



**ASSEMBLY BUDGET COMMITTEE**  
**2006-2007 SUBCOMMITTEE REPORT**

**MAY 30, 2006**

*John Laird, Chair*

*Hector De La Torre, Chair of Subcommittee #1*

*Mervyn Dymally, Chair of Subcommittee #2*

*Fran Pavley, Chair of Subcommittee #3*

*Rudy Bermudez, Chair of Subcommittee #4*

*Pedro Nava, Chair of Subcommittee #5*

**TABLE OF CONTENTS**

Overview .....	2
Subcommittee #1 on Health and Human Services .....	6
Subcommittee #2 on Education Finance .....	20
Subcommittee #3 on Resources and Environmental Protection.....	33
Subcommittee #4 on General Government and State Administration .....	43
Subcommittee #5 on Information Technology and Transportation .....	64

## OVERVIEW

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### Summary

On May 23, 2006 the Assembly Budget Subcommittees completed their recommendations for crafting the Assembly's version of budget for 2006-07. The totals for the Assembly's version of the budget generally follow those proposed in the Governor's May Revision - but there are a handful of key differences within the detail of the budget. In total, the Assembly's version of the budget projects total General Fund resources of \$103.4 billion, General Fund expenditures of \$100.9 billion, and a total General Fund reserve of \$2.4 billion.

Key elements of the Assembly's version of the budget are as follows:

- ◆ **Total Proposition 98 for K-12 Education.** Provides roughly the same level of K-12 Proposition 98 funding as proposed by the Governor in his May Revise, which is an increase of approximately \$1.8 billion in one-time funds and an increase of approximately \$800 million in ongoing funds. The amount of Proposition 98 funding for 2006-07 reflects what the minimum Proposition 98 funding level would be, if the state had funded education in 2004-05 at a level that was only \$2 billion less than the minimum.
- ◆ **Local Control of School Funds.** Provides a \$1.15 billion block grant for school sites rather than the Governor's proposal for the state to specify exactly how the funds are spent and provides \$300 million in ongoing support for Economic Impact Aid grants, which again provides local control on how to meet the education needs of poor and English learner students.
- ◆ **Access to Higher Education.** Provides a full buyout of fee increases to avoid fee increases UC and CSU and reduces Community College fees from \$26 to \$20 per unit. In addition, the budget provides an increase of \$29 million for Academic Preparation programs for the UC and CSU.
- ◆ **Children's Health Care.** Provides \$45 million for the first of a three step process for providing health care to all children in families under 300 percent of poverty. The first step will be to eliminate enrollment caps on county provided programs.
- ◆ **Foster Care.** Provides \$75 million foster care package to make critical improvements in foster care services throughout the state.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Parks Deferred Maintenance.** Provides \$250 million for deferred maintenance projects at state parks. The current deferred maintenance need stands at \$1 billion, and providing a significant investment in budget keeps this "debt" from increasing and placing an even greater burden on future budgets.
- ◆ **Full Funding and Repayment of Proposition 42.** Provides over \$1.4 billion for Proposition 42 and repays \$920 million of the amount suspended in 2004-05.
- ◆ **Rejects the Governor's Latest "Rip-off" Proposal of Transportation Funds.** Rejects the Governor's proposal to shift an additional \$343 million of sales tax on gasoline away from transportation for the benefit of the General Fund. Instead, the Assembly's version of the budget provides these funds for local public transit agencies, intercity rail improvements, and farmworker transportation.
- ◆ **Repayment of General Fund Debts.** Repays \$920 million to Proposition 42, several hundred million dollars to various special fund loans, and over \$1.3 billion in local government and school mandates. In addition the reserve contains a \$1 billion set-aside to repay additional General Fund debts coming due in the upcoming years.

In summary, the Assembly's version of the budget provides a prudent \$2.4 billion reserve, repays debts and makes responsible investments in education, higher education, health and human services, natural resources, and transportation.

The report that follows provides detailed information on each of the areas of the Assembly's version of the budget.

THE 2006-2007 STATE BUDGET  
Subcommittee Report

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**Summary of Charts**

**2006-07 May Revision and Assembly Version  
General Fund Expenditures  
(in millions)**

<b>Category</b>	<b>May Revision Amount</b>	<b>May Revision % of Total</b>	<b>Assembly Budget Amount</b>	<b>Assembly Budget % of Total</b>
Education (K-12)	\$40,541	40.1%	\$40,546	40.2%
Higher Education	\$11,279	11.1%	\$11,405	11.3%
Health and Human Services	\$29,141	28.9%	\$29,463	29.2%
Corrections and Rehabilitation	\$8,660	8.6%	\$8,596	8.5%
Business, Transportation and Housing	\$2,380	2.4%	\$2,747	2.7%
Legislative, Judicial, Executive	\$3,431	3.4%	\$3,432	3.4%
Resources	\$1,742	1.7%	\$2,005	2.0%
Environmental Protection	\$75	.1%	\$75	.1%
State and Consumer Services	\$571	.6%	\$570	.6%
Labor and Workforce Development	\$97	.1%	\$104	.1%
General Government/Other	\$3,066	3.0%	\$1,963	1.9%
<b>Total</b>	<b>\$100,985</b>	<b>100%</b>	<b>\$100,908</b>	<b>100%</b>

THE 2006-2007 STATE BUDGET  
Subcommittee Report

**May Revision and Assembly Version  
General Fund Summary  
Current Year and Budget Year  
(in millions)**

	2005-06		2006-07	
	May Revision	Assembly	May Revision	Assembly
	<u>2005-06</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2006-07</u>
<b>Prior-year balance</b>	\$9,507	\$9,507	\$9,368	\$9,321
Revenues and Transfers	\$92,450	\$92,453	\$93,866	\$94,057
<b>Total Resources Available</b>	<b>\$101,957</b>	<b>\$101,960</b>	<b>\$103,234</b>	<b>\$103,378</b>
<b>Total Expenditures</b>	<b>\$92,589</b>	<b>\$92,639</b>	<b>\$100,985</b>	<b>\$100,908</b>
<b>Fund Balance</b>	<b>\$9,368</b>	<b>\$9,321</b>	<b>\$2,249</b>	<b>\$2,469</b>
<b>Budget Reserves:</b>				
Reserve for Liquidation of Encumbrances	(\$521)	(\$521)	(\$521)	(\$521)
Special Fund for Economic Uncertainties	8,847	\$8,799	1,728	--
Budget Stabilization Account	--	--	\$472	\$473
<b>Total Available Reserve</b>	<b>\$8,847</b>	<b>\$8,799</b>	<b>\$2,200</b>	<b>\$2,421</b>
Set-aside for Future Debt Repayments				(\$1,000)

## **Subcommittee 1 on Health and Human Services**

Assemblymember Hector De La Torre, Chair

Members of the Committee:

Assemblymember Hector De La Torre

Assemblymember Loni Hancock

Assemblymember Gene Mullin

Assemblymember Roger Niello

Assemblymember Bill Maze

## HEALTH

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### Department of Health Services

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#### MAJOR ACTIONS

- ◆ **Poison Control Centers.** Provides an additional \$1.36 million to the Emergency Medical Services Authority for full funding of the Poison Control Program.
- ◆ **Trauma Center Network.** Authorizes \$15 million to be distributed to trauma centers on a competitive bid basis.
- ◆ **Children's Dental Disease Program.** Provides \$5.5 million to the Dental Disease Prevention Program to increase the use of sealants and introduce the use of fluoride varnish to school children in low income families.
- ◆ **Aids Drug Assistance Program (ADAP).** Provides full funding of ADAP, as proposed in the May Revision, and provides \$5.6 million for the AIDS Prevention and Education Program.
- ◆ **IMPACT Project.** Provides \$3.5 million for the prostate cancer program for low-income men in the 2006-07 budget year.
- ◆ **Medi-Cal Managed Care.** Provides \$89 million Medi-Cal Managed Care, including: 1) \$78 million for six Medi-Cal Managed Care Plans, four County Organized Health Plans, one Geographic Managed Care plan and one Two Plan model county to raise the plans assets to 200 percent of their Tangible Net Equity; and 2) \$11 million in General Fund, \$3 million to the Santa Barbara Health Authority, \$6 million for the Central Coast Alliance for Health and \$2 million for the Health Plan of San Mateo.
- ◆ **PACE (Program of All-inclusive Care for the Elderly).** Provides \$8.1 million for a reimbursement increase, which provides a reimbursement rate of 95 percent of Fee-For-Service Costs.
- ◆ **West Nile Virus.** Provides \$10 million for controlling of West Nile Virus through mosquito abatement.
- ◆ **Managing Antivirals.** Authorizes the state to purchase both Tamiflu and Relanza for use in the treatment of Pandemic Influenza.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Medi-Cal Provider Rate Increase.** Provides \$15 million General Fund for a rate increase to non-institutional providers that would establish a rate that is equal to 50 percent of the rate paid by Medicare.
- ◆ **Universal Health Coverage for Children.** Provides \$45 million for the development of a health coverage plan that would include all children in families with incomes of less than 300 percent of the Federal Poverty Level. The first step would be to help the counties lift the enrollment caps.
- ◆ **Preparation and Response to Pandemic Influenza.** Provides funding to the Department of Health Services for use in preparing and responding to a pandemic influenza.
- ◆ **Alzheimer's Research.** Augments the current appropriation of \$4.9 million with an additional \$2 million.
- ◆ **Genetic Disease.** Increases the appropriation in the Genetic Disease to reflect revised caseload in the Newborn and Prenatal Screening programs.
- ◆ **Cystic Fibrosis and Biotinidase.** Authorizes the Newborn Screening Program to commence testing for Cystic Fibrosis and Biotinidase and raises fees by \$17.75 million.

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**Department of Developmental Services**

■ **MAJOR ACTIONS**

- ◆ **Statewide Purchase of Services Standards.** Rejects the Governor's proposal for contracting Statewide Purchase of Services Standards with each of the Regional Centers in the Regional Center System.
- ◆ **Rate Increase.** Provides \$67 million to increase reimbursement rates for a broad variety of services.
- ◆ **Cost Containment.** Continues for the third year a variety of cost containment measures, however six measures are repealed for an increase in expenditures of \$46.3 million. The savings to the General Fund will total approximately \$50 million.
- ◆ **Closure of Agnews Developmental Center.** Extends the closure date for Agnews by a year due to insufficient housing possibilities.
- ◆ **Self-Directed Services.** Expands the Self Directed Services program statewide and would eventually enroll over 10,000 Regional Center clients in the program.



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## Department of Mental Health

### ■ MAJOR ACTIONS

- ◆ **AB 3632 Special Education Pupils Mandate.** Provides \$69 million for the continuation of the mandate for special education pupils.
- ◆ **Proposition 63.** Provides for the continued implementation of the Mental Health Services Act.
- ◆ **Coalinga State Hospital.** Postpones the opening of the hospital as if the difficulty in recruiting and retaining professional.

## HUMAN SERVICES

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### Department of Social Services

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#### Child Welfare and Foster Care

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##### MAJOR ACTIONS

- ◆ **Foster Care Reform.** Increases funding for Foster Care and Child Welfare by \$75 million (General Fund) above the May Revision:
  - ◆ **Caseload Reduction.** Increases funding by \$80 million (\$50 million General Fund) to increase the number of child welfare social workers and protect children's safety by reducing the number of children per social worker and moving toward meeting the SB 2030 caseload standard.
  - ◆ **Kinship Care Parity.** Increases funding by \$8 million (General Fund) to provide kinship care providers a specialized care increment and clothing allowance that is currently only available in the Foster Care program. Extends eligibility for Kinship Care assistance to certain probation youth who have been living with a relative for at least 12 months.
  - ◆ **Housing for Emancipated Youth.** Increases funding for the Transitional Housing Placement Program (THPP) by \$4 million (General Fund) and adopts trailer bill language to eliminate the county share of cost for the program.
  - ◆ **Dependency Drug Courts.** Increases funding for Dependency Drug Courts by \$3 million (General Fund) above the May Revision level of \$2.1 million (General Fund), to expand Dependency Drug Courts to additional counties.
  - ◆ **Adoption of Hard to Place Youth.** Increases funding by \$4 million (General Fund) above the \$6.3 million (General Fund) in the Governor's Budget for efforts to help with the adoption of hard to place foster children.
  - ◆ **Higher Education for Foster Youth.** Increases funding by \$5.7 million (General Fund) to fund additional financial aid for foster youth attending two-year or four-year colleges under the Chafee Scholarship program. This increase should fully fund all eligible foster youth.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Program Improvement Plans.** Approves \$19.6 million (\$11.9 million General Fund) in the May Revision for the Child Welfare Program Improvement Plan (PIP) but redirects all but \$1 million (General Fund) to the CWS Outcome Improvement Project (AB 636 outcome system). Maintains \$1 million in the PIP initiatives to expand the standardized safety assessment statewide.
- ◆ **IV-E Waiver.** Approves \$25.5 million (\$10 million General Fund) proposed in the May Revision for first year costs for counties that formally commit to participate in 2006-07 in the state's new Title IV-E Child Welfare Waiver Demonstration Project. This waiver proposal will test a "capped allocation" strategy that will block grant federal Title IV-E foster care funds for up to 20 participating counties. Also adopts language to allow these funds to be used for the CWS Outcome Improvement Project.
- ◆ **Social Worker Training.** Approves an increase of \$16.9 million (\$6 million General Fund) proposed in the May Revision for additional county social worker training stipulated under the statewide standardized core curriculum for all county child welfare workers.
- ◆ **Adoptions.** Approves \$12.2 million (\$7.1 million General Fund) proposed in the Governor's Budget to hire additional state and county adoptions caseworkers.
- ◆ **Kinship Support Services Program (KSSP).** Approves \$2.5 million (General Fund) proposed in the Governor's Budget to expand Kinship Support Services and allow all counties to apply for Kinship program funding.

