

# Highlights:

## GOVERNOR'S PROPOSED 2001-2002 STATE BUDGET

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## Highlights: Governor's Proposed 2001-2002 State Budget

### REVENUES

- State General Fund revenues for the current year and the budget year are projected to be \$76.9 billion and \$79.4 billion, respectively, which represents a 3.3 percent budget year growth over the current year. General Fund revenues for both years are significant increases over the estimates used to enact the 2000 Budget Act, which project current year revenues to be \$73.9 billion.
- The Governor proposes a General Fund Reserve of \$1.9 billion, or 2.4 percent of General Fund Revenues. In addition, the Governor proposes a \$500 million reserve set-aside for legal contingencies.
- The General Fund figures do not include Tobacco Settlement Funds (\$468 million), which the Governor proposes to create a special fund to dedicate these revenues to health care expansion programs.

#### 2001-02 GOVERNOR'S BUDGET GENERAL FUND BUDGET SUMMARY (in millions)

	2000-01	2001-02
Prior Year Balance	\$9,366	\$6,557
Revenues and Transfers	\$76,899	\$79,434
<b>Total Resources Available</b>	<b>\$86,265</b>	<b>\$85,991</b>
Expenditures	\$79,708	\$82,853
<b>Fund Balance</b>	<b>\$6,557</b>	<b>\$3,138</b>
<b>Budget Reserves and Set-asides:</b>		
Reserve for Liquidation of Encumbrances	\$701	\$701
Set-aside for Legal Contingencies	\$7	\$500
Special Fund for Economic Uncertainties	\$5,849	\$1,937

### EXPENDITURES

- The Governor proposes to expend a total of \$104.7 billion, including General Funds, special funds, and bond funds. This amount includes \$82.9 million from the General Fund, an increase of General Fund expenditures of \$3.1 billion over revised current year expenditures.

**2001-02 EXPENDITURES BY FUND**  
(in millions)

<b>Function</b>	<b>General Fund</b>	<b>Special Funds</b>	<b>Bond Funds</b>	<b>Total</b>
Education (K-12)	\$32,540	\$61	\$863	\$33,464
Health and Welfare	21,645	5,024	--	26,669
Higher Education	10,342	718	556	11,616
Business, Transportation and Housing	1,870	5,500	249	7,619
Trade and Commerce	101	7	--	108
Courts	1,542	83	--	1,625
Tax Relief	3,108	--	--	3,108
Local Government Subventions	876	4,624	--	5,500
Youth and Adult Corrections	5,389	19	--	5,408
Resources	2,494	1,049	740	4,283
Environmental Protection	563	615	282	1,460
State and Consumer Services	646	531	20	1,197
Other	1,737	932	1	2,670
<b>Total</b>	<b>\$82,853</b>	<b>\$19,163</b>	<b>\$2,711</b>	<b>\$104,727</b>

## ENERGY

### SET-ASIDE

- Includes a \$1 billion General Fund set-aside for programs that will increase energy efficiency, reduce energy consumption, and increase energy supply. The budget indicates that specific proposals will be developed in consultation with the Legislature at the beginning of the current legislative session.

### **Energy Commission**

- \$7.5 million for the purchase and use of clean, efficient vehicles for departments within the Resources Agency and \$2 million to fund the California Fuel Cell Partnership for Phase 3 of a multi-year transit bus demonstration program that will provide additional fueling facilities to accommodate new fuel cell buses.
- \$1.1 million to conduct market development and identify barriers to the advancement of ethanol production from biomass resources.
- \$3.2 million to conduct consumer characteristics surveys of residential, commercial, and industrial customers and to obtain consumer supply and demand information.
- \$2.5 million to update, develop, and carry out energy efficiency measures and provide information to local government planners about energy efficient urban planning methods.
- \$3.1 million and 7 positions for expedited power plant siting review workload.
- \$1 million to continue a solar energy and distributed generation system grant program.

### **Public Utilities Commission**

- \$2.7 million and 24.2 personnel years of staff to support the Governor's Clean Energy Green Team, expedite power plant siting procedures, remove transmission congestion, increase electricity conservation, and review generation procedures of the Independent System Operator.

