



Overview of Governor's Proposed Mid-Year Spending Adjustments

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SUMMARY

- \$10.2 billion in General Fund savings over the current and budget years, including \$8.7 billion in budget cuts and \$1.5 billion in transfers, fund shifts, and loans.
- Of the amount above, \$3.4 billion in 2002-03, including \$2 billion in cuts and \$1.4 billion in transfers, fund shifts, and loans, and \$6.8 billion in 2003-04, including \$6.6 billion in cuts and \$200 million in transfers, fund shifts, and loans.

HEALTH AND HUMAN SERVICES

- \$94.4 million in 2002-2003 General Fund savings from 10 percent across the board Medi-Cal provider rate reduction, including Mental Health managed care providers, effective April 1, 2003.
- \$63.3 million in 2002-2003 General Fund savings from eliminating various optional Medi-Cal benefits including adult dental services, podiatry, and medical supplies. The elimination would be effective April 1, 2003.
- \$5 million in 2002-2003 General Fund savings from reinstating Quarterly Status Reporting for Medi-Cal eligibility. This reduction would save \$85 million General Fund in 2003-2004.
- \$6.2 million in 2002-2003 General Fund savings from reducing eligibility for the 1931B program by conforming eligibility standards to the CalWORKs program, effective April 1, 2003. This reduction would save \$118 million General Fund in 2003-2004.
- \$5 million in 2002-2003 General Fund savings from levying an assessment for Developmental Disability intermediate care facilities.

- \$142.7 million in General Fund savings from maximizing the use of federal waivers to claim for Development Disabilities activities.
- \$100 million in 2003-2004 General Fund savings from institutes statewide purchase of service standards for the Department of Developmental Services.
- \$2.2 million in 2003-2004 General Fund savings from consolidating the provision of some Department of Rehabilitation services into the Regional Centers.
- \$34.5 million in 2003-2004 General Fund savings from suspending the Cost of Living Increases for the SSI/SSP and CalWORKS programs for the 2002-2003 fiscal year. This reduction would save at least \$328 million General Fund in 2003-2004.
- \$99 million in General Fund savings from eliminating the CalWORKs Stage 3 child care set aside, effective April 1, 2003.
- Eliminates the Emergency Medical Services Authority (EMSA). All functions of EMSA will be transferred to the Department of Health Services, effective July 1, 2003.
- Eliminates the Foster Parent Training Fund in the Department of Child Support Services.
- Eliminates the Child Development Policy Advisory Committee, effective July 1, 2003.
- \$1.5 million in General Fund savings from eliminating the Department of Community Services and Development. All current DCSD programs will be transferred to the Department of Social Services, with the exception of the Naturalization Services Program and the Mentoring Program, which will be eliminated.
- \$2.5 million in General Fund savings from eliminating discretionary General Fund funding for various Department of Aging programs including Senior Nutrition and the Foster Grandparent Program.

DEPARTMENT OF TRANSPORTATION

- \$100 million current year General Fund savings by transferring funds from the Transportation Congestion Relief Fund (TCRF) to the General Fund.
- \$1 billion budget year General Fund savings by suspending scheduled transfer from the General Fund to the Transportation Investment Fund, as provided by Proposition 42.
- \$500 million budget year General Fund savings by forgiving planed repayment of TCRF loan.
- \$50 million budget year TCRF saving by deferring planned repayment of State Highway Account (SHA) loan.

- Transfer of the Transportation Congestion Relief Plan to the California Transportation Commission for project programming and reevaluation.
- \$90 million current year SHA savings by cutting allocation to cities and counties for local streets and road maintenance.

LOCAL GOVERNMENT

- \$700 million savings in 2003-04 from continued deferral of payments to local governments for their cost of carrying out state mandated local programs.
- \$500 million transfer of funds to the state from the Low and Moderate Income Housing Funds of local redevelopment agencies.
- \$90 million reduction in State Highway Account funding for local street and road maintenance in 2002-03.
- \$58 million savings from reverting the 2002-03 appropriation for local flood control subventions.

EMPLOYEE AND RETIREE COSTS

- \$500 million savings from eliminating the July 2003 state contribution to the Supplemental Benefit Maintenance Account in the State Teachers' Retirement Fund.
- \$470 million in state employee compensation savings, primarily in 2003-04 (potentially including elimination of scheduled pay increases, salary reductions, benefit reductions, and layoffs) with specific proposals to be developed in the context of negotiations with employee bargaining units.