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**CalWORKs**

■ **MAJOR ACTIONS**

- ◆ **TANF Reauthorization.** Adopts a series of initiatives and reforms to address changes to CalWORKs required by the federal Deficit Reduction Act of 2005, including reinvestment of \$150 million in federal Temporary Assistance for Needy Families (TANF) funds back into CalWORKs to improve work participation rates and family outcomes. This action also includes reprioritization of \$158 million in existing CalWORKs funds to get more families engaged faster, prevent sanctions, and increase the state's investment in education, training, and child care:
- ◆ **Enhance Up-Front Engagement.** Redirects \$20 million TANF from the May Revision proposed Participation Improvement Project and \$10 million TANF from the proposed TANF reauthorization reserve to provide a total of \$30 million to encourage innovative engagement strategies.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **CalWORKs Education, Training, and Employment Collaborative.** Redirects \$25 million from the proposed TANF Reauthorization reserve to fund collaborative programs would emphasize activities that meet federal requirements, but give participants skills that will help them achieve long-term self-sufficiency.
- ◆ **CalWORKs in Community Colleges.** Redirects \$9 million from the proposed TANF Reauthorization reserve to count \$9 million in Community College Prop 98 funding toward the TANF MOE.
- ◆ **Sanctions Engagement Initiative.** Redirects \$40 million from the proposed TANF Reauthorization reserve to prevent and cure CalWORKs sanctions.
- ◆ **CalWORKs Homelessness Prevention and Engagement.** Redirects \$10 million from the proposed TANF Reauthorization reserve for CalWORKs Homelessness prevention and support to prevent housing instability as a barrier to participation.
- ◆ **Increase County Accountability.** Funds the Pay for Performance program at \$40 million annually (beginning in 2007-08), and clarifies the counties' responsibility for potential federal penalties.
- ◆ **Ensure Adequate Funding for Basic Operations.** Restores \$140 million for county CalWORKs programs to bring funding back to the actual 2004-05 spending level. Shifts TANF out of Child Welfare Services and Foster Care to restore county funding.
- ◆ **Realign Foster Care and Child Welfare Services Funding.** Funds \$150 million Foster Care and Child Welfare with the General Fund, rather than TANF.
- ◆ **Pay for State Exempt Cases with State Funds.** Funds Exempt CalWORKs cases with non-MOE General Fund. Adopts trailer bill language to express Legislative intent that these cases remain a high priority for engagement. Uses other countable expenditures to meet the MOE requirement. (No net General Fund cost or TANF/MOE impact.)
- ◆ **CalWORKs County Peer Review Program.** Redirects \$1.5 million from the TANF Reauthorization reserve for a CalWORKs county peer review program to identify and share best practices that enhance participation and engagement.
- ◆ **Research and Data Improvement.** Redirects \$2.5 million from the TANF Reauthorization reserve for state staff and contract funding for data improvement research, analysis, and reporting to understand caseload components, trends, and dynamics.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Plan for TANF Regulations.** Maintains \$15 million of the TANF Reauthorization reserve for automation and implementation activities related to pending June 30<sup>th</sup> federal regulations.
- ◆ **Employment Training Fund.** Shifts \$33 million in resources back to the Employment Training Panel.
- ◆ **Child Care Shift.** Rejects the Governor's Budget proposal to reduce current year funding for CalWORKs child care by \$114 million TANF/MOE.
- ◆ **Caseload Savings.** Approves \$24 million TANF/MOE savings for an LAO-identified CalWORKs caseload adjustment.
- ◆ **Estimate Adjustments.** Approves the May Revision increase of \$15.6 million TANF to reflect a reduction in savings associated with the 2004-05, SB 1104 welfare reform efforts. Also provides an additional \$5 million TANF to reflect a more conservative savings estimate of SB 1104 welfare reform efforts.
- ◆ **Indian Health Clinics.** Increases funding by \$600,000 (General Fund) for substance abuse treatment services provided by Indian Health Clinics.
- ◆ **Cost of Doing Business.** Rejects the Governor's Budget proposal to statutorily freeze county funding to operate health and human services programs, and instead adopts placeholder trailer bill language to reestablish a methodology to survey actual costs, and require future budget documents to document the degree to which those costs are reflected in the budget.
- ◆ **Tribal TANF.** Adopts Trailer Bill Language to change the allocation process for funding Tribal TANF.

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## In Home Supportive Services

### MAJOR ACTIONS

- ◆ **Share of Cost.** Approves \$41.2 million (General Fund) to apply Medi-Cal share of cost rules to IHSS consumers. Due to the federal IHSS Plus waiver, IHSS consumers must meet Medi-Cal eligibility guidelines, which in some cases results in a higher share of cost to be funded by the state.
- ◆ **Quality Assurance.** Approves \$434.5 million (\$141.2 million General Fund) savings to reflect the IHSS Quality Assurance efforts to improve the consistency of IHSS, prevent fraud, and protect consumer access to services. Also adopted budget bill language to require the department to continue working with stakeholders during the ongoing implementation of Quality Assurance efforts.
- ◆ **Direct Deposit.** Redirects \$512,000 (\$256,000 General Fund) to fund programming changes to implement direct deposit functionality for IHSS providers.
- ◆ **IHSS Fraud Prevention.** Includes four additional positions to investigate fraud allegations in the IHSS program.

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## SSI/SSP

### MAJOR ACTIONS

- ◆ **Federal COLA pass through.** Provides \$45 million for the pass-through of the 2.3 percent federal Cost of Living Adjustment for the SSI portion of the SSI/SSP program on January 1, 2007. The May Revision proposed to delay the COLA until April 1, 2007 in accordance with the current year budget agreement. Over 1.2 million individuals will receive an increase in their grant levels from this COLA..
- ◆ **CAPI.** Rejects the Governor's proposal to extend the Cash Assistance Program for Immigrants (CAPI) sponsor deeming period from 10 to 15 years, and restored \$12.5 million (General Fund).
- ◆ **Federal Deficit Reduction Act Changes.** Approves savings of \$20.9 million (General Fund) in SSI/SSP to reflect quarterly retroactive benefit payments and more frequent eligibility redeterminations, as required by the federal Deficit Reduction Act of 2005. Most of this savings will be one-time.

## Child Care and Development

### MAJOR ACTIONS

- ◆ **Income Eligibility.** Increases the child care income eligibility ceiling to reflect 75 percent of current State Median Income. The Budget also includes \$40 million for Stage 2 and 3 Child Care programs to offset costs associated with increasing income eligibility.
- ◆ **Regional Market Rate.** Adopts Trailer Bill Language requiring CDE to implement new county-based regional market rates within 90 days of enactment of the budget. The Trailer Bill Language also expresses the intent of the Legislature to fully-fund CalWORKS Stage 3 Child Care programs.
- ◆ **In-and-Out of Market Rates.** Adopts language to designate the rate setting process CDE uses to pay for child care vouchers. The proposed language addresses a long standing concern regarding the way certain providers that serve mostly vouchered families would be reimbursed while also protecting the privacy of families that receive care outside of the state system.
- ◆ **Standard Reimbursement Rate Increase.** Increases the Standard Reimburse Rate for center-based child care by shifting funding allocated for growth into the rate increase.
- ◆ **CARES Training.** Adopts trailer bill language to extend the sunset date, by three years, on a statutory program which allows LA County to use its CARES allocation for family child care homes.

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## Afterschool

### MAJOR ACTIONS

- ◆ **Afterschool Administration.** Adds nine positions for the Department of Education to administer both the state and federally funded afterschool programs.

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## Community Care Licensing

### MAJOR ACTIONS

- ◆ **Increased Visit Frequency.** Adopts trailer bill language to clarify that the department shall conduct unannounced visits to at least 20 percent of facilities per year.
- ◆ **Community Care Licensing Reform.** Approves \$6.7 million (\$6 million General Fund) and 80 new positions for Community Care Licensing (CCL) to complete required licensing workload and increase visits to facilities.
- ◆ **Making Compliance Data Public.** Adopts 3.0 positions and \$366,000 (General Fund) to begin providing CCL facility compliance information on the internet.
- ◆ **Substitute Employee Registry.** Includes \$405,000 and 5.1 positions to implement the Substitute Employee Registry for child care providers.
- ◆ **Trustline.** Adopts trailer bill language to codify existing practice to allow payments to license-exempt child care providers while background clearance is being processed by Trustline. The Department of Social Services is developing regulations to 1) prevent payments to license-exempt child care providers that have not cleared the Trustline background check process, and 2) limit retroactive payments to 60 days prior to Trustline registration.
- ◆ **Fingerprinting fee for small child care providers.** Suspends a program that pays the fees the FBI and Department of Justice charge for fingerprinting as part of the Community Care Licensing process for small child care providers.

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## Department of Child Support Services

### MAJOR ACTIONS

- ◆ **Federal Automation Penalty.** Includes \$220 million General Fund to pay the federal Child Support Automation Penalty. Since 1997, California has been subject to substantial federal penalties due to the state's failure to establish a single statewide system for the collection of child support. The Department indicates that this penalty payment in 2006-07 is anticipated to be the last penalty payment required, as CCSAS is anticipated to be sufficiently operational by October 2006 to avoid further penalty assessments.
- ◆ **Child Support County Funding.** Adds \$12 million (\$4 million General Fund) to establish the Child Support Enhancement Fund to provide funding to local child



**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

support agencies (LCSAs) for collection enhancement activities. The Fund would be credited with a portion of the increased collections and federal performance incentives that result from the new efforts.

- ◆ **CCSAS and SDU Costs.** Approves \$274 million (\$94 million General Fund) for the continued development of the California Child Support Automation System (CCSAS). In addition to the Child Support Enforcement (CSE) and the State Disbursement Unit (SDU) components, funding and positions would also be provided in 2006-07 for a statewide Customer Service Support Center and a Centralized Financial Management Team to respond to telephone inquiries and resolve exceptions for non-assistance child support cases that will be added to the SDU as it becomes operational.
- ◆ **Date of Collection.** Approves \$28.5 million (\$25.5 million General Fund) to resolve an issue with creation of arrears (outstanding child support obligations) due to a payment processing change implemented by the state in the development of CCSAS.
- ◆ **Compromise of Arrears Program.** Approves \$608,000 (\$207,000 General Fund) to maintain 7.5 of 9.0 expiring limited-term positions for the Compromise of Arrears Program (COAP). This program accepts reduced lump sum settlements from non-custodial parents with arrearages in exchange for their commitment to make ongoing payments.

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**Department of Aging**

■ **MAJOR ACTIONS**

- ◆ **Multipurpose Senior Services Program (MSSP).** Increases funding for the Multipurpose Senior Services Program (MSSP) by \$6 million (\$3 million General Fund). In addition, to align MSSP program management and funding, consolidates all funding for MSSP in the Department of Aging (shifted existing MSSP funding from the Department of Health Services to the Department of Aging).
- ◆ **Senior Legal Hotline.** Provides \$250,000 for the Department of Aging to contract for a Senior Legal Hotline.
- ◆ **Public Guardian.** Provides \$5 million (General Fund) to support county public guardians in the oversight of conservatorships.

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## Dept. of Community Services & Development

### MAJOR ACTIONS

- ◆ **Naturalization Services Program.** Appropriates \$3 million to conduct citizenship training through community-based nonprofits. Also adopts Trailer Bill Language to codify the existing program.

