

S199557

SUPREME COURT
FILED

SEP 18 2012

Court of Appeal, Fourth Appellate District, Division One – No. D05746 Frank A. McGuire Clerk

Deputy

**IN THE SUPREME COURT
OF THE STATE OF CALIFORNIA**

CITY OF SAN DIEGO AND REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO.

Plaintiffs and Appellants,

v.

BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

Defendant and Respondent.

**MOTION BY APPELLANTS CITY OF SAN DIEGO AND
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO
FOR REQUEST FOR JUDICIAL NOTICE OF THEIR MOTION TO
AUGMENT THE RECORD ON APPEAL THAT WAS FILED IN
THE FOURTH DISTRICT COURT OF APPEAL**

**(DOCUMENTS ATTACHED – VOLUME 1 OF 6)
(EXHIBIT A – EXHIBIT C (PART 1))**

Jan I. Goldsmith, City Attorney
Andrew Jones, Executive Assistant City Attorney
Christine M. Leone, Chief Deputy City Attorney

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Attorneys for Plaintiffs and Appellants
the City of San Diego and Redevelopment
Agency of the City of San Diego

S199557

Court of Appeal, Fourth Appellate District, Division One -- No. D057446

**IN THE SUPREME COURT
OF THE STATE OF CALIFORNIA**

CITY OF SAN DIEGO AND REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO.

Plaintiffs and Appellants,

v.

BOARD OF TRUSTEES OF THE CALIFORNIA STATE UNIVERSITY

Defendant and Respondent.

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Attorneys for Plaintiffs and Appellants
the City of San Diego and Redevelopment
Agency of the City of San Diego

Plaintiffs and Appellants City of San Diego and Redevelopment Agency of the City of San Diego¹ (collectively, “City”) move this Court to grant the following Motion for Request for Judicial Notice of Their Motion To Augment the Record On Appeal That Was Filed In the Fourth District Court of Appeal (this “Motion”). This Motion is made on the grounds that the Court has the authority to take judicial notice of the files in the Fourth District Court of Appeal Case No. D057446 and of documents which were requested to be taken judicial notice of San Diego Superior Court Case No. GIC855643 (Lead Case) [consolidated with Case Nos. GIC855701; 37-2007-00083692-CU-WM-CTL; 37-2007-00083768-CU-TT-CTL; 37-2007-0083773-CU-MC-CTL] under the California Evidence Code sections set forth below.

ITEM TO BE JUDICIALLY NOTICED

Pursuant to Evidence Code sections 450, 452(d), 453 (a) and (b), 454(a), 455(a), 459(a)-(c), and California Rules of Court Rule 8.252(a), a copy of City’s Motion to Augment the Record on Appeal and the documents attached to that motion (collectively, the “Augmented

¹ On February 1, 2012, the Redevelopment Agency of the City of San Diego (Agency) was dissolved by operation of law. (*California Redevelopment Assn. v. Matosantos*, 53 Cal.4th 231 (2001).) By Resolution of the San Diego City Council No. R-307238, the City became the successor agency to the Agency, and that entity is now known as “City of San Diego, solely in its capacity as the designated successor agency to the Redevelopment Agency of the City of San Diego, a former public body, corporate and politic.” The successor agency is designated to “serve as the successor agency to the Redevelopment Agency pursuant to sections 34171(j) and 34173(d)(1) of AB 26 . . .” and will stand in the Agency’s place for the remainder of these proceedings.

Documents”) are attached to this Motion. The Augmented Documents consist of six (6) volumes consisting of an Index and Exhibits consecutively tabbed as Tabs A through W. The Exhibits are sequentially numbered 0001 through 1418.

MEMORANDUM OF POINTS AND AUTHORITIES

I.

THE COURT IS AUTHORIZED TO JUDICIALLY NOTICE THE AUGMENTED DOCUMENTS PURSUANT TO THE EVIDENCE CODE

Evidence Code section 450 provides: “Judicial notice may not be taken of any matter unless authorized or required by law.” The Court is authorized to take judicial notice of the Augmented Documents under Evidence Code section 452(a), which provides: “Judicial notice may be taken of the following matters to the extent that they are not embraced by within Section 451: . . . (d) Records of (1) any court of this state or (2) any court of record of the United States or of any state of the United States.” Evid. Code § 450.

The Augmented Documents are records of the underlying Fourth District Court of Appeal case because the motion to augment the record on appeal was granted by the Fourth District. *See* Declaration of Christine M. Leone filed and served concurrently herewith [“Leone Decl.”], ¶ 3.

Evidence Code section 453 provides in pertinent part: “The trial court shall take judicial notice of any matter specified in Section 452 if a party requests it and: (a) Gives each adverse party sufficient notice of the

request, through the pleadings or otherwise, to enable such adverse party to prepare to meet the request; and (b) Furnishes the court with sufficient information to enable it to take judicial notice of the matter.”

City complies with section 453 through the request of this Motion and by filing and serving the Augmented Documents on all parties concurrently with the filing and service of this Motion.

“In determining the propriety of taking judicial notice of a matter, or the tenor thereof: (1) Any source of pertinent information . . . may be consulted or used, whether or not furnished by a party. (2) Exclusionary rules of evidence do not apply except for Section 352 and the rules of privilege” Evid. Code § 454(a).

Evidence Code section 455 provides in pertinent part:

With respect to any matter specified in Section 452 or in subdivision (f) of Section 451 that is of substantial consequence to the determination of the action:

(a) If the trial court has been requested to take or has taken or proposes to take judicial notice of such matter, the court shall afford each party reasonable opportunity, before the jury is instructed or before the cause is submitted for decision by the court, to present to the court information relevant to (1) the propriety of taking judicial notice of the matter and (2) the tenor of the matter to be noticed.