## **EDUCATION K-12**

The budget proposes a \$3.2 billion increase in K-12 Proposition 98 spending (two-year total). This amount includes \$1.4 billion for a 3.9 percent cost-of-living adjustment, \$463 million for enrollment growth, approximately \$500 million for adjustments related to statutory requirements and litigation and approximately \$700 million for new initiatives. The Governor proposes total Proposition 98 spending at a "test 2" level that is \$1.9 billion more than the minimum level of spending required by law. On a per-pupil basis, Proposition 98 funding is \$7,174, an increase of \$866 over last year. The proposed budget includes:

- \$1.45 billion over the next three years to expand the school year for middle schools. This new program would provide middle schools with \$770 per student for expanding their school year by 30 days, from the existing 180 days to 210 days. The proposal would cost \$100 million in the budget year, and increase to an ongoing cost of \$900 million by the third year.

- \$830 million over three years to train all 252,000 of the state's teachers involved in math and reading and 22,000 instructional aides. This proposal would cost \$335 million for each of the first two years and \$160 million in the third year. School districts could develop their own training programs if based on University of California criteria and approved by the State Board of Education. School districts would receive \$2,500 per teacher trained and \$1,000 per instructional aide. The budget also contains a \$10 million increase to allow 10,000 additional teachers to attend the UC professional development institutes.
- \$123 million to increase funding for an existing program that rewards schools for making significant improvements in student test scores. The budget also includes an increase of \$21.5 million to fully fund the cost of assistance to low-performing schools under the Public School Accountability Act.
- A 50 percent tax credit for employers who lend their employees to teach math and science in public schools. The cost of this proposal is \$1 million in lower revenues.
- \$30 million for a new program to help schools attract algebra teachers. The program would provide schools with between \$50 and \$100 per each student taking algebra. Schools could use this money to provide salary incentives, lower class size, teacher training or additional help for students who are behind in math.
- \$15 million for a new leadership training program to train all of California's principals and vice-principals in academic standards, leadership skills and education technology. The Governor proposes to train all 15,000 school-site administrators in the state over the next three years through locally developed training programs approved by the State Board of Education. The state would provide \$3,000 for each principal trained, with a local match requirement of \$1,000.
- \$20 million in incentive funding for schools to purchase or develop software to analyze data from the state testing system. The budget also includes \$5 million for an incentives-based system to monitor student-level scores, and \$27.5 million for student workbooks for the high school exit and STAR exams.
- \$5 million for a new Math and Science Challenge Grant program for public-private partnerships to increase at-risk students' interest in math and science careers.
- \$395 million to pay for a legal settlement between the state and school districts over the cost of special education mandates. This amount includes \$270 million in one-time funds, \$100 million in ongoing funding and \$25 million as part of a plan to provide \$250 million over 10 years. The budget also includes \$97.9 million in permanent increases to the base funding level for special education programs.
- \$20 million in half-year costs to expand an existing after school program in middle schools.
- \$20 million in one-time funds to create high-tech high schools.
- \$10 million in one-time funds for equipment for regional occupational centers and programs, which provide vocational education.

- \$5 million to expand the Academic volunteer and Mentor Service Program to a funding level of \$15 million.
- \$16.5 million for California School Information Services, a long-term project to transfer electronic copies of student records between schools.
- \$13.9 million to implement a new Kindergarten Readiness Pilot Program approved last year, which provides funding to school districts that raise their minimum entry age by three months and provide school readiness instruction to pre-kindergarten students.
- \$53.8 million in one-time funding for the Child Care Facilities Revolving Loan Fund for the purchase and renovation of child care facilities.
- \$5.4 million to help compensate child care and development contractors for increased costs related to an increase in the minimum wage.

## HIGHER EDUCATION

### California Community Colleges

The Governor's proposed 2001-02 State Budget includes a total of \$6.2 billion for the California Community Colleges, an increase of \$447.4 million or 7.7 percent over the revised current year budget. The Governor's major proposals for the California Community Colleges include:

- \$111.9 million for a 3 percent growth in enrollment and categorical programs providing support for an additional 30,870 full-time equivalent students.
- \$62 million to assist districts in making part-time faculty salaries more comparable to full-time faculty salaries and \$7.9 million to expand the number of part-time office hours.
- \$153.7 million for a 3.91 percent COLA to fully fund cost of living increases for both general purpose funds and categorical programs.
- \$11 million to assist districts with ensuring that all eligible students have access to Cal Grants.
- \$143.6 million from general obligation bonds for Community College capitol outlay projects, including \$122.3 million for completion of 53 previously approved projects at 43 campuses and \$21 million to fund 23 new major projects at 19 campuses.