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## Department of Alcohol and Drug Programs

### MAJOR ACTIONS

- ◆ **Proposition 36.** Provides \$150 million of support for the Substance Abuse and Crime Prevention Act (Proposition 36), an increase of \$30 million above the Governor's budget. This level of funding is equal to the project level of expenditures by counties on the program in 2005-06.
- ◆ **Proposition 36 Improvement Fund.** Creates a new program to match county expenditures related to Proposition 36. The state will provide a 50 percent match for certain treatment expenditures (such as residential drug treatment and methadone), drug testing, and probation costs.
- ◆ **Methamphetamine Prevention.** Includes \$12 million to establish a methamphetamine prevention program, including a public education and awareness campaign, grants to local collaboratives, state technical assistance and training, and establishment of a statewide task force.
- ◆ **Narcotic Treatment Program rate increase.** Provides \$7.4 million (\$4.3 million General Fund) to increase reimbursement rates for NTP Drug Medi-Cal providers above the 2002-03 rate level.
- ◆ **Dependency Drug Courts.** Increases funding for Dependency Drug Courts by \$3 million (General Fund) above the May Revision level of \$2.1 million (General Fund), to expand Dependency Drug Courts to additional counties.
- ◆ **Lawsuit Settlements.** Approves \$5.3 million (\$2.7 million General Fund) and 4.0 two-year limited term positions to comply with the *Conlan v. Bontá* and *Conlan v. Shewry* lawsuits.
- ◆ **Licensing Changes.** Approves \$782,000 (\$578,000 General Fund) and 6.5 positions to improve the licensing and certification of alcohol and drug treatment programs in the state. Approves trailer bill language to require biennial reviews of

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

outpatient-only facilities. Rejects 1.0 positions and trailer bill language which would have expanded the ability of the department to revoke or suspend licenses.

- ◆ **Drug Medi-Cal Fraud.** Approves \$286,000 (\$143,000 General Fund) and 3.0 positions to establish a Drug Medi-Cal fraud deterrence program.

## **Subcommittee 2 on Education Finance**

Assemblymember Mervyn Dymally, Chair

Members of the Committee:

Assemblymember Mervyn Dymally  
Assemblymember Wilma Chan  
Assemblymember Joe Coto  
Assemblymember Jackie Goldberg  
Assemblymember Lynn Daucher  
Assemblymember Bob Huff

## K-12 EDUCATION

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### Department of Education

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#### MAJOR ACTIONS

- ◆ **Total Proposition 98 for K-12 Education.** Provides roughly the same level of K-12 Proposition 98 funding as proposed by the Governor in his May Revise, which is an increase of approximately \$1.8 billion in one-time funds and an increase of approximately \$800 million in ongoing funds. The amount of Proposition 98 funding for 2006-07 reflects what the minimum Proposition 98 funding level would be, if the state had funded education in 2004-05 at a level that was only \$2 billion less than the minimum.<sup>1</sup>
- ◆ **COLA Increase.** Provides an additional \$355 million to increase the COLA for K-12 programs, from 5.18% to 5.92%, as proposed in the Governor's May Revise.
- ◆ **Paying Off the State's Mandate Debt to K-12 Schools.** Provides an increase of \$800 million to pay off prior-year mandate claims, for a total of \$959 million in one-time funds to pay off the amount the state owes school districts and county offices of education for their prior-year mandate claims. Mandate claims have accumulated over the past few years, due to the fact that the state has deferred payment on them because of the state's fiscal crisis. The Governor's May Revise included the \$800 million increase, which was adopted by the subcommittee. The subcommittee also approved \$163 million to pay for 2006-07 mandate claims, as proposed by the Governor's May Revise.
- ◆ **New one-time block grant for schoolsites.** Redirects \$1.15 billion in one-time funding from various May Revise proposals into a mega-block grant to schoolsites for one-time expenses, including but not limited to arts and physical education equipment, classroom and laboratory equipment and supplies, instructional materials and planning and implementation expenses related to the creation of small schools. This funding would be distributed on a per-ADA basis (including ROC/P and adult education ADA) to all schools, including charter schools and alternative schools. Schools would be required to spend the funds according to plans approved

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<sup>1</sup> In 2004-5, the state suspended the constitutional requirement that a certain amount of state funds go to education, and approved intent language that the level of savings from this suspension be limited to \$2 billion. However, when state funds increased beyond expectations, the amount of savings also increased beyond the expected \$2 billion, leading to claims from advocates that the state has broken its deal to keep the 2004-05 suspension to \$2 billion.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

by school site councils, which would have to be developed by June 30, 2007. The Governor's May Revise had proposed to set aside specific amounts of one-time funds for various purposes, such as \$50 million for career technical education equipment, \$250 million for physical education supplies and equipment, \$250 million for arts and music supplies and equipment, etc. The subcommittee chose to redirect these funds into an overall block grant for one-time uses, to allow schools maximum flexibility in using these funds to meet local needs.

- ◆ **Paying off deficit factor.** Provides a \$308.6 million increase in discretionary funds to school districts and county offices of education in the form of an increase to their base revenue limits. This funding was proposed by the Governor's May Revise and adopted by the subcommittee, and is distributed on an equal percentage basis to each district and county office of education. The increase fully restores a COLA to revenue limits that was denied in the 2003-04 fiscal year, due to budget constraints.
- ◆ **Revenue limit equalization.** Provides a \$300 million increase in discretionary funds to school districts in the form of equalization of the rates (revenue limits) used to distribute discretionary funds. This funding level was proposed by the Governor's May Revise and adopted by the subcommittee. This funding is distributed in different amounts to school districts based on the distance between each district's revenue limit and the statewide equalization target. The subcommittee adopted language expressing its intent to adopt a new formula for equalization, as required by current law.
- ◆ **Declining enrollment.** Provides an increase of \$100 million in ongoing funds to help soften the fiscal blow that occurs as a result of declining enrollment in certain districts.
- ◆ **Additional funding for poor students and English learners (Economic Impact Aid).** Redirects \$300 million in ongoing funds from a variety of new programs proposed by the Governor for an increase to Economic Impact Aid, a program that helps address the needs of economically disadvantaged students and English learners. Funding for the program is distributed namely based on the number of economically disadvantaged students and English learners, along with other factors. The funding corresponds to a recommendation by the Assembly Education Committee Working Group on Education Finance. The \$300 million increase to the program amounts to a 50% increase to the base funding level proposed by the Governor in his January 10 budget.
- ◆ **Helping kids pass the California High School Exit Exam.** Provides an increase of \$56 million above last year's funding level for a supplemental instruction program designed to assist 12<sup>th</sup> graders who have not yet passed the California High School Exit Exam (CAHSEE), for a total funding level of \$76 million. The Governor's May Revise proposed a total funding level of \$53 million for the program. The program was created last year in response to concerns that up to 10% of students in the

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

class of 2006 may not pass the CAHSEE, passage of which is now a requirement in order to receive a diploma, beginning with the class of 2006. The program is intended to provide \$600 for each 12<sup>th</sup> grader that had not passed the CAHSEE by the end of 11<sup>th</sup> grade. The subcommittee also approved a May Revise proposal to increase adult education funding and community college funding by \$10 million each, to accommodate any increases in enrollment that might occur from students that leave high school without passing the CAHSEE but need additional assistance to either try to pass it again or continue with their studies. Finally, the subcommittee approved a May Revise proposal to provide an additional \$7.7 million to pay for three additional administrations of the CAHSEE.

- ◆ **Providing targeted assistance to middle school students at risk of not passing the CAHSEE.** Provides an increase of \$100 million for a new program to provide targeted assistance to the lowest performing 30% of middle schools. The goal of the program is to improve the academic English skills of students at these schools, where the dropout rate is high and students have a lessened chance of ultimately passing the CAHSEE.
- ◆ **Research on best practices for English learners.** Provides \$50 million for incentive grants to districts that agree to participate in a statewide research program to identify best practices to improve the academic skills and English language development of English learners. This funding corresponds to a recommendation by the Assembly Education Committee Working Group on English Learners.
- ◆ **Professional development for teachers of English learners.** Provides \$50 million for new professional development programs to address the needs of teachers of English learners. This funding is in response to research findings in which teachers report receiving very little professional development specifically designed to address the special learning needs of English learners. This funding corresponds to a recommendation by the Assembly Education Committee Working Group on English Learners.
- ◆ **Supplemental instructional materials for English learners.** Provides \$30 million in one-time funds for districts to purchase off-the-shelf supplemental instructional materials that help English learners learn English, so that they can better benefit from the state-approved instructional materials. This funding was proposed by the Governor's May Revise. The subcommittee also approved state operations funding for CDE to administer this funding.
- ◆ **Special Education.** Provides an additional \$100 million in ongoing funds above the base funding level proposed by the Governor. This funding is intended to address districts' reports of the rising costs of serving special education students. In addition, the subcommittee approved \$500,000 for a study of high-cost, low-incidence special education students, where these students are located across the

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

state, and what the state should do to address any differential in local costs as a result of these students.

- ◆ **High Priority Schools.** Provides an increase of \$200 million for the expansion of the High Priority School grant program, as proposed by the Governor's January 10 budget. The program provides limited-term grants of \$400 per pupil to the lowest-performing 20% of schools, to assist these schools in improving their performance. In addition, the subcommittee re-appropriated \$26 million in unspent one-time funds as one-time rewards to schools that have received High Priority grants and have improved their performance. The one-time funding is intended to help these schools sustain their improvements at the point that the state will stop providing High Priority grant funds to help them improve.
  
- ◆ **Statewide longitudinal student data system (CALPADS/ CSIS).** Provides an increase of \$31 million (combination of one-time Proposition 98 funds and Educational Telecommunications Funds) to help ensure that districts are technology-ready once the state's longitudinal student data system, the California Longitudinal Pupil Achievement Data System (CALPADS), is ready for operation. Specifically, the \$31 million is for a new "CSIS-light" proposal for districts not currently participating in the California School Information Services (CSIS) project, as proposed in the May Revise. The proposal would provide these schools with the opportunity to participate in a less intensive version of CSIS to provide them with the main improvements in information technology systems that are usually associated with CSIS. The subcommittee also provided an additional \$1 million for personnel to support the implementation of this CSIS light. In addition to the above increase, the subcommittee approved an additional \$15 million in ongoing funds to defray districts' costs of maintaining the individual student identifiers, and as incentives for districts to submit good data to the state to support this system. The latter \$15 million increase was not proposed in the Governor's May Revise.
  
- ◆ **Federal Reading First funds.** Provides a total of \$157 million in federal Reading First funds to continue an existing professional development program, including an additional \$12 million in carryover to allow currently unfunded schools in participating districts to participate in the program, as proposed by the Governor's May Revise.
  
- ◆ **Federal carryover for existing programs.** Rejects the Governor's proposal to redirect federal one-time carryover from four different programs to a new program to help program improvement schools. The subcommittee redirected the funding back to the existing federal programs: the federal Migrant Education program, the federal Comprehensive School Reform program, federal Title I and the federal Title I set-aside for program improvement schools and districts.
  
- ◆ **Libraries.** Includes an increase of \$75 million in one-time funds for districts to purchase library materials and equipment, as proposed by the Governor's May



**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

Revise. The subcommittee also adopted language allowing some of this funding to be used for the statewide purchase of online library databases.

- ◆ **Laptops.** Includes an increase of \$121 million to allow the lowest performing 40% of schools to purchase laptops for every student in one grade, with priority given to ninth grade.
- ◆ **High Speed Network.** Approves \$4 million in Proposition 98 funds to supplement existing reserves that the project has from prior-year appropriations, for a total expenditure authority of \$15.6 million to support the K-12 costs of this statewide high-speed internet network, which serves the K-12 education community as well as state higher education institutions. The subcommittee also approved a control section that addresses concerns raised by a recent audit of the program.
- ◆ **Healthy Start.** Provides \$10 million in one-time funds to revive the Healthy Start program, which provides 3-4-year grants to school districts to set up school-based health programs. The Governor proposed this funding in the May Revision and it was adopted by the subcommittee. The budget includes a corresponding increase in state operations for this program, as proposed by the May Revise.
- ◆ **Funding for Emergency School Repairs Per Last Year's Williams Settlement.** Provides an increase of \$30.4 million in one-time Proposition 98 reversion account funds for the emergency facility repairs for the state's lowest performing schools, as proposed by the Governor's May Revise. This increase means a total amount of \$137 million for this funds, in compliance with the Elizer Williams v. State of California lawsuit settlement of two years ago, which requires that half of all funds in the Proposition 98 reversion account go toward this fund.
- ◆ **Model dropout prevention programs.** Provides \$5 million for the identification and promulgation of model dropout prevention programs.
- ◆ **Parental visitation program.** Provides \$25 million in one-time funds for an existing parental visitation program for which funding was reduced in recent years. The program is intended to improve parental involvement by having teachers and district staff visit parents at their homes, as well as other activities intended to increase parents' involvement in their students' schooling.
- ◆ **Early Mental Health Initiative.** Provides \$5 million in one-time funds to provide new grants through the Early Mental Health Initiative program, which assists school districts in providing early mental health assistance to students who are at high-risk of having more serious problems later on.

## Child Care and Development

### MAJOR ACTIONS

- ◆ **Income Eligibility.** Increases the child care income eligibility ceiling to reflect 75 percent of current State Median Income. The Budget also includes \$40 million for Stage 2 and 3 Child Care programs to offset costs associated with increasing income eligibility.
- ◆ **Regional Market Rate.** Adopts Trailer Bill Language requiring CDE to implement new county-based regional market rates within 90 days of enactment of the budget. The Trailer Bill Language also expresses the intent of the Legislature to fully-fund CalWORKS Stage 3 Child Care programs.
- ◆ **In-and-Out of Market Rates.** Adopts language to designate the rate setting process CDE uses to pay for child care vouchers. The proposed language addresses a long standing concern regarding the way certain providers that serve mostly vouchered families would be reimbursed while also protecting the privacy of families that receive care outside of the state system.
- ◆ **Standard Reimbursement Rate Increase.** Increases the Standard Reimburse Rate for center-based child care by shifting funding allocated for growth into the rate increase.
- ◆ **CARES Training.** Adopts trailer bill language to extend the sunset date, by three years, on a statutory program which allows LA County to use its CARES allocation for family child care homes.