The Augmented Documents were lodged with the Superior Court on July 27, 2009, as exhibits attached to a Request for Judicial Notice In Support of Petitioners’ Motion to Discharge Peremptory Writ of Mandate (the “RJN”). Because they were only lodged, when the Clerk’s Transcript was assembled, the Augmented Documents were not in the Clerk’s

Transcript, necessitating the motion to augment the record on appeal with them. Leone Decl., ¶ 3.

Evidence Code section 459 provides in pertinent part:

(a) The reviewing court shall take judicial notice of (1) each matter properly noticed by the trial court and (2) each matter that the trial court was required to notice under Section 451 or 453. The reviewing court may take judicial notice of any matter specified in Section 452. The reviewing court may take judicial notice of a matter in a tenor different from that noticed by the trial court.

(b) In determining the propriety of taking judicial notice of a matter, or the tenor thereof, the reviewing court has the same power as the trial court under Section 454.

(c) When taking judicial notice under this section of a matter specified in Section 452 or in subdivision (f) of Section 451 that is of substantial consequence to the determination of the action, the reviewing court shall comply with the provisions of subdivision (a) of Section 455 if the matter was not theretofore judicially noticed in the action.

Evid. Code § 459.

While the Superior Court judge denied the RJN, the Court of Appeal reversed that finding and granted City's request. Leone Decl., ¶ 2. Based on the foregoing, the Supreme Court has the authority to take judicial notice of the Augmented Documents attached to this Motion because they were requested to be taken notice of in the Superior Court and became part of the record on appeal in the Court of Appeal.

II.
CITY HEREBY COMPLIES WITH
CALIFORNIA RULES OF COURT RULE 8.252(a)

California Rules of Court, Rule 8.252 provides in pertinent part:

(a) Judicial notice

(1) To obtain judicial notice by a reviewing court under Evidence Code section 459, a party must serve and file a separate motion with a proposed order.

(2) The motion must state:

(A) Why the matter to be noticed is relevant to the appeal;

(B) Whether the matter to be noticed was presented to the trial court and, if so, whether judicial notice was taken by that court; and

(C) Whether the matter to be noticed relates to proceedings occurring after the order or judgment that is the subject of the appeal.

(3) If the matter to be noticed is not in the record, the party must serve and file a copy with the motion or explain why it is not practicable to do so.

Cal. R. Ct. 8.252(a).

Although the Augmented Documents are contained in the record on appeal, Appellants file and serve the Augmented Documents as an attachment to this Motion for the courtesy of the Court and all parties' counsel.

Appellants respond to the inquiries in subparagraph (a)(2)(A)-(C) as follows:

(A) The Augmented Documents are relevant to this appeal because they are evidence necessary for the Court to determine whether Respondent Board of Trustees of California State University has complied with the requirements of the California Environmental Quality Act (“CEQA”) (Public Resources Code sections 21178-21189.3) in certifying the environmental impact report (“EIR”) for the expansion of the San Diego State University (“SDSU”) campus as planned in SDSU’s 2007 Campus Master Plan Revision (the “Project”). (Declaration of Christine M. Leone filed and served concurrently herewith [Leone Decl., ¶ 4].)

(B) The Augmented Documents were presented to the trial court as exhibits to the RJN. While the Superior Court judge denied the RJN, the Court of Appeal reversed that finding and granted City’s request. (Leone Decl., ¶ 2.)

(C) The Augmented Documents do not relate to proceedings occurring after the order or judgment that is the subject of the appeal. (Leone Decl., ¶ 5.)

III.
CONCLUSION

For the foregoing reasons, City of San Diego and Redevelopment Agency of the City of San Diego respectfully request that this Court grant their Motion for Request for Judicial Notice of Their Motion To Augment the Record On Appeal That Was Filed In the Fourth District Court of Appeal Case No. D057446.

Dated: September 13, 2012

JAN I. GOLDSMITH, City
Attorney

By 
Christine M. Leone

Attorneys for Petitioners and
Appellants, City of San Diego
and Redevelopment of the
City of San Diego

DECLARATION OF CHRISTINE M. LEONE

I, Christine M. Leone, declare as follows:

1. I am an attorney duly licensed and authorized to practice before all of the courts of the State of California. I am a Chief Deputy City Attorney employed by the Office of the City Attorney, Civil Division, and am assigned to represent the City of San Diego and Redevelopment Agency of the City of San Diego, the Petitioners and Appellants in the

above-captioned matter, to which this motion is directed. I make this declaration based on my personal knowledge, and, if called as a witness, would competently testify to the facts contained within my declaration.

2. I have personally reviewed the documents attached hereto and know their contents. These documents are true and correct copies of documents which were lodged as exhibits attached to a Request for Judicial Notice In Support of Petitioners' Motion to Discharge Peremptory Writ of Mandate (the "RJN") that was filed on July 27, 2009 in the underlying Superior Court case (*City of San Diego, et al. v. Board of Trustees of California State University*, San Diego Superior Court Case No. GIC855643 (Lead Case), to which this appeal is directed. While the Superior Court judge denied the RJN, the Court of Appeal reversed that finding and granted City's request.

3. Because the documents were only lodged with the Superior Court, when the Clerk's Transcript was assembled, the Augmented Documents were not in the Clerk's Transcript. As a result, the documents were filed in the Fourth District Court of Appeal Case No. D057446 on October 17, 2010, as Exhibits A through W to the City of San Diego and Redevelopment Agency of the City of San Diego's motion to augment the record on appeal. The Fourth District granted that motion.