### California State University

The Governor's proposed 2001-02 State Budget includes a total of \$2.46 billion for the California State University (CSU), an increase of \$215.9 million or 8.8 percent over the revised current year budget. The Governor's major proposals for CSU include:

- \$93.5 million for a 4 percent general fund increase, of which \$81.5 million will be used for a 4 percent faculty salary increase.
- \$68 million to support enrollment growth of 8,760 full-time equivalent students, including \$12.3 million to support 3,138 full-time equivalent students as part of an expansion of State-supported summer instruction at four additional CSU campuses.
- \$23.4 million for core needs in technology infrastructure build-out, increasing access for networking services for students, faculty and staff, expansion of electronic library resources, campus libraries and deferred maintenance.
- \$17.5 million to fully fund 1,000 annual the Governor's Teacher Fellowship Program, a multi-year initiative to provide nonrenewable graduate teaching fellowships to prospective teachers who agree to teach in under-performing schools after attaining their teaching credentials.
- \$18.5 million to fully fund the Governor's Education Technology Professional Development Program which provides teacher development and administrator training in the use of technology in the classroom to improve student performance.
- \$207 million from general obligation bonds for capital outlay projects including \$103.6 million for CSU to complete 13 previously approved projects at 12 campuses, \$96.6 million to allow CSU to address 14 major new projects at 11 campuses, and \$6.7 million for minor projects.

### **University of California**

The Governor's proposed 2001-02 State Budget includes a total of \$3.4 billion for the University of California (UC), an increase of \$202.5 million or 6.3 percent over the revised current year budget. The Governor's major proposals for UC include:

- \$52.2 million to support enrollment growth of 5,700 full-time equivalent students and \$20.7 million to fund 3,422 full-time equivalent students for State-supported summer instruction at three UC campuses.
- \$20 million in one-time funds for deferred maintenance, instructional equipment and library materials.
- \$203.3 million from bond funds for capital outlay projects at UC, which includes six projects for which construction has already been approved, support for construction or design completion for 11 projects, as well as initial or continuing design on 15 projects.
- \$160.4 million for the construction of the first two buildings and initial drawings for a third building on the UC Merced campus.

### **Financial Aid**

- \$128 million augmentation for the California Student Aid Commission to provide a projected 25,226 new financial aid awards to needy students, consistent with SB 1644 which created the Cal Grant Entitlement program.

## **SOCIAL SERVICES**

The Governor's proposed 2001-02 State Budget for social services includes CalWORKs, Child Welfare Services, In-Home Supportive Services, Child Support, Community-Based Senior Programs, and Drug/Alcohol Treatment Programs. The following summarizes some of the major budget proposals for 2001-02.

- \$153 million savings for CalWORKs Maintenance of Effort incentives payments.
- \$7 billion to fully fund the estimated costs for the CalWORKs program in 2001-02. This includes \$1.2 billion to provide child care services and \$109 million to provide substance abuse and mental health services.
- \$2.8 million allocated to Indian Health Clinics to provide mental health and substance abuse services for Native Americans.
- \$128.3 million to provide an October 2001 statutory welfare COLA of 4.85 percent. A grant for a family of three living in a high-cost county would increase from \$645 to \$676 per month.
- Statutory state COLA of 4.85 percent for Supplemental Security Income/State Supplementary Program (SSI/SSP) grants. The budget also includes federal funding for a federal COLA. A single aged or disabled adult would receive \$747 per month, beginning January 1, 2002.
- \$97.6 million provided for the Cash Assistance Program for Immigrants. This program provides state-only SSI/SSP benefits to certain legal non-citizens who lost eligibility due to federal welfare reform.
- \$95.7 million reduction in General Fund for the state share-of-cost (65 percent of nonfederal costs) above the minimum wage for public authority wages for providers in the In-Home Supportive Services program. This reduction is largely due to several counties negotiating PA wage rates at levels lower than the maximum rates in which the State would participate.
- \$124.9 million to continue support for county Child Welfare Services workers who respond to reports of abuse and neglect.
- \$1.9 million to continue efforts to raise the level of long-term care seniors are receiving in nursing homes.
- \$1 million General Fund to continue funding the Senior Wellness Education Campaign, as part of the Aging with Dignity Initiative.
- \$4.9 million to provide energy assistance and services to low income households.

