would then fall on schools to comply with federal law to provide these mental health services, without the funding to meet this requirement. Schools are not equipped to immediately take on this new responsibility, potentially leaving vulnerable special education students in limbo with regard to mental health care.

##### ◆ **\$52 million Office of AIDS Local Assistance Programs**

- This veto reinstates last year's veto that eliminated most of the HIV/AIDS treatment and prevention programs run through the State Office of AIDS. These programs collectively reduced HIV transmission rates, extended lives and improved the quality of life for people living with HIV and AIDS. These valuable programs include: HIV/AIDS Prevention and Education, HIV Counseling & Testing, Therapeutic Monitoring, Home and Community Based Care, and others.

##### ◆ **Maternal, Child, and Adolescent Health Programs**

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- This veto restores last year's veto, which according to the Administration, has the following impacts:
  - Black Infant Health Program: 7,049 clients no longer receive services; the General Fund reduction led to a loss of federal funds, which together result in reductions to health education, social support and coordination of services for African Americans.
  - Adolescent Family Life Program: 12,027 clients no longer receive services; the General Fund reduction led to a loss of federal funds, which together result in reductions in support services for pregnant and parenting teens.
- ◆ **\$1 million to Prostate Cancer Treatment**
- This veto denies and delays treatment to low-income, uninsured men who have been diagnosed with prostate cancer. This program provides the only treatment available to men in this situation.
  - Due to increasing costs of treatment, combined with increasing demand for the program, the program maintains a waiting list of men who are getting sicker in the absence and delay of treatment.
  - The Governor did not veto any of a \$20 million augmentation to the state's breast and cervical cancer screening program for low-income, uninsured women, yet at the same time he felt that a treatment program for men, with a waiting list, did not warrant any augmentation at all.
- ◆ **\$10 million for Health Clinics**
- This veto reinstates last year's veto to programs that support community health clinics, a critical piece of California's safety net. These valuable programs include: Rural Health Services, Expanded Access to Primary Care (EAPC), and the Seasonal Migratory Worker program.
  - This veto, combined with an additional \$10 million cut included in the Legislature's budget, eliminates the EAPC program.
  - According to surveys done by state associations of clinics, these cuts result in clinic closures, reduced hours, reduced staff, and elimination of services. An estimated 170,000 people felt the negative impacts of last year's vetos and reductions.

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#### ♦ \$22 million for County Administration of Medi-Cal

- This veto doubles the reduction approved by the Legislature to counties for their operation of the eligibility determinations for the Medi-Cal program.
- The Counties were subject to three separate cuts in 2009-10, including a cut to the base funding, a suspension of the COLA, and an additional veto. Now in the 2010-11 budget, counties are taking three cuts again in the form of a COLA suspension, the Legislature's reduction to their base funding, and this veto. Since the 2008-09 budget year, the counties will have lost \$443 million in state and federal funds.
- This huge reduction to counties comes at a time when many county budgets are as strained as the state's, and many local programs are being curtailed or eliminated. These reductions have a substantial impact on county workforce, and result in delays and inefficiencies in serving people applying for Medi-Cal

## Human Services

- ♦ **Maintains CalWORKS Program:** The Legislature's Budget maintains the CalWORKS program to provide a basic safety net plus provide valuable and successful employment training and job skills to unemployed and underemployed parents so that they can adequately care for their children. CalWORKs is primarily federally funded and brings over \$5 billion in federal funds that are recycled in local California Communities.
- ♦ **TANF/CalWORKs Veto.** The Governor reduced the Temporary Assistance for Needy Families (TANF)/GF dollars in the CalWORKs program by \$365.9 million and instructed the Director of the Department of Social Services to request a corresponding advance of TANF Block Grant funds from the federal government for the quarter ending June 30, 2011. The Governor states that this one-time advance in federal funds, representing 10 percent of the TANF block grant, will provide one-time General Fund relief without any adverse program impacts.
- ♦ **Protects IHSS for Aged, Disabled Consumers:** The Legislature's Budget restores funding for IHSS to ensure that aged and disabled needy Californians can continue receiving the services they need to stay out of costly institutions and to hold onto their quality of life. The final Budget establishes a provider fee mechanism which will generate approximately \$190 million in General Fund savings, scores \$75 million in caseload savings, and achieves a last \$35 million

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in savings from a temporary across the board reduction to authorized hours of 3.6%, in effect until June 30, 2012.