4. These documents are relevant to this appeal because they are evidence necessary for the Court to determine whether Respondent Board

of Trustees of California State University has complied with the requirements of the California Environmental Quality Act (“CEQA”) (Public Resources Code sections 21178-21189.3) in certifying the environmental impact report (“EIR”) for the expansion of the San Diego State University (“SDSU”) campus as planned in SDSU’s 2007 Campus Master Plan Revision (the “Project”)

5. These documents do not relate to proceedings occurring after the order or judgment that is the subject of this appeal.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 13 day of September, 2012, at San Diego, California.



Christine M. Leone
Chief Deputy City Attorney

ORDER FOLLOWS

ORDER

IT IS HEREBY ORDERED that Appellants City of San Diego and
Redevelopment Agency of the City of San Diego's Motion for Request for
Judicial Notice of Their Motion To Augment the Record On Appeal That
Was Filed In the Fourth District Court of Appeal is granted.

Dated: _____

Chief Justice

Court of Appeal, Fourth Appellate District, Division One – No. D057446

PROOF OF SERVICE

S199557

IN THE SUPREME COURT OF CALIFORNIA

City of San Diego, et al., Plaintiffs and Appellants,

v.

Board of Trustees of the California State University, Defendant
and Respondent

I, the undersigned, declare that:

I was at least 18 years of age and not a party to the case; I am employed in the County of San Diego, California, where the mailing occurs; and, my business address is 1200 Third Avenue, Suite 1100, San Diego, California, 92101.

I further declare that on September 17, 2012, I served the foregoing
**MOTION BY APPELLANTS CITY OF SAN DIEGO AND
REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO FOR
REQUEST FOR JUDICIAL NOTICE OF THEIR MOTION TO
AUGMENT THE RECORD ON APPEAL THAT WAS FILED IN
THE FOURTH DISTRICT COURT OF APPEAL (6 VOLUMES)**

I caused the document(s) to be delivered overnight via an overnight delivery service [Golden State Overnight] in lieu of delivery by mail to the addressee(s) on this same day, at my business address shown above, following ordinary business practices, addressed to:

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Clerk
Court Of Appeal
Fourth Appellate District
Division One
750 B Street, Suite 300
San Diego, Ca 92101

Hon. Thomas P. Nugent
San Diego Superior Court
Department 30
325 S. Melrose Drive
Vista, CA 92081

I declare under penalty of perjury and the laws of the State of
California that the foregoing is true and correct. Executed on
September 17, 2012, in San Diego, California.



Merlita C. Sarmiento

COPY

COURT OF APPEAL, STATE OF CALIFORNIA
FOURTH APPELLATE DISTRICT, DIVISION ONE

CITY OF SAN DIEGO AND
REDEVELOPMENT AGENCY
OF THE CITY OF SAN DIEGO

Plaintiffs and Appellants,

v.

BOARD OF TRUSTEES OF THE
CALIFORNIA STATE
UNIVERSITY

Defendant and Respondent.

Court of Appeal
Case No. D057446

San Diego Superior Court
Case Nos. GIC855643 (Lead Case)
[consolidated with Case Nos. GIC
855701; 37-2007-00083692-CU-
WM-CTL; 37-2007-00083768-CU-
TT-CTL; 37-2007-00083773-CU-
MC-CTL]

Appeal from a Judgment of the
Superior Court of the State of California
County of San Diego

The Honorable Thomas Nugent

MOTION TO AUGMENT RECORD ON APPEAL

**(DOCUMENTS ATTACHED – VOLUME 1 OF 6)
(EXHIBIT A – EXHIBIT C (PART 1))**

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Christine M. Leone, Chief Deputy City Attorney

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Attorneys for Petitioners/Respondents and
Appellants the City of San Diego and
Redevelopment Agency of the City of San Diego

Court of Appeal Fourth District
FILED
OCT 07 2010
Stephen M. Kelly, Clerk
DEPUTY

Pursuant to Rule 8.155(a) of the California Rules of Court, I, Christine M. Leone, Chief Deputy City Attorney, request augmentation of the record on appeal to include documents not included in the Clerk's Transcript. A copy of the documents sought to be added to the record are attached to this motion. The documents to be added are the exhibits attached to Request for Judicial Notice In Support of Petitioners City of San Diego and Redevelopment Agency of the City of San Diego's Opposition to Respondent Board of Trustees of the California State University's Motion to Discharge Preemptory Writ of Mandate (City's RJN) and are entitled:

- EXHIBIT A:** State of California Governor's Office May Revision 2008-09.
- EXHIBIT B:** Relevant portions of the State of California Assembly Bill 1781.
- EXHIBIT C:** State of California 2008-09 Final Budget Summary Pgs 22; 595-606 (Released 10/23/08).
- EXHIBIT D:** State of California Governor's Budget Special Session 2008-09 (Released 11/06/2008).
- EXHIBIT E:** Governor's Budget Process overview 2008-09.
- EXHIBIT F:** Governor's proposed Budget for Higher Education (Released January 2008).
- EXHIBIT G:** California Budget Committee, Agenda: Assembly Budget Subcommittee No. 2 on Education Finance, Dated May 7, 2008.
- EXHIBIT H:** State of California Governor's Budget: August 2008-09 Update, Proposed Compromise.

- EXHIBIT I:** Legislative Analyst Office, 2008-09 Budget Analysis: Education.
- EXHIBIT J:** Declaration of William Eugene Figge, Deputy District Director for Planning of the California Department of Transportation (Caltrans), dated 7/20/2009.
- EXHIBIT K:** Letter from the State of California Department of Finance to the Honorable Denise Moreno Ducheny, Chair of the State Senate Budget and Fiscal Review Committee re: Addition of and Amendment to Various Budget Bill Items, Support, California State University, dated 04/01/2008.
- EXHIBIT L:** Higher Education Compact: Agreement between Governor Arnold Schwarzenegger, the University of California, and the California State University, 2005-2011.
- EXHIBIT M:** CSU Committee on Campus Planning, Buildings and Grounds Action Item 4, July 18-19, 2006: Categories and Criteria for the State Funded Five Year Capital Improvement Program 2008/2009 – 2012/13.
- EXHIBIT N:** CSU Board of Trustees Resolution (RCPBG 07-06-13): Categories and Criteria for the State Funded Five Year-Capital Improvement Program, 2008-9 – 2012-13. July 18-19, 2006 Meeting.