## HEALTH

The Governor's proposed 2001-02 State Budget includes a total of \$28.2 billion (\$10 billion General Fund) for various health programs, an increase of \$700 million over the revised current year budget. The Governor's major proposals for health programs include:

### MEDI-CAL

- \$25.2 billion for Medi-Cal, an increase of \$600 million, 2.3 percent, over 2000-01.
- \$5.9 million is the projected caseload for Medi-Cal in 2001-02, 2.04 percent over 2000-01.
- \$245.8 million for 1931(b) Medi-Cal expansion to 100 percent of poverty, up from \$170.3 million in 2000-01.
- \$269.5 million for continuing eligibility for children in Medi-Cal, up from \$11.3 million in 2000-01.
- \$142.1 million for elimination of the Medi-Cal quarterly status report, up from \$5.3 million in 2000-01.
- \$94.1 million Medi-Cal expansion for persons over 65 and disabled persons with income currently below 133 percent of poverty, up from \$23.5 million in 2000-01.

### Public Health

- \$468 million for the creation of a special fund to be dedicated to health care.
- \$19.5 million for Childhood Lead Poisoning Prevention, \$1 million increase from 2000-01.

### Healthy Families

- \$733.1 million for children in Healthy Families and \$201.5 million for uninsured parents in 2001-02

## DEVELOPMENTAL SERVICES

The Governor's proposed 2001-02 State Budget includes a total of \$1.89 billion (\$1.8 billion General Fund) for developmental services, an increase of \$648 million over the revised current year budget. The Governor's major proposals for developmental services include:

- \$36.5 For Developmental Center Certification for the decertification of Sonoma Developmental Center, a delay in re-certifying Agnews Developmental Center and a delay in certifying Sierra Vista.
- \$140.8 million for Regional Centers.

## **MENTAL HEALTH**

The Governor's proposed 2001-02 State Budget includes a total of \$1008.2 billion (\$958 billion General Fund) for Mental Health, an increase of \$69 million over the revised current year budget. The Governor's major proposals for mental health include:

- \$598.1 million for 4,593 commitments to State Hospitals, an increase of \$9.6 million over 2000-01.
- \$117.3 million for the Periodic Screening, Diagnosis and Treatment Program, a 27 percent growth over 2000-01.
- \$34.5 million for one-time expenditures for deferred maintenance and security improvements.
- \$55.6 million for Homeless Mentally Ill, an increase of \$20 million.

## **DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

The Governor's proposed 2001-02 State Budget includes a total of \$594.4 million (\$273.8 million General Fund) for the Department of Alcohol and Drug Programs, an increase of \$63.3 million over the revised current year budget. The Governor's major proposals for the Department of Alcohol and Drug Programs include:

- \$60 Million in 2000-01 and \$120 million annually through 2005-06 to fund Proposition 36.

## **OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT**

The Governor's proposed 2001-02 State Budget includes a total of \$594.4 million (\$273.8 million General Fund) for the Office of Statewide Health Planning and Development, an increase of \$1.8 million over the revised current year budget. The Governor's major proposals for the Office of Statewide Health Planning and Development include:

- \$4 million to continue Rural Health Development Capital Grants and Rural Health Policy Council Small Grants Program.

## **EMERGENCY MEDICAL SERVICES AUTHORITY**

The Governor's proposed 2001-02 State Budget includes a total of \$13.7 million (\$10.5 million General Fund) for the Emergency Medical Services Authority, an increase of \$100,000 over the revised current year budget. The Governor's major proposals for the Office of Statewide Health Planning and Development include:

- \$120,000 to continue the implementation of Emergency Medical Services for children.

## **RESOURCES AND ENVIRONMENTAL PROTECTION**

The Governor's proposed 2001-02 State Budget includes a total of \$6.4 billion for various resources, environmental protection, and agricultural projects. The Governor's major proposals for resources and environmental protection include:

### **California Environmental Protection Agency**

- \$100 million (GF) for reduction of nitrogen Oxide (NO<sub>x</sub>) emissions in diesel engines through replacements. This will operate similar to the existing Diesel Emissions Reduction program.
- \$40 million to expand the Urban Cleanup Initiative, to assist parties involved in the cleanup of contaminated properties, known as "brownfields," in obtaining necessary environmental insurance for projects. This insurance aids assists in reducing the risk of future liability and cost overruns.
- \$50 million to expand on the zero-emission vehicle program and augments funds provided by AB 2061 (Lowenthal), Chapter 1076, Statutes of 2000.
- \$100 million to cleanup Southern California beaches. \$70 million is directed to reduce beach closures caused by contamination, \$20 million to identify sources of pollution, and \$10 million for Wetland restoration and acquisition to aid in filtration. Funds require operations and maintenance match from locals.
- \$8.1 million in enforcement dollars to identify storm water dischargers without permits, inspect discharger facilities, and provide timely response to complaints.
- \$3.7 million and redirection of 29 positions within the Department of Toxic Substances Control to implement necessary restructuring of the Department.

### **Resources Agency**

- \$294.5 million (\$91.7 million GF, \$171.2 million Bonds funds, \$31.6 million Federal and other funds) for the CALFED Bay-Delta Program for various restoration, storage, conveyance, and usage programs.
- \$70 million (GF) for acquisition and restoration river parkway projects including \$25 million for the northern Los Angeles River, \$15 million for the southern Los Angeles River, \$8 million for the Tuolumne River Parkway, \$7 million for the San Joaquin River Parkway, \$4 million for the Sacramento River Parkway, and \$1 million for the Guadalupe River Parkway.
- \$28.1 million (20.3 million GF) to continue acquisition, restoration and construction in the California Tahoe Conservancy.
- \$11.2 million to strengthen and expand emergency response training to California Conservation Corps personnel.

- \$7 million for the first-year of a two-year plan to replace outdated communications equipment at the Department of Forestry and Fire Protection.
- \$4.7 million (Fish and Game Preservation Fund) to automate licensing of sporting activities.
- \$3.5 million to gather data on species and habitat to assist conservation strategies.
- \$269.8 million from the Proposition 12 Park Bond Act for local assistance grants to provide recreational facilities and park space.
- \$11 million for inspection and regular maintenance on State Parks and Recreation facilities and properties to prevent significant future costs.
- \$117.6 million to fund the state's share of local flood protection projects.

### **Department of Food and Agriculture**

- \$19.6 million to continue state efforts to reduce the impact of the Glassy-winged Sharpshooter and Pierce's Disease on the agricultural industry. \$3 million in additional funds is provided in this budget to the University of California to research long-term solutions.
- \$12.4 million for the Plant Pest Prevention Comprehensive Strategy for inspection and outreach programs.

## **OFFICE OF EMERGENCY SERVICES**

The Governor's proposed 2001-02 State Budget includes a total of \$716.3 million for emergency or disaster response in the state. The Governor's proposals for include:

- \$11.4 million for emergency and fire response equipment, including heavy rescue units and water tender trucks.
- \$6.8 million for the Tri-Net Seismic Safety Network to aid in the deployment of emergency personnel and equipment in the event of a major earthquake.

## **CALIFORNIA SCIENCE CENTER**

The Governor's proposed 2001-02 State Budget includes a total of \$20.3 million (\$16.3 million General Fund) for the California Science Center, a decrease of \$257 thousand over the revised current year budget. The Governor's major proposals for the California Science Center include:

- \$492,000 for maintenance of exhibits and facilities at the Air and Space Gallery
- \$220,000 to replace maintenance equipment

## DEPARTMENT OF CONSUMER AFFAIRS

The Governor's proposed 2001-02 State Budget includes a total of \$374.5 million (\$2.8 million General Fund) for the Department of Consumer Affairs, an increase of \$17.6 million over the revised current year budget. The Governor's major proposals for the Department of Consumer Affairs include:

- \$1.4 million for Office of Privacy Protection.
- \$1.1 million for pilot project inspecting auto body repair fraud.

## HOUSING

The Governor's proposed 2001-02 State Budget includes a total of \$531.2 million (\$317.1 million General Fund) for various housing initiatives, an increase of \$29.6 million over the revised current year budget. The Governor's major proposals for housing include:

- \$200 million added to the existing \$100 million in the Jobs-Housing Balance Improvement Program, for incentive grants to localities that increase the number of housing permits.
- \$20 million for grants to Central Valley communities for infrastructure improvements (e.g., for water, sewer, streets, telecommunications lines) to encourage regional economic development.
- \$7.5 million to rehabilitate 206 migrant farm worker housing units in Merced and Yolo counties, and \$1.2 million for playground renovations at migrant centers to meet new safety requirements.