- ◆ **Additional IHSS Changes:** As part of the IHSS package, the service reductions and reduction in the state participation in wages that were part of last year's budget are suspended until July 1, 2012. Additionally, on a going forward basis, provider applicants will not be allowed in the program if they were convicted of a serious or violent felony, a sex offender felony, or serious government fraud if the crime occurred within the last ten years unless the provider seeks either an individualized waiver from their intended consumer or a general exception through a process with the Department of Social Services.
- ◆ **Rejects Harmful Cuts and Their Dramatic, Negative Cost Shifts:** The Legislature's Budget rejects the Governor's proposed grant cuts to SSI/SSP recipients, including programs for vulnerable, needy legal immigrants who have played by the rules, and Medi-Cal Drug services.

### Human Services Vetoes

- ◆ **Attempted Restoration of Critical Funds Vetoed by the Governor Last Year:** The Legislature attempted to restore \$80 million for Child Welfare Services and \$6.4 million for core aging nutrition and support programs.
  - **\$80 million Child Welfare Services Veto.** The Legislature restored this veto for the 2010-11 Budget from last year, when it was considered one of the most devastating of all the bad vetoes endured as part of the enacted 2009-10 Budget. The Governor's repeated, total cut to Child Welfare Services is \$133.5 million, which includes \$53.5 million in lost federal funds. The result of this reduction in the 2009-10 year was a loss statewide of more than 500 front-line social workers who investigate emergency reports of abuse and neglect, help families stay together or be reunited, and work to find children permanent homes so that they do not remain in foster care unnecessarily. Social worker caseloads, already failing minimal standards, will continue to be strained, resulting in further diminished services for abused and neglected children.
  - **\$6.4 million Aging Programs Veto.** The Governor's veto reversed the 2010-11 restorations the Legislature made for funds that were stripped from local aging programs in the enacted 2009-10 Budget. As part of the July 2009 package, the Governor vetoed all remaining state General Fund from the Department of Aging programs that supported community-based efforts making up the increasingly torn safety net for the frail elderly in California. The funds restored by the Legislature in the 2010 Budget were a reduced amount than what was vetoed, pursuant to the action taken in Conference Committee. The components of these restoration as it was sent to the Governor were \$3.7 million for the Linkages Program, \$1.7

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million for the Alzheimer's Day Care Resource Centers (ADCRCs), \$358,000 for the Brown Bag Nutrition Program, and \$541,000 for local administration for these Community Based Services Programs. In addition, \$140,000 in state support was vetoed, for a total veto of all of the \$6.4 million that was attempted in funding for these programs. Local impacts in the 2009-10 year were significant with the loss of this General Fund, and this is expected to perpetuate in the 2010-11 year, resulting the loss of services for thousands of aging Californians in need.

Prior to the elimination of state funding:

- Linkages was a case management program for approximately 5,500 elderly and younger adults who have functional impairments and are at risk of institutionalization.
- 57 ADCRCs received infrastructure support to serve 3,200 people suffering from dementia.
- The Brown Bag program relied on the assistance of 3,900 volunteers and 600 sites to provide free surplus and donated fruits, vegetables, and other foods to 27,000 low-income seniors. The program's small state investment leveraged \$13 million in local matching funds.
- ◆ **Veto of \$18 million Offender Treatment Program.** The Governor vetoed the remaining state investment of \$18 million for non-violent drug offenders after a downward funding spiral that eliminated all support for Proposition 36 programs last year, an action which will shift costs to counties to meet Prop 36 required treatment for low level substance abusers. The veto of \$18 million was made to the Offender Treatment Program (OTP), which serves the same individuals as Prop. 36, the law that passed in 2000 for certain adult offenders who use or possess illegal drugs allowing them to receive drug treatment and supervision in the community rather than being sentenced to prison or jail, supervised on probation, or going without treatment. OTP's programmatic differences are that it requires counties to provide a ten percent local match and to meet specified eligibility requirements, including dedicated court calendars and the presence of drug courts that accept felony defendants.
- ◆ **Veto of Women's and Children's Residential Treatment.** The Legislature had raised the total allocation from \$5.1 million in the Governor's January 2010 Budget to \$5.767 million for Women's and Children's Residential Treatment Services, to allow for the full pot of funding to be utilized by the network of service providers, despite a decrease in the number of these sites from nine to eight. The Governor vetoed the difference in this funding to reduce it to the \$5.1 million level, disallowing any sharing of the remaining funding to the existing