- EXHIBIT O:** The California State University Office of the Chancellor Executive Order No. 876, dated July 18, 2003.
- EXHIBIT P:** The California State University Office of the Chancellor Executive Order No. 1000, dated July 1, 2007.
- EXHIBIT Q:** CSU Board of Trustees Resolution (RFIN 11-07-19): Approval of the student fees for 2008-2009 Support Budget 11/13/2007 Trustee Meeting.
- EXHIBIT R:** CSU Committee on Campus Planning, Buildings and Grounds, Action Item 5, 11/13/2007 Trustee meeting pgs 1-17, including Attachment A and Attachment B.
- EXHIBIT S:** CSU Committee on Campus Planning, Buildings and Grounds: Status Report on the Capital Outlay Program 2008-09, Item 2 1/22/2008 Trustee Meeting.
- EXHIBIT T:** Memorandum from Patrick Lenz, Assistant Vice Chancellor for Budget Development and Rodney Rideau, Budget Director to Chief Fiscal Officers of the California State University System, re: 2006/07 State of California Governor's Budget Allocations, Dated March 9, 2006.
- EXHIBIT U:** CSU Memorandum from Rodney Rideau, Director of the Budget to CSU Financial Officers, Budget Officers, Enrollment

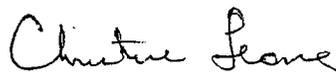
Managers, Financial Aid Directors re: 2008\09
Governor's Budget Allocations memo with
Attachments A through C, dated February 13,
2008.

EXHIBIT V: CSU Committee on Campus Planning,
Buildings and Grounds Status Report on the
2008-2009 State Funded Capital Outlay
Program, Information item, Agenda Item 2.
3/11/2008 Trustee Meeting.

EXHIBIT W: CSU Committee on Campus Planning,
Buildings and Grounds Agenda and Minutes,
01/22/2008.

I request these exhibits be added because Appellants the City of San Diego and the Redevelopment Agency of the City of San Diego (collectively "City") believed the pleading and exhibits were both a part of the record on appeal. The City filed City's RJN with the attached exhibits in the trial court as part of the evidentiary record. The City designated City's RJN to be included in the record on appeal. The City believed City's RJN and the exhibits would be a part of the Clerk's Transcript. It was not until the City reviewed the Clerk's Transcript did it realize that the exhibits to City's RJN were not a part of the record on appeal. The copy of City's RJN in the Clerk's Transcript at Vol. 3, p. 823 shows a hand-written delineation stating "Notice of Lodgment," which was not done by the City or the Redevelopment Agency. Based upon this hand delineation, it appears that the trial court returned the evidence after judgment was entered and did not maintain it in the trial court's file as thought by the City. Thus, the omission of the exhibits to City's RJN was inadvertent, and it is requested that the record be augmented to include the documents requested above.

I declare under penalty of perjury that the foregoing is true and correct. Executed at San Diego, California this 7th day of October 2010.



Christine M. Leone
Chief Deputy City Attorney

COURT OF APPEAL, STATE OF CALIFORNIA
FOURTH APPELLATE DISTRICT, DIVISION ONE

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Appeal from a Judgment of the
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The Honorable Thomas Nugent

MEMORANDUM OF POINTS AND AUTHORITIES

IN SUPPORT OF MOTION TO AUGMENT RECORD ON APPEAL

Jan I. Goldsmith, City Attorney
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Attorneys for Petitioners/Respondents and
Appellants the City of San Diego and
Redevelopment Agency of the City of San Diego

**AUGMENTATION SHOULD BE ORDERED TO PLACE THE
COMPLETE RECORD BEFORE THE APPELLATE COURT**

Rule 8.155(a) of the California Rules of Court permits the augmentation of the appellate record. Specifically, Rule 8.155(a)(1) allows “[a]ny document filed or lodged in the case in superior court” to be augmented and permitted. It is well established that this rule is to be construed liberally. *See People v. Brooks* (1980) 26 Cal.3d 471, 484.

Appellants the City of San Diego and the Redevelopment Agency of the City of San Diego (collectively “City”) believed the exhibits it seeks to be added to the record were already made a part of the record on appeal.

The Request for Judicial Notice In Support of Petitioners City of San Diego and Redevelopment Agency of the City of San Diego’s Opposition to Respondent Board of Trustees of the California State University’s Motion to Discharge Preemptory Writ of Mandate (City’s RJN) was filed as part of the trial court proceedings. The City filed City’s RJN with Exhibits A-W attached as part of the evidentiary record. The City then designated this document to be included in the record on appeal. City believed the City’s RJN and the exhibits would be a part of the Clerk’s Transcript.

It was not until the City received and reviewed the Clerk’s Transcript did it realize that the exhibits to City’s RJN were not a part of the record on appeal. The copy of City’s RJN in the Clerk’s Transcript at Vol. 3, p. 823 shows a hand-written delineation stating “Notice of Lodgment,” which was not done by the City or the Redevelopment Agency. Based upon this hand delineation, it appears that the trial court returned the

evidence after judgment was entered and did not maintain the exhibits in the trial court's file as thought by the City.

The augmentation request is for documents which were part of the trial court record and designated on appeal. Because the omission of the exhibits to City's RJN was inadvertent and will not cause delay in the appeal or prejudice to any party, it is requested that the record be augmented to include the documents identified in Appellants' Motion to Augment and identified as 0001-1418.