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## Afterschool

- ◆ **Afterschool Administration.** Adds 9 positions for the Department of Education to administer both the State and federally funded afterschool programs.

## HIGHER EDUCATION

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### California State Library

#### MAJOR ACTIONS

- ◆ **Public Library Foundation (PLF).** Approves the Governor's May Revision proposal to increase the PLF by \$7 million. With this increase, total funding for the PLF in 2006-07 will be \$21.3 million.
- ◆ **Transaction-Based Reimbursements.** Approves the Governor's May Revision proposal to provide \$7 million in funds to cover the costs for the Direct Loan and Inter-Library Loan Programs.

### University of California (UC)

#### MAJOR ACTIONS

- ◆ **Enrollment Funding.** Provides \$41.6 million, or 2.5 percent, for enrollment growth based on the current marginal cost methodology to fund an additional 5,149 full-time equivalent students (FTES).
- ◆ **Base Budget Increase.** Provides an \$80.5 million increase, or 3 percent, to the basic support budget.
- ◆ **Student Fee "Buy Out".** Approves \$75 million to buy out the Compact proposed and Board of Regents approved student fee increase for all students. All fees will remain at current year levels.
- ◆ **Institutional Financial Aid.** Approves increases to the student fee revenue set-aside for financial aid from 25 percent to 30 percent for undergraduate students and from 50 percent to 45 percent for graduate students. This is equivalent to an average of a 33 percent return-to-aid.
- ◆ **UC Merced.** Approves a continuation of a \$14 million in one-time funds for the costs associated with the UC Merced campus including support for faculty salaries

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

and recruitment, instructional technology, library materials, student services and operational support.

- ◆ **Entry-Level Master's Nursing Program.** Approves \$1.7 million to continue funding for the expansion of entry-level master's nursing programs.
- ◆ **Nursing Faculty Recruitment and Start-Up Costs.** Rejects the Governor's May Revision proposal to provide an additional \$1 million on a one-time basis for faculty recruitment and start-up costs associated with the expansion of undergraduate and graduate nursing programs.
- ◆ **Math and Science Initiative.** Approves an additional \$375,000 to complete the system-wide implementation of the math and science initiative.
- ◆ **Research Programs.** Increases research programs by \$11 million. Of this amount, \$6 million is for the restoration of funding for labor research and labor education throughout the system, \$4 million is an augmentation to Alcohol and Substance Abuse Research Programs, and \$1 million is an appropriation for obesity and diabetes research.
- ◆ **Academic Preparation Programs.** Restores funding of \$17.3 million for academic preparation programs and augments it by \$5 million to support transfer programs. Total funding for academic preparation programs in 2006-07 will be \$34.3 million. Of this amount, \$22.3 will be General Fund and \$12 million UC funds. The 2005-06 Budget Act provided \$29.3 million for these programs. Of this amount, \$17.3 million were General Fund and \$12 million were UC funds.

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**California State University (CSU)**

■ **MAJOR ACTIONS**

- ◆ **Enrollment Funding.** Provides a \$47.5 million increase, or 2.5 percent, for enrollment growth based on the current marginal cost methodology to fund an additional 8,490 FTES.
- ◆ **Base Budget Increase.** Augments the base budget from the proposed 3 percent to 6 percent for a total augmentation of \$151.4 million.
- ◆ **Student Fee "Buy Out".** Approves \$54.4 million to buy out the Compact proposed and Board of Trustees approved student fee increase for all students. All fees will remain at current year levels.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **Institutional Financial Aid.** Approves increase of student fee revenue set-aside for financial aid from 25 percent to 33 percent.
- ◆ **Entry-Level Master's Nursing Program.** Approves \$1.7 million to continue funding for the expansion of entry-level master's nursing programs.
- ◆ **Nursing Faculty Recruitment and Start-Up Costs.** Rejects the Governor's May Revision proposal to provide an additional \$1 million on a one-time basis for faculty recruitment and start-up costs associated with the expansion of undergraduate and graduate nursing programs.
- ◆ **Math and Science Initiative.** Approves and additional \$1.1 to complete the system-wide implementation of the math and science initiative.
- ◆ **Capitol Fellows Program.** Approves the Governor's 3 percent increase to the base, or \$84,000, and augments it by \$230,000 to support increasing costs due to fee increases and increases in benefits costs.
- ◆ **Academic Preparation Programs and Student Support Services Programs.** Restores funding of \$7 million in General Fund for academic preparation programs and student support services programs. Total funding for these programs in 2006-07 will be \$52 million. The *2005-06 Budget Act* provided \$52 million for these programs. Of this amount, \$7 million were General Fund and \$45 million were CSU funds.
- ◆ **Retirement Costs.** Approves \$22.5 million reduction to reflect revised retirement costs rates.

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**California Community Colleges (CCC)**

■ **MAJOR ACTIONS**

- ◆ **Enrollment Growth.** Approves a \$97.5 million increase in ongoing funds to fund a two percent enrollment growth.
- ◆ **Student Fee Reduction.** Approves reduction of the student fee from \$26 to \$20 per unit and backfills the \$80 million loss in student fee revenue.
- ◆ **General Purpose Cost-of-Living-Adjustment (COLA).** Approves an additional \$32.6 million to reflect an increase in the COLA factor from 5.18 percent to 5.92 percent. The total COLA funding for general purpose apportionments is \$297.2 million.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Growth and COLA for Categorical Programs.** Approves an additional \$2.2 million to reflect an increase in the COLA factor from 5.18 to 5.92 percent. The total COLA for selected categorical programs is \$23.1 million.
- ◆ **Noncredit Funding.** Includes \$30 million in ongoing funds to increase the per-student rate for noncredit instruction for selected noncredit programs.
- ◆ **Part-Time Faculty Office Hours and Health Insurance.** Provides \$4 million in ongoing funds for part-time faculty office hours and \$5 million in ongoing funds for part-time faculty health insurance.
- ◆ **Professional Development.** Provides \$5 million in ongoing funds for faculty professional development.
- ◆ **Matriculation.** Augments the Governor's May Revision appropriation of \$24 million by \$6 million for a total of \$30 million in ongoing funds for this purpose. Matriculation activities include orientation, assessment, counseling and placement.
- ◆ **California High School Exit Exam (CAHSEE) Remediation.** Approves \$10 million in ongoing funds to support remediation programs for high school students who fail the CAHSEE.
- ◆ **Mandate Costs.** Approves \$15 million in one-time funds and \$4 million in ongoing funds to pay for mandate claims.
- ◆ **Equalization Funding.** Reduces the proposed equalization funds from \$130 million to \$80 million.
- ◆ **Career Technical Education.** Approves the proposed \$40 million one-time allocation for career technical education equipment and associated facility reconfigurations and reduces the proposed ongoing funding for grants from \$50 million to \$20 million consistent with the current year allocation.
- ◆ **Compton Community College District.** Approves a \$30 million set-aside in General Fund for a one-time loan to the Compton Community College District to address the District's fiscal solvency and the anticipated loss of program accreditation.
- ◆ **Special Services for Cal WORKS Students.** Adds \$9 million in ongoing funds for special services for community college students in the Cal WORKS programs. These services include curriculum development and redesign, subsidized childcare, service coordination with county welfare departments, local agencies and employers, work-study and job development and placement.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **Disabled Student Services.** Approves \$9.6 million augmentation in ongoing funding for Disabled Student Programs and Services including sign language interpretive services and real-time captioning equipment or other communication accommodations for deaf and learning disabled students.
- ◆ **Deferred Maintenance.** Approves \$99.5 million in one-time funds and \$21.3 million in ongoing funds for deferred maintenance, instructional equipment and hazardous substances abatement projects.
- ◆ **General Purpose Block Grant.** Approves \$100 million in one-time funds for a general purpose block grant to be distributed on a FTES basis which will allow colleges to address local priorities.

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**California Student Aid Commission**

■ **MAJOR ACTIONS**

- ◆ **Cal Grant Programs.** Approves a \$14 million reduction in the current year and a \$14.7 million in the budget year to reflect revised estimates for Cal Grant Entitlement costs.
- ◆ **Cal Grant Awards for Private University Students.** Approves \$11.9 million to increase the maximum award from \$8,322 to \$9,708 for new Cal Grant award recipients at private colleges and universities.
- ◆ **Cal Grant Endowment Scholarship Program.** Provides \$25 million to establish a State endowment at the State Treasury to provide supplemental financial aid to eligible students who transfer from a community college and are enrolled in a California four-year institution.
- ◆ **General Fund Backfill.** Approves \$51 million in General Fund to backfill the Student Loan Operating Fund (SLOF). These funds were used to support financial aid program in the current year.
- ◆ **Assumption Program of Loans for Education (APLE).** Approves a \$6.8 million for the increased APLE costs and authorizes an additional 8,000 awards in the budget year.
- ◆ **Math and Science APLE.** Rejects the proposed 600 APLE awards set-aside for participants in the Governor's Math and Science Initiative.

**T H E 2 0 0 6 - 2 0 0 7 S T A T E B U D G E T**  
**S u b c o m m i t t e e R e p o r t**

- ◆ **National Guard APLE.** Approves authorization of 100 new National Guard APLE awards.
  
- ◆ **Nurse Education Grant Program for State Agencies.** Rejects proposal to appropriate \$30,000 from the SLOF and \$600,000 in one-time funds to implement the three-year period program.



## **Subcommittee 3 on Natural Resources and Environmental Protection**

Assemblymember Fran Pavley, Chair

Members of the Committee:

Assemblymember Fran Pavley  
Assemblymember Noreen Evans  
Assemblymember Ira Ruskin  
Assemblymember David Cogdill  
Assemblymember Sam Blakeslee



## NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION

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### Resources Agency



#### MAJOR ACTIONS

- ◆ **Sierra Nevada Cascade Grants.** Provides \$42.6 million (Proposition 40 and Proposition 50 bond funds) to the Office of the Secretary for River Parkway and Sierra Nevada Cascade Conservation Grants.

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### Department of Forestry and Fire Protection



#### MAJOR ACTIONS

- ◆ **Employee Recruitment.** Provides \$5.0 million (General Fund) to provide the Department with additional staff to train and hire new public safety employees. The Department has significant increases in retirements in its public safety classifications due to recent benefit enhancements.
- ◆ **Forestry Programs.** Provides \$9.0 million (Forestry Resources Improvement Fund and General Fund) to restore forestry programs that were suspended due to revenue shortfalls and a timber harvest injunction.
- ◆ **Employee Compensation.** Provides \$8.4 million (General Fund) and \$2.2 million (Reimbursements) for costs related to increases for sleep pay for CDF fire fighting personnel and \$39 million (General Fund) for costs related to increased overtime due to year round fire schedule.
- ◆ **Managers and Supervisors.** Augments by \$3 million (General Fund) for increased employee compensation to address compaction issues for managers and supervisors.

## State Lands Commission

### MAJOR ACTIONS

- ◆ **Tideland Oil Revenue.** Approves trailer bill language that starting in 2007-08 would direct \$53 million of Tideland Oil Revenues annually to natural resources programs.
- ◆ **School Land Bank.** Approves \$2.2 million (School Land Bank Funds) for remediation activities on School Land Bank lands. Transfers \$10 million (School Land Bank Funds) to the California Teachers Retirement System.

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## Department of Fish and Game

### MAJOR ACTIONS

- ◆ **Game Warden Compensation.** Augments by \$10 million (General Fund) for Game Warden compensation.
- ◆ **West Nile Prevention.** Augments by \$1.5 million (General Fund) for Best Management Practices to abate mosquito populations on DFG managed lands.
- ◆ **Salmon and Steelhead Restoration.** Provides \$10 million on a one-time basis and \$4 million ongoing (General Fund) for salmon and steelhead restoration.
- ◆ **Marine Life Protection and Management Acts.** Augments by \$5.6 million for the implementation of the Marine Life Protection Act and the Marine Life Management Act.
- ◆ **Structural Reform.** Provides \$25.8 million to the Fish and Game Preservation Fund in order to bring each of the subaccounts within the fund into balance and to account for declining sporting license revenue.
- ◆ **Levee Repair.** Provides \$8.8 million (General Fund) on a one-time basis to repair damaged levees and other infrastructure on DFG-owned lands caused by the winter storms of 2005-06.
- ◆ **Avian Influenza.** Provides \$1.1 million (General Fund) to provide funding for a program to detect avian influenza in migratory birds.
- ◆ **Fish Hatcheries.** Provides \$9 million (General Fund) to fully backfill costs associated with the implementation of AB 7 (Cogdill).