## TRADE AND COMMERCE AGENCY

The Governor's proposed 2001-02 State Budget includes a total of \$331.2 million (\$100.9 million General Fund) for the Trade and Commerce Agency, an increase of \$16.4 million over the revised current year budget. The Governor's major proposals for the Trade and Commerce Agency include:

- \$6.2 million to increase the California Technology Investment Partnership to a total of \$12 million. New funds include \$5 million for grants to accelerate development and market introduction of new products and services, and \$1.2 million for Regional Technology Alliances to assist high technology businesses, including resources for four new alliances that will assist businesses in previously underserved areas the Central and San Joaquin Valleys, the Inland Empire and southern California.
- \$3 million in base reuse grants to communities experiencing base closures, and \$500,000 for consultants to assist with statewide planning to retain military bases.
- \$3 million in grants for improvements such as leak detection systems and under-dispenser containment systems, which will help small businesses comply with environmental requirements for petroleum underground storage tanks.

## **DEPARTMENT OF JUSTICE**

The Governor's proposed 2001-02 State Budget includes a total of \$596.8 million (\$323.6 million General Fund) for the Department of Justice. The Governor's major proposals for the Department of Justice include:

- \$15 million for the creation of new laboratory space for DNA processing.
- \$10.5 million to continue funding the California Methamphetamine Strategy (CALMS) program -- which is likely to lose its allocation of federal funds.
- \$4 million for the Department of Justice to assist in the investigation of the California energy industry and "price gouging" issues.
- \$4.7 million for Department of Justice DNA programs -- \$1.8 million for post-conviction DNA testing and \$2.9 million for the Missing Persons DNA Databank Fund.
- \$5.3 million to expand the Rape Kit Analysis program -- launched last year.

### **OFFICE OF CRIMINAL JUSTICE PLANNING (OCJP)**

The Governor's proposed 2001-02 State Budget includes a total of \$318.5 million (\$127.9 million General Fund) for the Office of Criminal Justice Planning (OCJP). The Governor's major proposals for OCJP include:

- \$30 million (one-time) for local enforcement agencies to construct and upgrade local crime labs.
- \$7.6 million to expand the High Technology Theft Apprehension and Prosecution Program and \$3.3 million for the High Technology Crime Task Force to help train statewide law enforcement and expand programs.
- \$40 million for the War on Methamphetamine -- \$15 million to expand efforts with the High Intensity Drug Trafficking Areas (HIDTA's) program and \$25 million (one-time) to purchase specialized equipment through the HIDTA's.

### **Department of Corrections**

The Governor's proposed 2001-02 State Budget includes a total of \$4.8 billion (\$4.6 billion General Fund) for the Department of Corrections, an increase of \$220.8 million over the revised current year budget. The Governor's major proposals for the Department of Corrections include:

- \$58.3 million to repair or replace electromechanical security cell doors.
- \$3.9 million for the expansion of substance abuse treatment centers.

- \$3.5 million to expand the Basic Correctional Officer Academy and the Parole Agent Academy.
- \$16 million to expand mental health services.
- \$56.9 million for cost increases for medical and pharmaceuticals supplies.
- \$29.8 million for contract medical services.

### **Department of Youth Authority**

The Governor's proposed 2001-02 State Budget includes a total of \$431.4 million (\$348 million General Fund) for the Department of Youth Authority, an increase of \$15.9 million over the revised current year budget. The Governor's major proposals for the Department of Youth Authority include:

- \$2.8 for expansion of 50 beds and 35 transitional beds for sex offenders.
- \$4.3 million for expansion of 75 beds and 20 transitional beds for mental health facilities.
- \$750,000 for increased slots for substance abuse offenders.

### **Judiciary/Trial Court Funding**

The Governor's proposed 2001-02 State Budget includes a total of \$1.51 billion for the Judiciary/Trial court funding, an increase of \$81 million over the revised current year budget. The Governor's major proposals for Judiciary/Trial court funding include:

#### **Judiciary**

- \$5 million to augment the Judicial Council's Equal Access Fund program – helping low income parties in need of legal representation.
- \$5.4 million to address workload, assistance and equipment needs at the Supreme Court and Judicial Council.

#### **Trial Court Funding**

- \$22.5 million for workload increase for trial courts.