CONCLUSION

For the above reasons, this Court should order the record to be augmented to include the documents requested in this Motion.

Dated: October 7, 2010

JAN I. GOLDSMITH,
City Attorney

By Christine Leone
Christine M. Leone
Chief Deputy City Attorney

Attorneys for Defendants and
Respondents, the City of
San Diego and Redevelopment
Agency of the City of San Diego

COURT OF APPEAL, STATE OF CALIFORNIA
FOURTH APPELLATE DISTRICT, DIVISION ONE

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) MC-CTL]

Appeal from a Judgment of the
Superior Court of the State of California
County of San Diego

The Honorable Thomas Nugent

DECLARATION OF CHRISTINE M. LEONE
IN SUPPORT OF MOTION FOR ORDER AUGMENTING
THE RECORD ON APPEAL

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Donald R. Worley, Assistant City Attorney
Christine M. Leone, Chief Deputy City Attorney

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Attorneys for Petitioners/Respondents and
Appellants the City of San Diego and
Redevelopment Agency of the City of San Diego

I, Christine M. Leone, declare as follows:

1. I am an attorney duly licensed and authorized to practice before all of the courts of the State of California. I am employed by the Office of the City Attorney, Civil Division, and assigned to represent the City of San Diego and the Redevelopment Agency of the City of San Diego in the above-captioned case. I make this declaration based on my personal knowledge, and, if called as a witness, would competently testify to the facts contained within my declaration.

2. As part of the trial court proceedings, the City and Redevelopment Agency filed a Request for Judicial Notice In Support of Petitioners City of San Diego and Redevelopment Agency of the City of San Diego's Opposition to Respondent Board of Trustees of the California State University's Motion to Discharge Preemptory Writ of Mandate (City's RJN). The document was filed with Exhibits A-W attached to be made part of the evidentiary record in the trial court proceedings.

3. On behalf of the City and Redevelopment Agency, I designated City's RJN to be included in the record for appeal and believed the City's RJN and the exhibits would be a part of the Clerk's Transcript. It was not until I received and reviewed the Clerk's Transcript did I realize that while the pleading portion of City's RJN was a part of the record (Clerk's Transcript, Vol. 3, p. 823), the exhibits were not. Before this time, I believed the pleading and exhibits were both a part of the record on appeal.

4. During my review of the Clerk's Transcript, I noticed that the copy of City's RJN (Clerk's Transcript, Vol. 3, p. 823) shows a hand-written delineation stating "Notice of Lodgment," which was not done by the City or the Redevelopment Agency. Based upon this hand-written delineation, it appears that the trial court returned the evidence after

judgment was entered and did not maintain the exhibits in the trial court's file as thought by the City.

5. Because the omission of the exhibits to City's RJN was inadvertent and will not cause delay in the appeal or prejudice to any party, it is requested that the record be augmented to include the documents identified in Appellants' Motion to Augment and identified as 0001-1418.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed this 7th day of October, 2010, at San Diego, California.


Christine M. Leone

COURT OF APPEAL, STATE OF CALIFORNIA
FOURTH APPELLATE DISTRICT, DIVISION ONE
PROOF OF SERVICE

*City of San Diego, et al. v. Board of Trustees of the
California State University*

4th Civil No. D057446

San Diego Superior Court **Case Nos. GIC855643 (Lead Case)**
[consolidated with Case Nos. GIC 855701; 37-2007-00083692-CU-WM-
CTL; 37-2007-00083768-CU-TT-CTL; 37-2007-00083773-CU-MC-CTL]

I, the undersigned, declare that:

I was at least 18 years of age and not a party to the case; I am employed in the County of San Diego, California, where the mailing occurs; and, my business address is 1200 Third Avenue, Suite 1100, San Diego, California, 92101.

I further declare that I am readily familiar with the business' practice for collection and processing of correspondence for mailing with the United States Postal Service; and that the correspondence shall be deposited with the United States Postal Service this same day in the ordinary course of business.

I served the foregoing **(1) MOTION TO AUGMENT RECORD ON APPEAL; (2) MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF MOTION TO AUGMENT RECORD ON APPEAL; (3) DECLARATION OF CHRISTINE M. LEONE IN SUPPORT OF MOTION FOR ORDER AUGMENTING THE RECORD ON APPEAL** on October 7, 2010, by sealing each envelope and placing it with for collection and mailing with the United States Postal Service, on this same day, at my business address shown above, following ordinary business practices, addressed to:

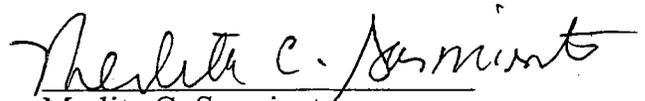
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Hon. Thomas Nugent
San Diego Superior Court
Dept. NC-30
North County
325 S. Melrose
Vista, CA 92081 (Courtesy Copy only-without attachments)

I declare under penalty of perjury and the laws of the State of
California that the foregoing is true and correct. Executed on
October 7, 2010, in San Diego, California.


Merlita C. Sarmiento

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PURSUANT TO GOVT CODE § 6103

FILED
Clark of the Superior Court

JUL 27 2009

8 Attorneys for Petitioners City of San Diego
and Redevelopment Agency of the City of San Diego

9 SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

10 DEL CERRO ACTION COUNCIL,

11 Petitioner,

12 v.

13 BOARD OF TRUSTEES OF THE
14 CALIFORNIA STATE UNIVERSITY and
15 DOES 1 to 20, inclusive,

16 Respondents,

17 SAN DIEGO STATE UNIVERSITY and
18 DOES 21 through 40, inclusive,

19 Real Parties-in-Interest.

20 CITY OF SAN DIEGO; REDEVELOPMENT
21 AGENCY OF THE CITY OF SAN DIEGO,

22 Petitioners

23 v.