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Delta Conservation Plans.** Provides expenditure authority for federal funds and reimbursements and 11 positions for the development of conservation plans in the San Joaquin River Delta.
- ◆ **Bay Delta Sport Fishing.** Provides \$1.5 million (Fish and Game Preservation Fund) and 2.5 positions to provide fishery enhancement, angler access and education projects for the Bay delta.
- ◆ **San Joaquin River Restoration.** Provides \$5 million (Proposition 13 funds) over the next three years to support San Joaquin River Restoration activities related to the fishery, wetland and riparian resources and regional water supply reliability in the San Joaquin Valley.
- ◆ **Automated License System.** Provides \$448,000 (Fish and Game Preservation Fund) for the creation of an automated License Data System to replace the current paper based process.

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**Wildlife Conservation Board**

■ **MAJOR ACTIONS**

- ◆ **Wetlands Restoration.** Provides \$5 million (General Fund) one-time for wetlands and riparian habitat conservation.

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**California Coastal Commission**

■ **MAJOR ACTIONS**

- ◆ **Permitting Fees.** Approves Trailer Bill language that transfers \$1.3 million of new fee revenue to the General Fund.
- ◆ **Energy and Ocean Resource Unit.** Augments by \$350,000 (General Fund) to establish 3 new positions to address increasing workload associated with the review of increasing Outer Continental Shelf Leases, Power Plants Plans, and Desalination Projects.
- ◆ **Permitting Staff.** Augments by \$400,000 (General Fund) to fund four new permitting staff.
- ◆ **Improving Coastal Access and Development Mitigation.** Augments by \$450,000 (General Fund) to establish four new positions to track expiring Offers to Dedicate

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

and facilitate their opening. The Governor did not address this problem in his budget.

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**Coastal Conservancy**

■ **MAJOR ACTIONS**

- ◆ **Marine Life Protection Act.** Augments by \$7 million (General Fund) for Marine Life Implementation Act implementation.
- ◆ **Offers to Dedicate.** Augments by \$1.8 million (Special Funds) support: access to trail easements; acceptance of Offers to Dedicate (OTD); design and construction of trails, stairways, staging areas, restrooms and interpretive signage; and provision of facilities for physically disabled, or mobility impaired visitors.
- ◆ **Watersheds.** Provides \$23.5 million (Proposition 50 funds) for grants to local entities for watershed related projects.

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**Department of Parks and Recreation**

■ **MAJOR ACTIONS**

- ◆ **Deferred Maintenance.** Provides \$250.0 million (General Fund) on a one-time basis for State Parks deferred maintenance.
- ◆ **Operations and Maintenance.** Provides a \$20 million (General Fund) augmentation for ongoing operations and maintenance staffing for existing and new State Parks.
- ◆ **Empire Mine.** Provides \$5 million (General Fund) to fund remediation studies and treatment for Empire Mine.
- ◆ **Wastewater and Sewer Systems.** Provides \$4 million (General Fund) multi year funding - \$1.4 million (General Fund) budget year - for wastewater and sewer systems.

## Department of Water Resources

### MAJOR ACTIONS

- ◆ **Local Flood Subventions.** Provides \$100 million (General Fund) to pay for local flood control subventions.
- ◆ **Central Valley Flood Protection.** Provides \$35 million (General Fund) to implement a multi-year Central Valley flood management plan.
- ◆ **Flood Control Projects.** Provides \$41.3 million (\$31.4 million General Fund) for six new or continuing flood control capital projects: Folsom Dam Modifications, American River Common Features, Sacramento River Bank Protection, Folsom Dam Raise, American River Natomas Features, and Upper Sacramento River Levee Restoration.
- ◆ **All American Canal.** Provides \$84 million (General Fund) for the lining of the All American Canal.
- ◆ **Water Use Efficiency.** Provides \$32.1 million (Proposition 50) for the CALFED Water Use Efficiency Program that provides grants to water districts and other applicants for water efficiency projects.
- ◆ **California Bay Delta Program.** Increases the Bay Delta Program by \$34 million (\$11 million-Proposition 50; \$22 million-Proposition 13) and will be broken out as follows: Conveyance (\$5.5 million); Water Quality (\$6.5 million); Ecosystem Restoration (\$15.7 million); and Surface Storage (\$6.4 million). Funding in this proposal will result in a net budget increase of \$29.8 million because funding requested for the Department overhead in this proposal will be offset by overhead cost reductions in other DWR programs.
- ◆ **San Joaquin River Restoration.** Provides \$5 million (Proposition 13) over three-years for the state-led program to investigate non-flow related restoration actions such as fish passage, water quality and water supply alternatives for the San Joaquin River. Funding for this proposal will be appropriated as follows: \$1 million in 2006-07; \$2.0 million in 2007-08; and \$2.0 million in FY 2008-09. The Department of Fish and Game has submitted a matching San Joaquin River Restoration proposal.

## California Bay Delta Authority

### MAJOR ACTIONS

- ◆ **CBDA Transfer to Resources Agency.** Rejects proposal to transfer the California Bay Delta Authority, \$31.0 million and 68 positions, to the Resources Agency. Instead the legislature acted to transfer a core staff of 21 positions to the Resources agency to provide policy oversight and coordination of CBDA departments. Additionally, all other positions formerly located within CBDA were transferred to CALFED implementing Departments.
- ◆ **Ecosystem Restoration Program.** Consolidates the Environmental Restoration Program within the Department of Fish and Game.

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## Secretary for Environmental Protection

### MAJOR ACTIONS

- ◆ **Climate Change Initiative.** Consolidates climate change funding, \$7.7 million (various funds), at the Air Resources Board so that discussion can continue to ensure the Climate Change Initiative is aligned with legislative policy priorities.
- ◆ **California Mexico Border Programs.** Redirects 5 positions and \$619,000 (various funds) from existing boards to the Office of the Secretary to support agency-wide environmental policy and program coordination for California-Mexico border-related activities.

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## Air Resources Board

### MAJOR ACTIONS

- ◆ **School Bus Replacement.** Provides \$25 million (Motor Vehicle Account) to replace pre-1977 school buses with buses that meet federal safety standards.
- ◆ **Air Quality Incentives.** Augments by \$25 million (Motor Vehicle Funds) to provide incentives to local governments for clean construction equipment, local motive technology and clean dairy technology.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Goods Movement.** Provides \$1.6 million (Motor Vehicle Account) and 8.0 personnel years to demonstrate new technologies and develop mitigation measures from goods movement activities.
- ◆ **Hydrogen Highway.** Augments by \$6.5 million (Motor Vehicle Account) to establish three public hydrogen-fueling stations and federal matching funds for five hydrogen fuel cell buses for operation in public transportation. Additional Budget Bill language was adopted that allows the ARB to expend these funds on any Zero-Emission or Partially-Zero emission vehicle program.
- ◆ **Air Quality Enforcement.** Augments by \$4.0 million (\$1.3 million one-time Air Pollution Control Fund and \$2.7 ongoing Motor Vehicle Account) and 19 positions for the Air Board to enforce heavy-duty diesel regulations, evaluate on-board diagnostic systems in vehicles, and replace older testing and diagnostic equipment.
- ◆ **Clean Air Technology Grants.** Provides a one-time augmentation of \$2 million (Air Pollution Control Fund) for the expansion of the Innovative Clean Air Technologies Grant Program in order to facilitate the commercialization of new and innovative clean-air technologies.

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**The Integrated Waste Board**

■ **MAJOR ACTIONS**

- ◆ **Electronic Waste Recycling Act.** Provides \$1.1 million (Electronic Waste Recovery and Recycle Account) to implement the provisions of the Electronic Waste Recycling Act. Additionally the budget includes \$223,000 and 3.0 personnel years to prevent recycling fraud in the program.
- ◆ **Tire Recycling Enforcement.** Provides \$5.2 million (Tire Recycling Management Fund) and 3.0 permanent positions to enhance enforcement of the waste and used tire industry.

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**State Water Resources Control Board**

■ **MAJOR ACTIONS**

- ◆ **Water Quality.** Approves \$4.5 million (Waste Discharge Permit Fund) to support existing staff in the National Pollutant Discharge Elimination System (NPDES) permit program and shift funding to support the Surface Water Ambient Monitoring (SWAMP) program.



**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **Surface Water Monitoring.** Provides \$4.0 million (Waste Discharge permit Fund) to provide for increased surface water monitoring.
- ◆ **CALFED Programs.** Provides \$40.4 million in local assistance bond funds for future approved projects. Included in this funding are funds for water recycling, non-point sources pollution control, watershed and other CALFED related programs.

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**Department of Food and Agriculture**

■ **MAJOR ACTIONS**

- ◆ **Emerging Threats.** Approves \$8.2 million (General Fund and Federal Funds) to implement statewide program to prevent and respond to emerging threats.
- ◆ **Invasive Weed Management.** Approves \$2.5 million (General Fund) for invasive weed management grants to local invasive weed districts.
- ◆ **High Risk Pest Exclusion.** Augments by \$5 million (General Fund) for high-risk pest exclusion activities performed by local Agriculture Commissioners.

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**Energy Resources Conservation and Development  
Commission**

■ **MAJOR ACTIONS**

- ◆ **Transportation Fuels Model.** Approves Finance Letter request to add \$874,000 (special fund) and 2 positions to develop a dynamic simulation model for transportation fuels planning.
- ◆ **Climate Change.** Shifts funds to the Air Resources Board along with most other Climate Change budget proposals in order to facilitate a comprehensive review by the Budget Conference Committee. The budget request consists of \$612,000 (special fund) to fund four positions and \$200,000 of ongoing contract funds to help implement the Governor's June 2005 Executive Order setting out his greenhouse gas emission reduction goals for California.
- ◆ **Alternative Fuels Plan.** Approves Governor's Budget Request for \$500,000 (special fund) of one-time contract funds to complete the alternative fuels plan required by AB 1007 (Pavley). The plan will evaluate fuels on a full fuel-cycle basis,

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set goals for the use of alternatives by 2012, 2017, and 2022, and recommend policies to ensure that alternative fuel goals are attained.

- ◆ **Natural Gas Research Administration.** Approves Governor's Budget Request for \$504,000 from the Gas Consumption Surcharge Fund to add five additional positions to oversee this research program and to expand it to include transportation-related research that will benefit natural gas ratepayers. The budget indicates that the CEC will spend \$16.8 million on natural gas research in 2006-07.

## Subcommittee 4 on State Administration

Assemblymember Rudy Bermudez, Chair

Members of the Committee:

Assemblymember Rudy Bermudez  
Assemblymember Juan Arambula  
Assemblymember Nicole Parra  
Assemblymember Chuck DeVore  
Assemblymember Michael Villines



## PUBLIC SAFETY

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### Office of Emergency Services (OES)

#### MAJOR ACTIONS

- ◆ **Increased Costs of Disaster Recovery.** Provides a net increase of \$4.1 million to provide assistance and support to local agencies for disaster recovery efforts, including the Winter Storms of 2006.
- ◆ **War of Methamphetamine.** Provides a \$20 million augmentation to the War on Methamphetamine Grant program which supports California Multi-Jurisdictional Methamphetamine Enforcement Teams. Increases the total allocation to \$29.5 million.
- ◆ **Vertical Prosecution Block Grant.** Provides a \$10.1 million augmentation to the Vertical Prosecution Block Grant program, which provides resources to assist with the prosecution of heinous cases such as child and elder abuse, rape and stalking.
- ◆ **Sexual Assault Felony Enforcement.** Provides \$6 million in local assistance grant funding to support the activities of SAFE teams statewide in order to reduce violent sexual assault offenses through proactive surveillance and arrest of habitual sexual offenders.
- ◆ **Victim Services.** Provides \$1.1 million and one position to provide an increase in local assistance to Victim-Witness Center throughout the state that assists victims and witnesses during parole revocation hearings.
- ◆ **Separation of the Office of Homeland Security.** Rejects the Administration's proposal to create a separate organization code and budget item for the Office of Homeland Security.

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## Department of Justice

### MAJOR ACTIONS

- ◆ **Proposition 69 Funding.** Provides an additional \$2 million in General Fund support to the Bureau of Forensic Services for workload associated with the DNA Fingerprint, Unsolved Crime and Innocence Protection Act.
- ◆ **Gang Suppression Enforcement Teams.** Provides \$6.5 million and 33.6 positions to create six new Gang Suppression Enforcement Teams supplement the single existing team.
- ◆ **California Methamphetamine Strategy.** Provides \$6 million and 29.6 positions to create three new teams within the existing California Methamphetamine Strategy (CALMS) Program. CALMS activities center around curbing the trafficking of methamphetamine and methamphetamine production supplies along the state's northern and southern borders. Also provides funds for an independent review to assess the effectiveness of statewide methamphetamine enforcement activities.
- ◆ **Firearms Database.** Provides \$5 million and 32.3 positions for workload associated with DOJ Armed Prohibited Persons System (APPS) database. The APPS database cross-references persons who possess or own a firearm, and have been subsequently prohibited from owning or possessing a firearm. Funding also provides for enforcement teams to remove firearms from prohibited individuals.
- ◆ **Megan's Law Funding.** Increases General Fund support by \$81,000 to continue the current level of service for the Megan's Law Program. The General Fund revenue will offset a decline in Sexual Predator Public Information Account revenue. Also, includes Supplemental Report Language requiring the Department of Justice, in coordination with the Department of Finance, to explore other funding options to support current program level.
- ◆ **Special Crimes Unit.** Provides \$1.3 million and 13.2 positions to increase investigation activities within the DOJ Special Crimes Unit, which coordinates the investigation and prosecution of crimes involving large-scale financial crimes targeting the elderly.