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sites, despite high demand and need for these services in the perinatal treatment services network.

#### Transportation

- ◆ **Reflects Prop 58 Session Actions:** The Legislature's Budget accepts the Governor's General Fund savings proposals consistent with the Proposition 58 Session actions.
- ◆ **Approves Doyle Drive P3:** Approves \$1.1 billion in state and federal transportation funding over an anticipated 30 year period to fund a public private partnership (P3) to repair the Presidio Parkway Project (Doyle Drive) in San Francisco.
- ◆ **Does Not Authorize Changeable Messaging Signs:** With the failure of the Transportation trailer bill, there is no language for the Administration to generate revenue through the installation of Changeable Messaging Signs on the State Highway System that can carry advertisements.

#### Transportation Vetoes

- ◆ **Capital Outlay:** Eliminates \$20.3 million (Special Funds) and 296 Caltrans positions that were augmented by the Legislature to support \$1.7 billion in capital outlay projects that were not supported by the Governor's Budget. This veto will reduce the state's transportation project capacity and will contract out.
- ◆ **Project Initiation Documents:** Reduces funding for Project Initiation Documents by \$7.4 million and 63.7 positions, eliminating state support for the initial design documents for projects that are locally funded and are not on the state highways system.
- ◆ **Mass Transit:** Reduces statewide mass transportation funding by \$132 million. This reduction will leaves many statewide mass transit infrastructure and safety needs unfunded.
- ◆ **High Speed Rail:** Eliminates requirements that the High Speed Rail Authority report to the Legislature on the performance of principle contractors as well as a requirement that the Authority review their underlying financing plan to address criticism raised by the public.

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#### Resources

- ◆ **Provides Funding for State Parks:** The Legislature's Budget provides \$133 million for the state parks system, this includes a budget reduction of \$7 million.
- ◆ **Eliminates Various Fee Increases:** The Legislature's budget eliminates various fee increases that would have generated \$13 million to fund existing water quality programs. The budget, rather, backfills the lost revenue with General Fund.

#### Resources Vetoed

- ◆ **Timber Harvest Plan:** Eliminates \$1.5 million (General Fund) for the field reviews of timber harvest plans in the Central Sierra Nevada Mountains. This cut will result in a near elimination of field reviews of timber harvest plans in these areas.
- ◆ **Taser Reporting:** Eliminates reporting requirements for the Department of Fish and Game on the use of tasers by Wardens.
- ◆ **Multi Benefit Flood Projects:** Eliminates a \$4.5 million legislative augmentation from Proposition 1E for collaborative work between the Department of Water Resources and the Department of Conservation on multi-benefit flood control projects.

#### General Government

- ◆ **Restores Domestic Violence Shelters Funding:** Not included in the Governor's Budget and eliminated last year, the Legislature's budget restores \$20.4 million for statewide domestic violence shelters in California, as administered by Cal EMA.
- ◆ **Rejects Governor's Emergency Housing Assistance Program fund sweep:** The Legislature's budget rejects the \$4.2 million sweep of EHAP funds. These funds are used for emergency shelters, transitional housing projects, and supportive services for homeless individuals and families.
- ◆ **Funds County Veteran Service Offices:** The Legislature's Budget funds County Veteran Service Offices (CVSO's) with an additional \$5 million in local assistance funds to help support Operation Welcome Home.
- ◆ **Funds unique Program for Iraq and Afghanistan Veterans:** The Legislature's budget funds the Pathway Home, a residential recovery transition center located in the grounds of the Veteran Home of California –Yountville. The program cares for combat veteran's returning from Iraq and Afghanistan.