## **CALIFORNIA ARTS COUNCIL**

The Governor's proposed 2001-02 State Budget includes a total of \$74.6 million (\$72.9 million General Fund) for the California Arts Council, a decrease of \$6.7 million over the revised current year budget. The Governor's major proposals for the California Arts Council include:

- \$6.3 million increase funding for the Arts in Education Program (\$3.0 million), the Organizational Support Program (\$1.5 million), the Public Art Program (\$500,000), and the Municipal Arts Program (\$1.0 million).
- \$20.4 million to establish a fund for competitive grants, pursuant to a review process to be developed by the Administration in consultation with the Legislature, to various museums, arts organizations, and special projects.

## **DEPARTMENT OF INDUSTRIAL RELATIONS**

The Governor's proposed 2001-02 State Budget includes a total of \$267.8 million (\$174.7 million General Fund) for the Department of Industrial Relations, an increase of \$7.3 million over the revised current year budget. The Governor's major proposals for the Department of Industrial Relations include:

- \$2.5 million for Workers' Safety Training Program.
- \$1.7 million to develop an educational program for employers to increase labor law compliance.
- \$381,000 for Division of Labor Standards Enforcement to conduct administrative hearing when withholding orders is issued for prevailing wage violations.

## **MILITARY DEPARTMENT**

The Governor's proposed 2001-02 State Budget includes a total of \$97.8 million (\$47.6 million General Fund) for the Military Department, an increase of \$6.7 million over the revised current year budget. The Governor's major proposals for the Military Department include:

- \$4.5 million for significant deferred airfield maintenance at the Joint Forces Training Base at Los Alamitos. This is the only remaining military airfield in the greater Los Angeles/Orange County area, and it serves as a staging area during emergencies and disasters.
- \$353,000 to provide oversight, management, and control for the California National Guard Youth Programs. These positions will provide administrative support for the numerous youth programs operated by the Military Department.
- \$2.5 million to perform deferred maintenance and repairs at Camp San Luis Obispo. This funding will be used to replace deteriorating roofs and dilapidated loading docks, assess the need for repairs of the sanitary system, and repair crumbling roadways.

## **TAX RELIEF**

The Governor's proposed 2001-02 State Budget includes a number of targeted tax initiatives that will reduce General Fund revenues by a total of \$108 million in 2001-02. (with increasing revenue reductions in subsequent years). The Governor's major new tax relief proposals include:

- \$70 million to increase the manufacturers' investment tax credit from 6 percent to 7 percent and the budget also proposes to suspend the annual employment-growth test for continuing the credit until 2008.
- \$27 million for a one-time "back-to-school" sales tax "holiday" during the last three days of August 2001, during which purchases of apparel and footwear (costing up to \$200 per item) and computers (up to \$1,000) would be exempt from state and local sales taxes (subject to a local opt-out).
- Increase from 50 percent to 100 percent the capital gains exclusion for small business stock held five years or more, effective for stock purchased after January 1, 2001 (\$30 million annual cost beginning in 2006-07).
- \$6.3 million to expand the sales tax exemption for commercial "space launch" activities to include spaceport operations property and property used in assembly, launch or transport.
- \$3 million tax credits ranging from 20 percent to 80 percent of businesses' costs for employee transit passes.
- \$1 million for business tax credits of 50 percent of their cost to loan employees to teach math or science in public middle schools or high schools.
- \$0.5 million to expand the sales tax exemption for new manufacturers to include software developers. eliminate the existing requirement for annual credit to computer software (\$500,000).

## DEPARTMENT OF GENERAL SERVICES

The Governor's proposed 2001-02 State Budget includes a total of \$1.4 billion (\$192 million General Fund) for the Department of General Services (including capital outlay projects), an increase of \$400 million over the revised current year budget. The Governor's major proposals for the Franchise Tax Board include:

- Proposes a total of \$95.9 million from the General Fund for new state office building projects -- primarily to purchase the San Diego Suburban State Office Building (\$39.6 million); various structural retrofit projects (\$28 million) and replacement of revenue-bond financing for the East End Complex private use spaces to avoid jeopardizing the tax-exempt status of the bonds (\$22.2 million).
- \$50 million for increased natural gas costs for state buildings due to recent price increases, which will be funded by increased payments from the various client agencies.
- \$31.6 million (Emergency Telephone Number Account) to provide full emergency number service to wireless customers.
- \$3 million (General Fund) to continue development of a one-stop state e-Business Center.