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## Department of Corrections and Rehabilitation

### ■ MAJOR ACTIONS

- ◆ **Adult Population.** Provides \$216.8 million in General Fund and \$1.8 million in inmate Welfare Fund resources to support an estimated institutional Average Daily Population of 172,627 inmates and 117,754 parolees.
- ◆ ***Farrell v Hickman*.** Provides a \$90 million in total resources (capital outlay, salary and programmatic) to meet the terms of the consent decree to bring comprehensive reform to the Division of Juvenile Justice.
- ◆ **Health Care Separate Item.** Creates a separate budget item for the Prison Healthcare System, with provisional language to support legislative and administrative interaction with the Federal Court Appointed Receiver in *Plata v Schwarzenegger*.
- ◆ **Mental Health Services.** Provides \$71.3 million in total resources (capital outlay, salary and programmatic) to meet the conditions of the court order for *Coleman v Schwarzenegger*.
- ◆ **Inmate Dental Care.** Provides \$24.3 million in total resources to provide comprehensive dental care and increase program supervision to meet the terms of the stipulated agreement in *Perez v. Hickman*.
- ◆ **High Risk Sex Offender Parolees.** Provides \$5.1 million to expand the use of Global Positioning Systems (GPS) to monitor and track the movement of High Risk Sex Offender parolees assessed to be at a high risk to re-offend. This proposal seeks to utilize GPS devices on a total of 2,500 paroles.
- ◆ **Local Correctional Officer Training.** Provides \$19.5 million from the Corrections Training Fund to reimburse local correctional agency costs for providing training for sheriff deputies and probation officers.

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## Judicial Branch

### ■ MAJOR ACTIONS

- ◆ **Extension of the State Appropriations Limit.** Rejects the Administration's proposal to expand the State Appropriations Limit (SAL) to the entire Judicial Branch. Currently, the SAL is utilized for support the Trial Court operations.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **New Trial Court Judgeships.** Provides \$2.2 million to support facilities and staff for up to 20 new judgeships in the budget year.
- ◆ **Court Access.** Affords \$21 million to provide court interpreters for civil cases, as well as increase support for self-help centers.
- ◆ **Trial Court Security.** Provides a base adjustment of \$18.7 million for court security to add 97 new entrance screening stations and establish a five-year replacement schedule for entrance screening equipment.
- ◆ **Trial Court Funding.** Adopts trailer bill language to provide increase legislative oversight for the allocation of funding for trial court operations.

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**Gambling Control Commission**

■ **MAJOR ACTIONS**

- ◆ **Field Inspection Program.** Provides \$1.7 million and 14.5 positions to augment Licensing and Audit workload and establish a Field Inspection Program. The Field Inspection Program will provide random onsite inspections of gaming devices under the provisions of the new and amended compacts. Adopts Budget bill language requiring the commission to provide two-year operational licenses for tribal casinos and cardrooms.
- ◆ **Technical Services Program.** Provides \$732,000 and 5.0 positions (two-year limited term) to develop a Technical Services Program, Research and Testing Unit. The Unit will seek to provide the state with technical staff resources to provide oversight for electronic gaming devices and equipment.

## General Government

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### Secretary for Business, Transportation & Housing

#### MAJOR ACTIONS

- ◆ **Tourism.** Approves \$5.7 million (General Fund) augmentation to provide for increased tourism promotion for California.
- ◆ **Manufacturers Technology Program.** Approves \$3.0 million (General Fund) Augmentation for the Manufacturing Technology Program that provides business consulting services, in a public private partnership, to small manufacturers within the state.

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### Secretary of State

#### MAJOR ACTIONS

- ◆ **Help America Vote Act.** Approves the Governor's proposal for current year federal fund expenditure authority of \$5.5 million, and adds \$760,000 in federal fund expenditure authority for the Secretary of State to continue Source Code Review. Also includes language to require the Secretary of State to report their progress in bringing California in line with the Federal Help America Vote Act. The Administration's request to re-appropriate approximately \$45 million in Federal Funding for the Help America Vote Act was rejected to ensure these funds are spent only for approved purposes.
- ◆ **Notaries Public.** Rejects the Governor's budget proposal for \$3.1 million from the Business Fees Fund and 30 positions to address the increasing workload in the Notary Public Section of the Business Programs Division; and instead approves 16 positions (12 permanent, 4 two-year limited term) and the associated costs for such positions, totaling \$1.8 million.
- ◆ **Business Programs Automation.** Approves the Governor's proposal for \$2.2 million to provide ongoing maintenance and operation costs for the Uniform Commercial Code phase of the Business Programs Automation Project.



**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Online Disclosure.** Provides \$500,000 for the Secretary of State to complete the free filing online disclosure system which was supposed to be completed by December 31, 2002 but remains incomplete. This funding is also to enable the Secretary of State to begin an evaluation of the resources needed to upgrade this system to better serve users. Language is included requiring the Secretary of State to report on their progress in these actions.

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**State Controller**

■ **MAJOR ACTIONS**

- ◆ **21<sup>st</sup> Century Project.** Funds budget request (as modified in the May Revision) for \$35.1 million (\$17.7 million General Fund) and 77.6 2-year limited-term positions to implement the design, development, and initial rollout phases of the new human resources management system (21st Century Project). This system will replace the current dated and obsolete systems that handle state payroll, employment history, leave accounting, and position control. Funding for this multiyear project first was provided in 2004-05.
- ◆ **Unclaimed Property Program.** Approves May Revision budget request to increase funding and staff by \$4.2 million and 35 positions. The augmentation is for ongoing workload, replacement of the Unclaimed Property Information System, additional auditors to identify unclaimed property held by financial institutions and others that should be transferred to the state, and for elimination of the backlog of notices that must be provided to the last recorded owners of the unclaimed property. The state receives property, such as bank deposits and brokerage accounts, that has gone unclaimed despite attempts to contact the owner. The Controller's Office disposes of the unclaimed property and deposits the proceeds in the General Fund. However, property owners retain the right to reclaim the proceeds of their property upon verification of a claim. The additional auditors will increase ongoing General Fund revenues by \$15 million (\$7.5 million in 2006-07). Eliminating the notice backlog will temporarily reduce General Fund revenues by \$8.2 million in 2006-07 and 2007-08 because of a temporary increase in claims by owners.
- ◆ **Apportionment Payment System.** Approves Governor's Budget request for \$766,000 (special funds) for the third year of the Apportionments Payment System Project to replace the existing aging system that distributes apportionments of various revenues to local entities.
- ◆ **Bank Reconciliation System Replacement.** Approves Governor's Budget request for \$710,000 (\$308,000 General Fund) to replace the State Controller's existing system for issuing and tracking warrants for the state. The current system is obsolete and technicians trained to operate it are becoming increasingly scarce.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **Other Post-Employment Benefits Reporting.** Approves Governor's Budget request for \$252,000 to prepare an estimate of the state's liability for future post-employment benefits of state workers, other than retirement benefits. The primary non-retirement state liability is for health and dental benefits for annuitants. The state must identify this future liability to comply with Governmental Accounting Standards Board (GASB) Statement 45. Also added Budget Bill language requiring identification of any significant differences in assumptions or methodology from the estimate of retirement benefits liability by CalPERS and to provide an illustrative example of how much the state's health and dental benefits liability would be reduced if the state switched from pay-as-you-go funding to pre-funding these benefits.

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**Tax Relief**

■ **MAJOR ACTIONS**

- ◆ **Senior Homeowners' and Renters' Tax Assistance.** Fully funds, as proposed by the Governor's Budget and May Revision adjustments, a total of \$182.1 million (General Fund) for renters' and homeowners' assistance payments to low-income seniors and disabled persons.
- ◆ **Other Tax Relief Programs.** Fully funds, as proposed in the Governor's Budget, subventions for Homeowners' Property Tax Exemptions (\$442.5 million) and Open Space Subventions (\$39.6 million). In total, the subcommittee approved \$679.1 million of General Fund spending for tax relief programs. Also provides more than \$5 billion of K-14 education funding to replace former General Fund VLF "backfill" payments to local governments in order to replace the local revenue loss from the reduction in the Vehicle License Fee tax rate.

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**Tax Administration**

■ **MAJOR ACTIONS**

**Franchise Tax Board (FTB)**

- ◆ **Out-of-State Legal Counsel.** Approves Governor's Budget request for \$694,000 (General Fund) and 1.4 staff for the FTB to contract with outside counsel to represent the Board in out-of-state bankruptcy cases. The budget indicates that the Attorney General previously performed this function, but has indicated that he no longer has resources for this purpose.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Court-Ordered Debt Collection Program.** Approves Governor's Budget request for \$3.8 million (special fund) and 29.6 personnel-years to expand the Court Ordered Debt Collection Program to serve all 58 counties, consistent with the direction in SB 246 (Escutia) of 2004.
- ◆ **Butterfield Phase III.** Augments by \$24 million (\$21.6 million General Fund), as requested by a spring Finance Letter, for increased rental and maintenance costs at Phase III of the board's Butterfield Office Complex.
- ◆ **Tax Gap Staff.** Adds \$659,000, as requested in the spring Finance Letter, for full-year funding of tax gap audit and discovery staff added in the current year.
- ◆ **California Child Support Automation System.** Approves May Revision request to shift \$16.1 million (\$5.5 million General Fund) of spending from the current year to 2006-07 for the development and implementation of the California Child Support Automation System and to shift \$8.6 million (\$3.1 million General Fund) from 2004-05 into the current year. Adopts revised language to provide more legislative control over augmentation authority.
- ◆ **E-filing Savings.** Reduces budget request by \$338,000 (General Fund) to recognize increased savings from additional e-filing of tax returns.

**State Board of Equalization (BOE)**

- ◆ **Out-of-State Tobacco Purchases.** Approves Governor's Budget request for \$1.9 million (\$216,000 General Fund) and 19.5 PYs (2-year limited-term) for the BOE to collect unpaid California taxes from on cigarettes and other tobacco products that were purchased over the internet or through the mail from out-of-state sellers. The BOE estimates the program will generate \$33.8 million in additional revenues in 2006-07. Most of the money will go to the Proposition 10 and Proposition 99 funds; \$3.9 million will go to the General Fund, and the Breast Cancer Fund would receive \$777,000. In 2007-08, the projected revenue gain drops to \$16.9 million, as the staff works down the backlog of purchase records.
- ◆ **Retail Licensing Enforcement.** Approves Governor's Budget request for \$1.6 million (\$1.1 million General Fund) and 13.8 PYs (2-year limited term) for a BOE "pilot program" to identify and register businesses that fail to pay sales and use taxes on the goods and services these businesses provide. The board estimates that these enforcement efforts will generate \$12.6 million in additional sales and use tax revenues in 2006-07 (\$7.9 million General Fund).
- ◆ **Vehicle Inspection Station Tax Leads.** Approves Governor's Budget request for \$1.4 million (\$811,000 General Fund) and 15.1 PYs (2-year limited term) for the BOE to identify property brought into the state without the payment of applicable sales and use taxes. The two-year pilot program will be run from California

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

Department of Food and Agriculture (CDFA) border inspection stations, through which all commercial vehicle traffic must pass. The BOE estimates the program will generate \$7.4 million in additional sales and use taxes in 2006-07, of which \$4.2 million will go to the General Fund.

- ◆ **International Fuel Tax Agreement.** Approves Governor's Budget request for \$1.1 million in federal funds and 11.5 staff for the second year of a program under which BOE temporarily maintains International Fuel Tax Agreement (IFTA) accounts for Mexican motor carriers who will begin operating in the state pursuant to the North American Free Trade Agreement (NAFTA). This program was established administratively in 2005-06.
- ◆ **Property Tax Valuation Factors.** Approves Governor's Budget request for \$263,000 (General Fund) and 1.9 positions for the BOE to develop more accurate property tax valuation factors for biopharmaceutical and non-production computer equipment. Valuation factors are used by county assessors to determine the value of commercial business equipment for property tax purposes.
- ◆ **AB 71 Funding Shift.** Approves Governor's Budget request to shift \$2.4 million of the cost of the \$9.4 million cost of the Cigarette and Tobacco Products Licensing Program--established by AB 71 (Horton) in 2003—from one-time licensing fees to the various funds that receive cigarette and tobacco tax revenues (primarily Propositions 10 and 99 funds), as contemplated by AB 71.
- ◆ **Curtainwall Repair.** Recognizes \$7.8 million of 2005-06 General Fund savings identified in the May Revision due to a reduced cost estimate for repair of the curtainwall at the BOE Headquarters Building based on the revised cost estimate approved by the Joint Legislative Budget Committee.
- ◆ **Local Sales and Use Tax Calculations.** Adopts revised methodology developed by BOE and recommended by the Legislative Analyst to allocate Sales and Use Tax administrative costs among the state, the local Bradley-Burns tax, and special taxing jurisdictions for an annual General Fund savings of \$5.7 million. Also recognizes \$10 million annual General Fund savings (to Proposition 98 K-14 Education funding) starting in 2005-06 from correcting an error in the calculation of property tax replacement revenue for the "Triple-Flip."