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- ◆ **Extends Prop 1C Liquidation Period:** The Legislatures budget grants a 3-year extension for the liquidation period available for Infill Incentive Grant Program (IIG) and Transit-Oriented Development (TOD) Program funds allocated in 2007, 2008 and 2009 budgets.

### **General Government Vetoes**

- ◆ **Prevailing Wage Language Veto:** The Governor vetoed the language prohibiting the Central Valley Wage survey. His veto message also says he is ordering the survey to be done within existing resources.

### **Public Safety**

- ◆ **Reduces Prison Health Costs:** The Legislature's Budget achieves \$820 million in savings by accepting the Governor's proposal to reduce support for the Prison Receiver's Medical Services Program to a per-inmate medical cost level that is comparable to other states' correctional health care programs.
- ◆ **Division of Juvenile Justice Parole Realignment:** The Legislature's Budget implements the realignment from parole, to local supervision of juvenile offenders upon release from a state juvenile facility. The state will provide locals with resources (\$15,000 per offender) to supervise these juvenile offenders and achieve savings by phasing out state juvenile parole resources.
- ◆ **Keeps Courts Open:** The Legislature's Budget ends the one-day per month closing of trial courts and additional layoffs of court employees by providing funding to keep California's courts operating full-time. This funding is a result of various fee increases and the redirection of court construction funds and does not negatively impact the General Fund.

### **Public Safety Vetoes**

- ◆ **Edward Byrne Memorial Justice Assistance Grant Veto:**
  - Vetoed provisional language, which requires the California Emergency Management Agency to distribute federal Edward Byrne Memorial Justice Assistance Grant (Byrne/JAG) funding according to a specific methodology.
  - This federal grant is approximately \$32 million. Similar to what the Legislature did last year for the Byrne/JAG ARRA funding, this provision would have provided half for prevention efforts (offender treatment programs/drug courts) and the other half for suppression efforts (anti-drug task forces and other law enforcement programs).

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- Prevention and treatment funding has been significantly impacted these last couple of fiscal years and this is one funding source that could be used to mitigate this impact.
- ♦ **California Department of Corrections and Rehabilitation (CDCR) Population Budgeting Veto:**
  - Vetoes provisional language, which would restrict the CDCR from using the Inmate Activation Schedule (IAS) for purposes of budgeting and to instead use a ratio of one staff for every 5.6 inmates.
  - The IAS takes the inmate population projections, as broken down by gender and security level, and specifies which housing units at each prison will have to activate or deactivate beds each month in order to accommodate the change in population in both the current and budget years. Once staff at each institution know how many inmates are projected to be sent to them at various points in the year based on the IAS, they identify how many and what type of positions they would need to provide security and operate other services.
  - The IAS usually provides little useful information about how the funding provided under the budget would actually be distributed among institutions while making the budget request unnecessarily complicated. Contrary to the Governor's veto message, eliminating the IAS would free up resources and staff time that is currently devoted to this unnecessary process.

### Employee Compensation

- ♦ The Legislature's Budget achieves \$896 million in savings by requiring the Administration to reduce departmental appropriations to reflect reductions in employee compensation achieved through the collective bargaining for represented employees and through administrative action to achieve a proportionate reduction for non-represented employees.
- ♦ The Legislature's Budget achieves \$547.7 million in savings through a five percent reduction to departmental personnel costs via Executive Order S- 01-10 and by pre-funding other post employment benefit costs.

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#### Local Government

- ◆ **Williamson Act:** The budget includes a provision that provide additional changes to the Williamson Act. Recently adopted law allows counties to renegotiate contracts with landowners and realize a corresponding increase in property tax revenues based on a reassessment of the property. This provision would give direction to counties for calculating lost property taxes and reassessing properties.
- ◆ **Redevelopment Agencies:** The budget includes a provision of the bill would allow redevelopment agencies that experienced a significant drop in tax increment revenue to pay amounts owed to ERAF over a period of time. Agencies would have needed to adopt a resolution, failed to make the previously owed payments, and entered into an agreement for repayment with the Department of Finance.
- ◆ **Veto of Legislation to Accelerates Payment of Local Government Mandates:** The Governor vetoed a trailer bill that would have allowed local governments to sell \$700 million in mandate claim receivables to a Joint Powers Authority. This would have allowed them to receive cash upfront, while the state would make regular budgeted payments over the next 10 years. This proposal was based on the successful JPA used by local governments last year to accelerate the \$2 billion in Prop 1A suspension repayments.