24 BOARD OF TRUSTEES OF THE
25 CALIFORNIA STATE UNIVERSITY and
26 DOES 1 to 20, inclusive,

27 Respondents,

28 SAN DIEGO STATE UNIVERSITY
FOUNDATION and DOES 21 through 50,
inclusive,

Real Parties-in-Interest

Case Nos. GIC855643 (Lead Case)
[consolidated with Case Nos. GIC 855701;
37-2007-00083692-CU-WM-CTL; 37-2007-
00083768-CU-TT-CTL; 37-2007-00083773-
CU-MG-CTL]

- NOTICE OF LODGMENT -
REQUEST FOR JUDICIAL NOTICE IN
SUPPORT OF PETITIONERS CITY OF
SAN DIEGO AND REDEVELOPMENT
AGENCY OF THE CITY OF
SAN DIEGO'S OPPOSITION TO
RESPONDENT BOARD OF TRUSTEES
OF THE CALIFORNIA STATE
UNIVERSITY'S MOTION TO
DISCHARGE PEREMPTORY WRIT
OF MANDATE

Hearing Date: September 25, 2009
Time: 1:30 a.m.
Judge: Hon. Thomas P. Nugent
Dept.: NC-30
Trial Date: Not Set
Action Filed: Dec. 14, 2007

INDEX OF EXHIBITS TO MOTION TO AUGMENT
THE RECORD ON APPEAL

- EXHIBIT A:** State of California Governor's Office May Revision 2008-09.
- EXHIBIT B:** Relevant portions of the State of California Assembly Bill 1781.
- EXHIBIT C:** State of California 2008-09 Final Budget Summary Pgs 22; 595-606 (Released 10/23/08).
- EXHIBIT D:** State of California Governor's Budget Special Session 2008-09 (Released 11/06/2008).
- EXHIBIT E:** Governor's Budget Process overview 2008-09.
- EXHIBIT F:** Governor's proposed Budget for Higher Education (Released January 2008).
- EXHIBIT G:** California Budget Committee, Agenda: Assembly Budget Subcommittee No. 2 on Education Finance, Dated May 7, 2008.
- EXHIBIT H:** State of California Governor's Budget: August 2008-09 Update, Proposed Compromise.
- EXHIBIT I:** Legislative Analyst Office, 2008-09 Budget Analysis: Education.
- EXHIBIT J:** Declaration of William Eugene Figge, Deputy District Director for Planning of the California Department of Transportation (Caltrans), dated 7/20/2009.

- EXHIBIT K:** Letter from the State of California Department of Finance to the Honorable Denise Moreno Ducheny, Chair of the State Senate Budget and Fiscal Review Committee re: Addition of and Amendment to Various Budget Bill Items, Support, California State University, dated 04/01/2008.
- EXHIBIT L:** Higher Education Compact: Agreement between Governor Arnold Schwarzenegger, the University of California, and the California State University, 2005-2011.
- EXHIBIT M:** CSU Committee on Campus Planning, Buildings and Grounds Action Item 4, July 18-19, 2006: Categories and Criteria for the State Funded Five Year Capital Improvement Program 2008/2009 – 2012/13.
- EXHIBIT N:** CSU Board of Trustees Resolution (RCPBG 07-06-13): Categories and Criteria for the State Funded Five Year-Capital Improvement Program, 2008-9 – 2012-13. July 18-19, 2006 Meeting.
- EXHIBIT O:** The California State University Office of the Chancellor Executive Order No. 876, dated July 18, 2003.
- EXHIBIT P:** The California State University Office of the Chancellor Executive Order No. 1000, dated July 1, 2007.

- EXHIBIT Q:** CSU Board of Trustees Resolution (RFIN 11-07-19): Approval of the student fees for 2008-2009 Support Budget 11/13/2007 Trustee Meeting.
- EXHIBIT R:** CSU Committee on Campus Planning, Buildings and Grounds, Action Item 5, 11/13/2007 Trustee meeting pgs 1-17, including Attachment A and Attachment B.
- EXHIBIT S:** CSU Committee on Campus Planning, Buildings and Grounds: Status Report on the Capital Outlay Program 2008-09, Item 2 1/22/2008 Trustee Meeting.
- EXHIBIT T:** Memorandum from Patrick Lenz, Assistant Vice Chancellor for Budget Development and Rodney Rideau, Budget Director to Chief Fiscal Officers of the California State University System, re: 2006/07 State of California Governor's Budget Allocations, Dated March 9, 2006.
- EXHIBIT U:** CSU Memorandum from Rodney Rideau, Director of the Budget to CSU Financial Officers, Budget Officers, Enrollment Managers, Financial Aid Directors re: 2008\09 Governor's Budget Allocations memo with Attachments A through C, dated February 13, 2008.

EXHIBIT V: CSU Committee on Campus Planning,
Buildings and Grounds Status Report on the
2008-2009 State Funded Capital Outlay
Program, Information item, Agenda Item 2.
3/11/2008 Trustee Meeting.

EXHIBIT W: CSU Committee on Campus Planning,
Buildings and Grounds Agenda and Minutes,
01/22/2008.



GOVERNOR'S BUDGET



MAY REVISION 2008-09

INTRODUCTION

California's structural budget deficit persists. Slower rates of economic growth, softening state revenues and increased costs have widened California's budget gap. In January, the projected deficit for 2008-09 was \$14.5 billion. Left unaddressed, the projected gap would grow to \$24.3 billion based on updated revenue projections, revised caseload estimates and higher costs. The single largest factor contributing to the increase in the projected budget gap is a \$6.0 billion decrease in estimated General Fund revenues. Other factors include increased program costs, higher estimates of growth and costs of living adjustments, and erosion of savings due to delays in the adoption of reduction proposals. (See Figure INT-01).