## SECRETARY OF STATE

The Governor's proposed 2001-02 State Budget includes a total of \$78.4 million (\$36.7 million General Fund) for the Secretary of State, an decrease of \$7.1 million over the revised current year budget. The Governor's major proposals for the Secretary of State include:

- \$581,000 in General Fund to implement the provisions of Proposition 34, recently approved by the voters.
- \$7,275,000 in Business Fees Fund to support Phase II of the Business Programs Automation Projects (BPA).
- \$700,000 in Business Fees Fund, \$266,000 in Reimbursements, and 12.5 positions redirected from other vacancies to respond to additional workload requirements in the Corporate Filings Section of the Business Programs Division.

## LOCAL GOVERNMENT

The Governor's major proposals for local government include:

- \$250 million for general local fiscal relief. \$212 million was provided in the current year on a one-time basis. Half of the money will be allocated based on population and half in proportion to local governments' property tax diversions to the Educational Revenue Augmentation Fund.
- \$171 million from the sales tax on gasoline for local streets and roads improvements.
- \$121.3 million in continued funding for the Citizens' Option for Public Safety (COPS) program.
- \$121.3 million in continued funding for local government juvenile crime prevention programs.
- \$75 million for local law enforcement efforts to purchase high-tech equipment.

## CALIFORNIA GAMBLING CONTROL COMMISSION

The Governor's proposed 2001-02 State Budget includes a total of \$4.7 million for the California Gambling Control Commission, an increase of \$1.8 million over the revised current year budget. The Governor's major proposals for the California Gambling Control Commission include:

- \$2,387,000 (\$646,000 Gambling Control Fund \$1,741,000 Indian Gaming Special Distribution Fund) and 15.6 personnel years to provide for the partial year operation of the commission including staff, operating expenses and equipment.

- \$3,479,000 (\$719,000 Gaming Control Fund, \$2,760,000 Indian Gaming Special Distribution Fund) and 32.3 personnel years to provide full-scale, ongoing support for the Commission.

## **DEPARTMENT OF TRANSPORTATION**

The Governor's proposed 2001-02 State Budget includes a total of \$9.6 billion (\$934 million General Fund) for the Department of Transportation, an increase of \$1.3 billion over the revised current year budget. The Governor's major proposals for the Department of Transportation include:

- \$1.1 billion for the Traffic Congestion Relief Fund, including \$678 million for designated congestion relief projects, \$171 million for the State Transportation Improvement Program, \$171 million for local streets and roads, and \$85 million for the Public Transportation Account.
- \$189 million (Public Transportation Account) for local transit operations, an increase of \$88 million of the previous budget.
- \$9.5 million for intercity rail operations to increase trip frequencies on the San Joaquin and Capitol Corridor Routes.
- \$18 million for competitive grants to rural public agencies for transit capital improvement projects and equipment.
- \$20.3 million for Caltrans to retrofit 680 diesel vehicles to use cleaner-burning fuels and increase a number of vehicles using propane by 1,424.
- \$1.8 million to develop methods for choosing the most effective mix of capital and traffic management projects to reduce traffic congestion.
- \$7.6 million to complete installation of automated toll collection (FasTrak) and all seven Bay Area toll bridges.

## **CALIFORNIA HIGHWAY PATROL**

The Governor's proposed 2001-02 State Budget includes a total of \$987 million (\$37 million General Fund) for the California Highway Patrol, an increase of \$21 million over the revised current year budget. The Governor's major proposals for the California Highway Patrol include:

- \$8.9 million for 76 additional motorcycle officers to provide traffic congestion relief during peak periods on the most congested freeways.
- \$7 million for grants to local law enforcement agencies to collect and report data on the race of persons stopped for traffic offenses.

## DEPARTMENT OF MOTOR VEHICLES

The Governor's proposed 2001-02 State Budget includes a total of \$680.6 million (\$5.8 million General Fund) for the Department of Motor Vehicles, an increase of \$18.5 million over the revised current year budget. The Governor's major proposals for the Department of Motor Vehicles include:

- \$13.3 million and 31 positions to curtail identity theft and other fraud connected with drivers' license and vehicle registrations.
- \$7.4 million (current year and budget year) and 48 positions to comply with an international compact on methods for calculating fees for commercial vehicle.