## Local Government

### MAJOR ACTIONS

- ◆ **Restoration of Local Property Tax Revenue.** Includes, as provided in the Governor's Budget, a General Fund spending increase of \$1.3 billion (for Proposition 98 K-14 Education) in order to replace property tax revenues that were shifted from local governments to schools and community colleges for two years--in 2004-05 and 2005-06. The \$1.3 billion of property tax revenue will be restored to cities, counties, special districts, and redevelopment agencies as provided under existing law.
- ◆ **Replacement of VLF Backfill.** Includes more than \$5 billion of K-14 education funding to replace former General Fund VLF "backfill" payments that are now funded by property tax revenues shifted from schools and community colleges to local governments.
- ◆ **COPS/Juvenile Justice Grants.** Approves a total of \$242.6 million, consisting of a Governor's Budget request for \$200 million and a May Revision augmentation request for \$42.6 million. This funding level provides an increase of \$42.6 million from the level of support provided in 2005-06 (which included \$26.1 million of carryover local balances). The approved funding restores support for these programs to the initial level of funding provided in 2000-01, when the Juvenile Justice Grants were first established. Existing law requires equal funding for the two programs. The Citizens' Option for Public Safety (COPS) program provides per-capita grants that are allocated at a local level to police departments, sheriffs, and district attorneys. The Juvenile Justice Crime Prevention Act provides per-capita grants to counties to finance juvenile justice strategies to reduce recidivism under local plans developed using multi-agency coordination.
- ◆ **Rural and Small County Law Enforcement Grants.** Includes, as provided in the Governor's budget, \$18.5 million to fully fund this program, which provides grants of \$500,000 to 37 counties.
- ◆ **Disaster Relief.** Includes, as provided in the Governor's budget, \$1.6 million to offset property tax revenue losses to local communities affected by disasters in 2005 pursuant to existing law.
- ◆ **Local Detention Facility Fund.** Does not adopt the May Revision proposal for legislation to continuously appropriate \$40 million for allocation to county sheriffs for jail improvement and maintenance and to replace existing booking fees with a much more limited system of jail access fees. The May Revision proposal replaced a proposal in the Governor's Budget for legislation to reinstate Booking Fee subventions.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **Local Government Mandates.** Funds local government mandates, as follows:
  - ◆ **2006-07 Claims.** \$47.9 million for payment of 2006-07 mandate claims.
  - ◆ **Newly Determined Mandates.** \$45.7 million for payment of prior obligations under mandates that have been newly determined by the commission.
  - ◆ **Payment of Deferred Claims.** \$98.1 million for the first year of a 15-year payment plan to reimburse counties for mandated costs for which funding was deferred in years prior to 2004-05. Local governments have submitted more than \$1 billion of claims for reimbursement of these past costs. The State Controller has been reviewing the claims, but funding was deferred in prior years' budgets.
  - ◆ **Mental Health Services to Students.** \$50 million of non-Proposition 98 General Fund money as a set-aside in the Commission on State Mandates budget for funding county mental health services to pupils (AB 3632). Budget Bill language states intent to convert this mandate to a categorical program (please see discussion under the Department of Mental Health).

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**Electricity Oversight Board**

■ **MAJOR ACTIONS**

- ◆ **Ongoing Support.** Approves the Governor's proposal for \$3.9 million from ratepayer special funds and 21.9 positions.

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**Public Utilities Commission**

■ **MAJOR ACTIONS**

- ◆ **Railroad Safety.** Augments by a total of 20.9 positions and \$2.1 million (special funds). The increase consists of a Governor's Budget augmentation of \$1.4 million and 14.2 positions to enhance rail safety plus an additional 6.7 inspection positions and \$662,000. Specifically, this action includes the following:
  - ◆ Continues on a permanent basis 10 limited-term positions for railroad safety inspections (6 positions) and rail safety analysis (3 positions, plus one

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

supervisor) at a cost of \$946,000. These positions were included in a legislative augmentation to the 2005-06 Budget. Added an additional 6.7 new inspector positions.

- ◆ Adds three staff at a cost of \$252,000 for the Rail Crossing Engineering Section in order to increase safety at rail crossings, investigate crossing accidents, and carry out federal requirements, including approval of Quiet Zones.
- ◆ Adds two staff at a cost of \$180,000 for rail transit safety accident investigation and rail transit security oversight. The PUC indicates that these positions would backfill positions that it has diverted to address increased workload for oversight of rail transit construction projects.
- ◆ Reappropriates \$100,000 originally appropriated in the current year to fund a study of land use planning to promote rail safety, vandalism and terrorism-related safety issues, and emergency response capabilities for rail accidents.
- ◆ **Telecommunications Bill of Rights Decision.** Reduces by \$2 million the administration's request for \$12.8 million from ratepayer funds (including \$2.8 million requested in the May Revision) for implementation of the PUC's March 2006 decision regarding the Telecommunications Consumer Bill of Rights, as follows:
  - ◆ Approves \$6.1 million to create a consumer education campaign, including \$3.5 million for advertising, \$1 million for outreach by community-based organizations, and \$350,000 for PUC community meetings and forums. Ongoing costs would be \$3 million annually. Reduced the amount for media experts to design and produce the campaign from \$2 million to \$1 million.
  - ◆ Approves \$1.7 million to upgrade the commission's consumer database to better track consumer inquiries and complaints.
  - ◆ Approves \$650,000 for training of enforcement staff and complaint resolution staff.
  - ◆ Approves \$300,000 to assist in developing actions against fraudulent activities that the Attorney General or local district attorney will pursue in court.
  - ◆ Reduces from \$500,000 to \$300,000 the amount provided in 2006-07 for independent review of the effectiveness of the education program on the basis that much of the evaluation work will not need to be done until 2007-08.
  - ◆ Reduces by \$755,000 (and 11 positions) the \$2 million requested for 29.5 positions to implement the program. Positions requested include 13 bilingual consumer affairs representatives, 8.5 enforcement positions, and 7.5 additional analysts for the telecommunications consumer fraud unit. The reductions

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

recognize that positions will not be filled immediately and delay hiring investigators until 2007-08, when the new database will be able to generate leads.

- ◆ Approves \$550,000 for other equipment and expenses, including providing enforcement staff access to Lexis/Nexis to assist in enforcement research.
- ◆ **High-Cost A Program.** Augments, as requested in the May Revision, by \$14.3 million of telecommunications ratepayer funds to reflect the final funding level adopted by the commission for the "High-Cost A" Program, which subsidizes basic telephone service to areas with high cost for smaller phone companies.
- ◆ **Teleconnect Program.** Denies May Revision request to augment by \$4.8 million of ratepayer funds due to the commission's failure to implement statutory requirements for coordination with the federal E-rate Program. Both programs subsidize the telecommunications bills of schools and libraries.
- ◆ **Staff Restorations.** Restores 4 positions for support of programs to protect low-income populations and 3 of the 9 existing positions for the Payphone Enforcement Program. The Governor's Budget proposed to eliminate all staff technical support for low-income programs and all staffing for the Payphone Program.
- ◆ **Climate Change.** Eliminates 12 positions and \$1,078,000 (ratepayer funds) requested in the Governor's Budget for implementation of the Governor's Climate Change Initiative. This action is consistent with other actions to place all of the Climate Change proposals in Conference.
- ◆ **Division of Ratepayer Advocates (DRA).** Approves Governor's Budget request for \$154,000 of ratepayer funds to establish a lead attorney position within the DRA, as provided for in SB 608 (Escutia).
- ◆ **Headquarters Building Improvements and Child Care Study.** Approves Governor's Budget request for one-time funding of \$1,122,000 of ratepayer funds for a variety of maintenance repairs, energy efficiency improvements, and relocation of the child care center at the PUC's San Francisco headquarters.
- ◆ **Workstation Makeover.** Approves Governor's Budget request for \$2.4 million in 2006-07, to be followed with an additional request for \$2.4 million in 2007-08, to replace the PUC's modular workstations, which were purchased in 1986.



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## Department of Fair Employment and Housing

### MAJOR ACTIONS

- ◆ **Investigations.** Approves Governor's Budget request for \$1.1 million and 13 positions to increase the number of discrimination complaints that DFEH can accept and to complete more investigations within the statutory 1-year time limit.
- ◆ **Appointment Scheduling.** Approves Governor's Budget request for \$464,000 and 2 positions for DFEH to automate appointment scheduling and processing of "Right to Sue" applications, in which complainants seek permission to file a discrimination lawsuit in place of a DFEH investigation.
- ◆ **Mediation Program.** Augments by \$775,000 (General Fund) and 5 positions to establish a mediation program to assist in the resolution of complaints.

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## Department of Housing and Community Development

### MAJOR ACTIONS

- ◆ **Emergency Housing Assistance Program.** Restores \$864,000 (General Fund) to maintain operating grants for homeless shelters at the same level as in the current year. The Governor's Budget proposed reducing funding from \$4 million to \$3.1 million.
- ◆ **Migrant Farmworker Housing Centers.** Approves Governor's Budget request for \$3.4 million (General Fund) for the migrant farm worker housing centers. Of this amount, \$2.35 million is to reconstruct two state-built daycare facilities at the San Benito Center in Hollister and at the Buena Vista Center near Watsonville in order to address health and safety standards. The remaining \$1.025 million provides an ongoing increase for operation and maintenance for the migrant centers.
- ◆ **Funding Redirections.** Approves May Revision proposal to redirect \$15 million of unused Proposition 46 bond funds that had been designated for student housing to be used instead for the Transit-Oriented Housing Component of the Downtown Rebound Program. Partially offsets this transfer by returning \$7.5 million to the General Fund from a past appropriation for the Downtown Rebound Program.
- ◆ **Mobile Home Programs.** Approves Governor's Budget request for \$501,000 (special fund) and 6 positions to process increased license applications, investigate consumer complaints, and staff the Office of Mobilehome Ombudsman.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Housing Planning Activities.** Approves May Revision request for \$486,000 to improve housing element information systems and update the state housing plan.
- ◆ **Regional Housing Needs Assessment.** Augments by \$1 million (General Fund) for grants to regional Councils of Governments to help fund their activities in performing Regional Housing Needs Assessments.
- ◆ **Self-Help Housing Program.** Augments by \$1 million (General Fund) for construction management grants under the Self-Help Housing Program, with the funding to be shifted to bond funds if Proposition 1C passes.
- ◆ **Enterprise Zone Program.** Extends fee authority to fund the department's administration of the Enterprise Zone Program, as requested by the administration, but extends the fee to all of the types of economic development zones and sunsets the fee in one year.

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**California Arts Council**

■ **MAJOR ACTIONS**

- ◆ **Local Assistance Funding.** Provides \$1.8 million from the Graphic Design License Plate Account for local assistance from the Arts Council.

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**Employee Compensation**

■ **MAJOR ACTIONS**

- ◆ ***Plata v. Schwarzenegger.*** Allocates approximately \$82 million for costs related to the *Plata v. Schwarzenegger* lawsuit. These costs will fund increases to attempt to address medical staff vacancy issues in the Department of Corrections and Rehabilitation (both adult and youth), as well as the Department of Mental Health.
- ◆ **Existing Bargaining Unit MOUs.** Includes an increase of \$2,385,000 for Unit 7 (California Union of Safety Employees), \$5,776,000 for Unit 18 (California Association of Psychiatric Technicians) for health care costs not included in the Governor's Budget; and an increase of \$47,536,000 for Unit 6 (California Correctional Peace Officers Association). Since the Unit 6 salaries are linked to the compensation received by Unit 5, the revised estimate from Unit 5 salary survey increases the costs for Unit 6. Also adds \$7.76 million from special funds for Bargaining Unit 5, reflecting the salary survey for police and sheriff in statutorily specified jurisdictions compared to California Highway Patrol. These costs were previously underestimated by DPA.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- ◆ **Expired Bargaining Unit MOUs.** Continues, from the January 10 Governor's Budget, exclusion of funding for all employee bargaining units without completed MOUs. The necessary amounts will have to be added after negotiations are complete.