#### Revenue

- ◆ **Corporation Taxes:** The budget proposal continues the suspension of net operating loss deductions for businesses for the 2010 and 2011 tax years. The proposal also provides an exemption from the suspension for small businesses and makes additional changes in how sales are assigned for purposes of apportioning income to California. This corporate tax changes will result in additional revenues during the budget year of \$1.2 billion to support education and other programs.
- ◆ **Tax Compliance and Fees:** The budget proposal continues the inclusion of a use tax reporting line on income tax returns. This reporting method will assist taxpayers in the remittance of the use tax owed on the purchase of taxable items. The proposal also provides for additional fee collection to recover the costs of tax collection from noncompliant taxpayers.
- ◆ **Large Corporate Understatement Penalty:** Changes the manner in which corporations that understate their tax liability are assessed a fee. This provision will reduce revenues by about \$100 million. Only corporations that have excessive understatements relative to their total tax liability would be charged the fee. Corporations that make relatively minor errors—constituting less than 20% of

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their total liability—would fall under a safe harbor exemption and be charged a fee.

- ◆ **Exemption NOL Suspension for Small Business and Certain Taxpayers:** Small businesses that have income of less than \$300,000 annually will be allowed to claim NOL deductions. In addition, companies that purchased other companies and had one time capital gains in 2008 would be able to use NOLs to offset these one time gains.
- ◆ **Change in Apportionment Method for Corporations:** The provision will allow companies who are unable or chose not to elect the single sales factor apportionment method to use an alternative means of determining what sales occur in California. Companies with large sales in California and production outside of the state will benefit from this provision.
- ◆ **No Change to Transient Occupancy Tax:** A bill in the budget package failed passage that would have defined the Transient Occupancy Tax. The bill contained provisions that would have specified that the transient occupancy tax levied by many local governments would be applied to the amount actually paid to the hotel for the room. The tax would not apply to any booking fees or additional amounts charged by travel agents and paid by the customer.

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**General Fund Budget Package Summary  
With Solutions  
(Dollars in Millions)**

	<b>2009-10</b>	<b>2010-11</b>
Prior Year Balance	\$-5,375	-\$4,804
Revenues and Transfers	<u>\$86,920</u>	<u>\$94,230</u>
<b>Total Resources Available</b>	<b>\$81,545</b>	<b>\$89,426</b>
Non-98 Expenditures	\$50,572	\$50,585
Prop-98 Expenditures	<u>\$35,777</u>	<u>\$35,967</u>
<b>Total Expenditures</b>	<b>\$86,349</b>	<b>\$86,552</b>
<b>Fund Balance</b>	<b>-\$4,804</b>	<b>\$2,874</b>
 <b>Budget Reserves:</b>		
<i>Reserve for Liquidation of Encumbrances</i>	\$1,537	\$1,537
<b>Final Reserve</b>	<b>-\$6,341</b>	<b>\$1,337</b>

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## FLOOR REPORT

### Tracking: How the Gap is Closed

(dollars in millions)