Figure INT-01
Defining the Budget Gap
(Dollars in Millions)

Governor's Budget	-\$14,479
Reserve	-2,009
Adjustments Since Governor's Budget	<u>-7,789</u>
Total Size of Problem	<u><u>-\$24,277</u></u>

INTRODUCTION

A productive Special Session of the Legislature made a down payment to address the budget deficit; now, the remaining budget gap is \$17.2 billion.

The Governor's January Budget proposed difficult but necessary changes to address the state's structural budget deficit. Specifically, it proposed spending restraint, including an average 10-percent reduction in the budget of almost every program, while protecting essential state services and the sale of authorized Economic Recovery Bonds to provide additional revenues. It also proposed budget reform to provide necessary tools to bring spending and revenues into alignment and to ensure the state does not spend beyond its means in future years. See Figure INT-02 below.

Figure INT-02

How to Close the Budget Gap

(Dollars in Millions)

Projected Shortfall			-\$24,277
Solutions:	<u>Revenue</u>	<u>Expenditures</u>	<u>Total</u>
Special Session	\$3,559	\$3,484	\$7,043
Proposed Solutions	\$8,130	\$9,104	\$17,234
Total	\$11,689	\$12,588	\$24,277

The May Revision proposes a combination of spending reductions and revenue solutions to address the budget gap and to provide for a responsible reserve of \$2 billion, and it does so without raising taxes. It proposes \$12.6 billion in expenditure reductions across state government. While it retains the vast majority of 10-percent across-the-board reductions proposed in January, the May Revision makes some important adjustments to address the larger deficit while protecting education and public safety. The May Revision fully funds the Proposition 98 guarantee and provides a modest increase in total funding for education in the budget year. It reflects approximately \$300 million in savings in the California Department of Corrections and Rehabilitation's budget without the early release of inmates. It also includes funds to keep all of the state's parks open, increasing fees where feasible to offset General Fund costs. The May Revision also makes additional difficult choices to reduce spending, including proposing \$627 million in additional

reductions to health and human services programs. Without comprehensive health care reform that infuses the health care system with additional, stable sources of funding, these services will unfortunately continue to be significantly impacted by California's broken and volatile budget system.

BUDGET REFORM

California's fiscal strength and security hinges on fixing our broken budget system.

In his State of the State speech, Governor Schwarzenegger proposed a constitutional amendment, the Budget Stabilization Act (BSA), to address two shortcomings in the state budget process: volatile revenues and over-spending. The BSA would prevent spending temporary increases in revenues on ongoing programs and give the state mechanisms to avoid future budget crises. It calls for the creation of the Revenue Stabilization Fund (RSF) where revenues above a reasonable, long-term average rate of growth will be deposited. Moneys in the RSF will only be available for transfers to the General Fund to bring revenues up to the long-term average in years with below-average revenue growth, such as 2008-09. The May Revision proposes to capitalize the RSF in 2008-09 and thus provide \$5.1 billion to the General Fund.

In addition to the proposed Budget Stabilization Act, Governor Schwarzenegger will issue an Executive Order to establish a bipartisan commission of legislative and gubernatorial appointees to modernize the state's tax laws and better reflect the current economy. The Tax Modernization Commission will be charged with recommending ways to stabilize California's revenues, to bring our tax system into better alignment with our modern economy and to improve the state's economic competitiveness.

IMPROVED PERFORMANCE OF THE LOTTERY

The California Lottery is an underperformer when compared to the other 40 states with lotteries. Per capita average sales in 2006 of all other states was \$189, and the average of the ten most populous states was \$225. In contrast, California's only had \$88 in average per capita sales. Clearly, there is room for a greater return on this public asset. The underperformance of the California Lottery stems from numerous restraints on its operation. The May Revision proposes to improve the performance of the state's lottery by providing operational flexibility similar to lotteries in most other states. The May Revision proposes to securitize future revenues resulting from the improved performance of the lottery to fund the RSF. This would be done in a manner similar to the Tobacco Securitization Act, which authorized the issuance of bonds against future tobacco settlement revenues. It is anticipated that the proposed bonds will

INTRODUCTION

yield \$5.1 billion in revenue for the state budget in 2008-09 and a total of \$15 billion by 2010-11, after providing education the \$1.2 billion in annual funding from the lottery that it currently receives.

FAIL-SAFE MECHANISM FOR RSF CAPITALIZATION

To ensure that the RSF has a sufficient balance to transfer \$5.1 billion to the General Fund in 2008-09, the May Revision includes a fail-safe mechanism that is similar to the mechanism established by Chapter 10, Statutes of 1983, which was signed into law by Governor Deukmejian. Under this mechanism, next year, the Director of the Department of Finance will determine whether the RSF has a sufficient balance for transfer to bring General Fund revenues up to the long-term average of General Fund revenue growth. If the RSF balance is insufficient, temporary a one-cent (\$.01) sales tax increase will be triggered. The triggered increase would remain in effect until the RSF has reached the targeted fund balance (15 percent of General Fund tax revenues) or until June 30, 2011, whichever occurs first. After this temporary mechanism is no longer in effect, Californians will receive tax rebates that in the aggregate will be equal to the amount of revenues collected under the temporary mechanism.

CONCLUSION

In summary, the Governor's May Revision responsibly addresses the state's structural budget deficit through a combination of necessary spending reductions and new revenue through better utilization of state assets. The proposed May Revision, coupled with the Budget Stabilization Act and the Tax Modernization Commission, will ensure that California not only closes its immediate budget gap without a tax increase, but it has the necessary mechanisms to prevent future budget crises.