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**State Personnel Board**

■ **MAJOR ACTIONS**

- ◆ **State Examination and Certification Replacement Project.** Allocates two positions and \$2.5 million from the General Fund for the purpose of replacing the State's Examination and Certification system. The Current Examination and Certification system was built over 30 years ago and has been updated only sporadically to comply with legal requirements. These changes will enhance the system for both the employer and prospective employee, as well as enable easier modifications to the system in the future.

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**Department of Personnel Administration**

■ **MAJOR ACTIONS**

- ◆ **Employee Classification Reform.** Approves \$1 million proposed in the Governor's Budget for the purpose of beginning to reform the state employee classifications and determine appropriate testing instruments for the revised state classification structure. This process will be a joint effort between the State Personnel Board and the Department of Personnel Administration. Approximately \$360,000 will be used for a thorough assessment of the existing structure and practices for all classifications; while \$640,000 will be used to complete reforms to only the information technology (IT) classification and selection structure.

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**California Public Employees' Retirement System**

■ **MAJOR ACTIONS**

- ◆ **Assisting contracting agencies to comply with GASB 45.** Provides one-time expenditure authority of \$2.9 million to assist contracting agencies to comply with GASB 45 financial reporting requirements. Under this request, CalPERS would

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

assist contracting agencies in meeting their short-term needs by providing the health data necessary to complete the health actuarial valuation necessary to calculate their health benefit liability.

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**California State Teachers' Retirement System**

■ **MAJOR ACTIONS**

- ◆ **State Contribution.** Reduces the state's contribution to CalSTRS' retirement benefits, per the Governor's May Revision, by \$121.5 million due to an error recently discovered in the CalSTRS' accounting system and a revised estimate of teacher compensation for the budget year. The error resulted in the state contributing more than is required by law in fiscal years 2002-03, 2004-05 and 2005-06. Since the General Fund transfers have already been completed for these fiscal years, the \$121.5 million correction is included as an adjustment to the state's 2006-07 transfer from the General Fund. The error also affected the state's Benefit Funding and Supplemental Benefit Maintenance Account in fiscal years 2003-04 through 2005-06.

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**Employment Development Department**

■ **MAJOR ACTIONS**

- ◆ **Employment Training Fund Shift.** Shifts \$32.9 millions of Employment Training Funding from the CalWORKs program back into the funding at the discretion of the Employment Training Panel. Also includes budget bill language to require all Employment Training Funds be targeted to workers at or near the minimum wage.
- ◆ **Healthcare Workforce Training.** Includes \$5.7 million (General Fund) to support the Healthcare Workforce Training program. The funding continues this training program in Los Angeles County.
- ◆ **Nursing Simulators.** Rejects a spring Finance Letter to provide \$4.5 million (General Fund) for nursing education simulators. The state has yet to expend funding budgeted for nursing simulators in FY 05-06 year, so it is too soon to know how well they work in expanding nursing training.
- ◆ **Displaced Worker Funding.** Adopts budget bill language to address a problem with the Workforce Investment Act Displaced Worker funding formula.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Automated Collection Enhancement System.** Approves an augmentation of \$3.1 million (\$2.7 million General Fund) and 15 positions to continue a technology project that will integrate and automate tax information.

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**Department of Industrial Relations**

■ **MAJOR ACTIONS**

- ◆ **Minimum Wage Enforcement.** Includes \$3 million (General Fund) for increased minimum wage and overtime enforcement. In 2005, although California had over 17 million employees, the Department issued only 81 citations for minimum wage violations.
- ◆ **Safety Inspection.** Includes \$3 million for additional Cal/OSHA inspection staffing. The additional staff will protect California workers at their workplace by providing enough staffing to reach the national average level of staffing.
- ◆ **Farmworker Remedial Account.** Diverts \$100 of the fee charged to Farm Labor Contractors to the Farmworker Remedial Account. This transfer should help address a structural problem with the fund.
- ◆ **Garment Worker Fund.** Appropriates \$500,000 to allow the fund to play outstanding claims for unpaid garment worker wages.
- ◆ **Worker's Compensation.** Approves funding, extends positions, and repeals the filing fees for Worker's Compensation.

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**Military Department**

■ **MAJOR ACTIONS**

- ◆ **Military Headquarters.** Approves \$1 million (General Fund) for a two-year purchase option on 30 acres of land at the former Mather Air Force Base to build a headquarters for the department. The full cost of the headquarters is expected to be \$98.5 million.
- ◆ **Roseville Armory.** Provides \$2.5 million for the construction of the Roseville Armory Expansion and Renovation project. Total project costs will be \$6 million (\$3 million General Fund). The proposal also contains provisional language to allow the expenditures of federal funds.

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **Expands ChalleNGe Program.** Establishes a second Youth ChalleNGe program for a \$3.9 million (\$900,000 General Fund). The new program would take place in Los Alamitos Joint Forces Training Base. The first class starts January 13, 2007. Second class starts July 14, 2007. The target graduation rate is 200 students per year.
- ◆ **Modernization Funding.** Includes an additional \$1 million (\$500,000 General Fund) for armory modernization projects. Also approves \$3.5 million for maintenance and repair of armories throughout California contained in the January budget. There is an estimated \$35 million in deferred maintenance costs across the state that need to be addressed.
- ◆ **Creating an Internal Control Office.** Includes \$182,000 (General Fund) and two auditor positions to provide an ongoing audit of the departments fiscal systems and practices.
- ◆ **Homeland Security Funding.** Includes \$1.7 million federal funds and seven positions for federal Office of Homeland Security contracts.

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**Department of Veteran's Affairs**

■ **MAJOR ACTIONS**

- ◆ **Veteran's Outreach.** Includes \$1.6 million (General Fund) for additional veterans outreach to improve the number of California Veterans getting federal benefits. The funding would go to both County Veteran Service Officers and for a contract with a Veteran's Service Organization. The proposal also includes language that requires the Department to report on an outreach plan that is developed through a stakeholder driven process.
- ◆ **Yountville Alzheimer's and Dementia Unit.** Includes \$3.8 million (\$3.4 million General Fund) and 75.7 positions to operate a new Alzheimer's and Dementia Unit at the Yountville Home. The new unit is expected to serve 75 current residents identified with these conditions with a specifically designed facility to care for them. A corresponding augmentation of \$1.3 million (\$371,000 General Fund) and 33.5 positions will backfill of two nursing wards that currently house this population.
- **Combat-Related Behavior Treatment Program.** Approves \$1 million (General Fund) and 11 positions to establish a new program to treat veterans with post traumatic stress disorder and other combat-related psychiatric problems. The new program will offer psychology, psychiatry, and substance abuse treatments services.

**THE 2006-2007 STATE BUDGET  
Subcommittee Report**

- **Barstow Nursing Bed Restoration.** Approves \$1.3 million (\$906,000 General Fund) and 10.6 positions to restore 20 nursing beds at the Barstow Home. Barstow Home closed its nursing facility in 2003 after a series of incidents involving mistreatment of residents. The Department of Health Services authorized Barstow to re-open its skilled nursing facility in April 2005.
- ◆ **Yountville Recreation Building Renovation.** Includes \$8.3 million to renovate the Yountville Home recreation building. This project will improve the functionality of the building and also address hazardous material abatement and fire and seismic code issues.

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**Budget Adjustment Authority**

■ **MAJOR ACTIONS**

- ◆ **Unallocated Reductions.** Includes Control Section 3.45, as proposed in the Governor's Budget. This provision authorizes unallocated reductions in General Fund spending totaling \$150 million (\$50 million in 2005-06 and \$100 million in 2006-07). These one-time reductions are in addition to the \$100 million unallocated 2006-07 reduction provided for in Control Section 4.05 of the 2005 Budget Act (for a total of \$250 million in unallocated reductions).
- ◆ **One-Percent Personnel Reduction.** Modifies the Governor's proposed Control Section 3.45. This provision, as proposed, required the Director of Finance to reduce salaries and wages spending by \$58 million (General Fund) in 2006-07. The May Revision proposed exempting the Department of Corrections and Rehabilitation from the cut, reducing the savings to \$21.5 million. The Assembly action further modified the provision to exempt the tax agencies (the Board of Equalization and the Franchise Tax Board), resulting in a remaining savings of \$17.8 million.
- ◆ **Mid-Year Reductions.** Includes Budget Control Section 4.06, as proposed by the Governor's Budget. This provision allows the Director of Finance to reduce General Fund appropriations if necessary to protect the financial interests of the state. Reductions are limited to twenty-five percent of the affected appropriation and require notification to the Legislature within 30 days.

## **Subcommittee 5 on Transportation and Information Technology**

Assemblymember Pedro Nava, Chair

Members of the Committee:

Assemblymember Pedro Nava  
Assemblymember Lois Wolk  
Assemblymember John J. Benoit





## TRANSPORTATION & INFORMATION TECHNOLOGY

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### Department of Transportation (Caltrans)

#### MAJOR ACTIONS

- ◆ **Proposition 42 for 2006-07.** Provides an estimated \$1.4 billion for full transfer of General Fund sales tax revenue on gasoline in accordance with Proposition 42. The transfer will provide \$678 million for the Traffic Congestion Relief Fund (TCRF), \$594 million to the State Transportation Investment Program (STIP), and \$148 million for the Public Transportation Account (PTA). Local governments do not receive a share of the Proposition 42 transfer in 2006-07 due to local governments receiving what would have been their allocation during earlier years when the transfer was suspended. What would have been the local share instead is allocated to the STIP.
  
- ◆ **Early Proposition 42 Repayment.** Provides \$920 million to repay a portion of the 2004-05 Proposition 42 suspension. The repayment is not required under current law until 2007-08. Under the subcommittee's action, all balances from the 2004-05 suspension that are accumulating interest are repaid, as a result, the repayment includes \$122 million for the PTA that the Governor did not propose repaying early.

**Total \$2.3 billion General Fund  
Support for Proposition 42**

(in millions)	2006-07 Prop 42 transfer	Early Prop 42 repayment	Total
TCRF	\$678	\$308	\$986
STIP	\$594	\$245	\$839
Local Streets and Roads	--	\$245	\$245
PTA	\$148	\$122	\$270
<b>Total</b>	<b>\$1,420</b>	<b>\$920</b>	<b>\$2,340</b>

**THE 2006-2007 STATE BUDGET**  
**Subcommittee Report**

- ◆ **PTA Spillover.** Rejects the Governor's proposal to rip off an additional \$343 million of sales tax on gasoline for the benefit of the General fund. Instead, the budget provides \$275 million for local transit operations, \$48 million for intercity rail capital improvements, and \$20 million for one time grants for farmworker transportation program expansion.
- ◆ **Agricultural Industries Transportation Services.** Provides \$20 million from PTA spillover revenues to expand the successful Agricultural Industries Transportation Services (AITS) that is currently in the Kings County area to other agricultural areas of the state. The AITS program provides safe, reliable, and affordable transportation services for workers in the agricultural industry. The \$20 million will provide one-time startup grants to develop AITS programs that are expected to be self-funded within three years.
- ◆ **Capital Outlay Support.** Increases funding for capital outlay support by \$19.7 million above the Governor's May Revision by reducing the proposed reduction by half. The additional funds were approved in anticipation of increased workload due to the transportation bond that is on the November ballot.
- ◆ **Environmental Enhancement and Mitigation Program (EEMP).** Appropriates \$10 million for EEMP to award grants to local agencies to undertake mitigation projects that are directly related to the environmental impacts of modifying existing transportation facilities or constructing new facilities.
- ◆ **Tribal Gaming Bond.** Shifts anticipated receipt of tribal gaming revenues from the current year to the budget year and reduces the anticipated amount from \$1 billion to about \$850 million. The state has already received \$150 million from tribal gaming revenues, and those funds will be allocated in the current year for transportation purposes rather than securitized for the tribal gaming bond.

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## **Special Transportation Programs**

### ■ **MAJOR ACTIONS**

- ◆ **State Transit Assistance.** Increases support for State Transit Assistance (STA) from the Governor's proposed \$271 million to \$607 million. The increase is due to providing an additional \$275 million from the PTA spillover and \$61 million from the early repayment of Proposition 42 loans. The additional funding is needed for the STA due to the continuing budget struggles of local transit agencies and the added pressure on public transit as a result of the high gas prices.

## California Highway Patrol

### ■ MAJOR ACTIONS

- ◆ **Radio System.** Provides \$57.1 million for the first year of a five-year project to enhance and replace obsolete components of the CHP radio system. The new radio system will be interoperable with other law enforcement and public safety agency radio systems.
- ◆ **Additional CHP officers.** Provides over \$30 million for an additional 240 new uniformed officers and 70 new support and managerial staff by the end of the budget year.
- ◆ **9-1-1 Staffing.** Provides \$6.4 million for additional CHP Communication Centers staffing to expedite the answering of 9-1-1 calls.

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## Department of Motor Vehicles

### ■ MAJOR ACTIONS

- ◆ **Real ID Act.** Rejects the Governor's proposal for \$18.8 million (Motor Vehicle Account) and 36.4 positions to begin the planning, programming, and infrastructure development necessary to implement the federal Real ID act.