**Starting Problem:.....-\$17,943.3**

#### **Expenditure Solutions:**

- ◆ Health and Human Services
  - Child care savings funds shifts/caseload .....\$284.1
  - Child care reductions .....\$58.9
  - DHCS County Admin Estimate .....\$22.0
  - DHCS Hospital Rate Freeze .....\$84.5
  - DHCS Managed Care Enrollment .....\$187.0
  - DHCS Medi-Cal Anti-Fraud .....\$26.4
  - DHCS Radiology Rate Reduction .....\$13.6
  - DDS Regional Center Reduction .....\$25.0
  - DMH Caseload update .....\$21.0
  - DSS IHSS Provider Fee .....\$190.0
  - DSS IHSS 3.6% hour reduction .....\$35.0
  - DSS IHSS caseload savings .....\$75.0
  - Various other minor reductions .....\$80.5
  - Restoration of Vetoed Programs .....-\$170.0
- ◆ K-12 and Higher Education
  - K-14 Prop 98 Savings (09-10, and 10-11 combined) .....\$3,081
  - Higher Ed Savings From Federal Funds .....\$212
- ◆ Corrections and Public Safety
  - Inmate Medical Care Costs .....\$820.0
  - CDCR Population Estimate Update .....\$200.0
  - CDCR local payments in arrears .....\$46.3
  - Other CDCR Reductions .....\$45.2
  - Judicial Branch Savings .....\$55.0
  - Restored veto of Domestic Violence Shelter Funds .....-\$19.0
- ◆ Resources and Environmental Protection
  - State Parks Funding .....\$7.0
  - Fish and Game .....\$5.0
- ◆ Employee Compensation
  - 5% Cap on Payroll Costs .....\$449.7
  - OE&E savings with 5% Payroll Cap .....\$130.0
  - OPEB Prepayment Delay .....\$98.0
  - Six Collective Bargaining Agreements .....\$75.0
  - Savings contingent on remaining Agreements .....\$896.0
- ◆ General Government and All Other .....\$392.2

**Sub-Total, Expenditure Reductions .....\$7,425.4**

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**Federal Funds: .....\$5,403.2**

**Additional Revenues Solutions:**

- ◆ LAO updated forecast .....\$1,360.0
- ◆ Suspend Net Operating Loss.....\$1,200.0
- ◆ Board of Equalization Auditors .....\$13.6
- ◆ Continue Sales and Use Tax Line of PIT form.....\$6.7
- ◆ Cost of Performance and Under-reporting penalty changes .....-\$147.6

**Sub-Total, Additional Revenue Solutions.....\$2,432.7**

**Alternative Funding, Fund Shifts and Other Revenues:**

- ◆ Prop 98 Settle-up Payment.....-\$300
- ◆ Updated Scoring from existing asset sales (above base) .....\$911
- ◆ Updated Funding Source for Trail Courts .....\$350
- ◆ Hospital Fees for Children Health Costs .....\$240
- ◆ Prop 99 Funds for Medi-Cal .....\$36.0
- ◆ Shift Corrections Capital Outlay costs to AB 900 .....\$24.0
- ◆ Shift Cal Grant Costs to Excess Student Loan Funds .....\$100.0
- ◆ Special Fund Loans.....\$1,916
- ◆ All other Alt. Funding, Fund Shifts, and Other Revs .....\$379.6

**Sub-Total, Alt Funding, Fund Shifts, and Other Revenues.....\$3,354.1**

**Workload Adjustment ..... - \$302.3**

**Vetoes .....\$956.5**

**Grand Total, Solutions .....\$19,274.3**

**Final Reserve .....\$1,331**

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#### Budget Package Bill List

Bill Number	Subject	Status
SB 870	2010-11 Budget	Chaptered
AB 1610	Education	Chaptered
SB 851	P98 Suspension	Chaptered
AB 1612	Human Services	Chaptered
SB 853	Health	Chaptered
AB 1614	Transportation	Failed
SB 855	Resources	Chaptered
SB 856	General Government	Chaptered
SB 857	Judicial	Chaptered
SB 858	Revenues	Chaptered
AB 1619	Elections (Budget Reform)	Chaptered
AB 1620	Public Works Board	Chaptered
AB 1621	FI\$CAL	Chaptered
SB 863	Local Government	Chaptered
AB 1624	Cash	Chaptered
SB 867	Transparency Only	Chaptered
SB 868	Public Safety	Chaptered
SB 869	DDS Bay Area Housing	Chaptered
SB 6X 22	Pension Reform	Chaptered
AB 1632	Small Business Bill	Chaptered
ACA 4	Budget Reform	Chaptered
SB 866	JPA Mandates	Vetoed
SB 848	Transient Occupancy Tax	Failed
AB X6 10	Secretary of Volunteerism	Chaptered

#### OTHER BILLS

AB 342	1115 Waiver	Chaptered
SB 208	1115 Waiver	Chaptered
SB 865	MOU - SEIU	Chaptered