SUMMARY CHARTS

This section provides various statewide budget charts and tables.

SUMMARY CHARTS

Figure SUM-01
2008-09 May Revision
General Fund Budget Summary
(Dollars in Millions)

	<u>2007-08</u>	<u>2008-09</u>
Prior Year Balance	\$4,096	\$1,743
Revenues and Transfers	\$101,190	\$102,987
Total Resources Available	\$105,286	\$104,730
Non-Proposition 98 Expenditures	\$61,716	\$60,436
Proposition 98 Expenditures	\$41,827	\$41,400
Total Expenditures	\$103,543	\$101,836
Fund Balance	\$1,743	\$2,894
Reserve for Liquidation of Encumbrances	\$885	\$885
Special Fund for Economic Uncertainties	\$858	\$2,009
Budget Stabilization Account ¹¹	-	-
Total Available Reserve	\$858	\$2,009

¹¹ In 2007-08, includes the transfer of \$1,494 million from Budget Stabilization Account back to the General Fund under Control Section 35.60.

In 2008-09, reflects the suspension of Proposition 58 transfer to the Budget Stabilization Account.

Figure SUM-02
2008-09 Revenue Sources
(Dollars in Millions)

	<u>General Fund</u>	<u>Special Funds</u>	<u>Total</u>	<u>Change From 2007-08</u>
Personal Income Tax	\$53,733	\$1,449	\$55,182	-\$389
Sales Tax	27,361	6,214	33,575	1,099
Corporation Tax	11,039	-	11,039	904
Highway Users Taxes	-	3,383	3,383	-18
Motor Vehicle Fees	28	5,938	5,966	637
Insurance Tax	2,029	-	2,029	-142
Liquor Tax	341	-	341	7
Tobacco Taxes	114	934	1,048	3
Other	8,342	8,136	16,478	1,163
Total	\$102,987	\$26,054	\$129,041	\$3,264

Note: Numbers may not add due to rounding.

Figure Sum-03
2008-09 Total Expenditures by Agency
(Dollars in Millions)

	<u>General Fund</u>	<u>Special Fund</u>	<u>Bond Funds</u>	<u>Totals</u>
Legislative, Judicial, Executive	\$3,792	\$2,127	\$473	\$6,392
State and Consumer Services	566	865	86	1,517
Business, Transportation & Housing	1,635	6,988	4,214	12,837
Resources	1,624	2,331	2,234	6,189
Environmental Protection	88	1,154	397	1,639
Health and Human Services	29,800	8,112	150	38,062
Corrections and Rehabilitation	10,139	22	-	10,161
K-12 Education	41,145	155	4,427	45,727
Higher Education	11,758	46	2,436	14,240
Labor and Workforce Development	97	334	-	431
General Government	1,192	5,933	31	7,156
Total	\$101,836	\$28,067	\$14,448	\$144,351

Note: Numbers may not add due to rounding.

Figure Sum-04
General Fund Expenditures by Agency
(Dollars in Millions)

	<u>2007-08</u>	<u>2008-09</u>	<u>Change</u>	<u>%</u>
Legislative, Judicial, Executive	\$3,920	\$3,792	-\$128	-3.3%
State and Consumer Services	598	566	-32	-5.4%
Business, Transportation & Housing	1,502	1,635	133	8.9%
Resources	1,877	1,624	-253	-13.5%
Environmental Protection	89	88	-1	-1.1%
Health and Human Services	29,726	29,800	74	0.2%
Corrections and Rehabilitation	10,173	10,139	-34	-0.3%
K-12 Education	42,507	41,145	-1,362	-3.2%
Higher Education	11,819	11,758	-61	-0.5%
Labor and Workforce Development	105	97	-8	-7.6%
General Government	1,227	1,192	-35	-2.9%
Total	\$103,543	\$101,836	-\$1,707	-1.6%

Note: Numbers may not add due to rounding.

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ECONOMIC OUTLOOK

Two years into the housing slump, the national and California economies began to face additional headwinds—falling home prices, tight credit conditions, dysfunctional financial markets, and soaring food and energy prices. These headwinds took a toll: The housing downturn worsened. Labor markets weakened. And, at the end of 2007, consumers began to lose confidence in the economy.

In the mid-2000s, low interest rates, easy credit, and questionable lending practices sharply increased the demand for housing, leading to accelerating home prices, increased home building, and strong consumer spending. But this sizable economic stimulus depended on rising home prices, and when declining home affordability put a cap on home prices, the stimulus evaporated. Uncertainty about how far home values would decline depressed home sales and building. Consumers were pinched as their home equity fell.

Declining home prices and jumps in subprime mortgage rates have led to record mortgage delinquencies and home foreclosures in California. Home values may decrease further before real estate markets and home building return to normal. Until then, the housing sector will be a significant drag on economic growth in the state.

The most significant differences between the May Revision forecast and the Governor's Budget forecast are lower real GDP growth, weaker California job growth, and smaller gains in California personal income in 2008 and 2009.

ECONOMIC OUTLOOK

The outlook for the national economy is for slow growth in 2008, moderate growth in 2009, and near-trend growth in 2010:

- Real GDP is projected to grow 1.2 percent in 2008, 1.7 percent in 2009, and 3 percent in 2010, as compared to 2.2 percent in 2007.
- Nonfarm payroll employment is forecast to increase 0.2 percent in 2008, 0.4 percent in 2009, and 1.2 percent in 2010, as compared to 1.1 percent in 2007.

The outlook for the California economy is for little growth in 2008 followed by slow growth in 2009 and moderate growth in 2010:

- Personal income is projected to grow 4.5 percent in 2008, 4.1 percent in 2009, and 5.1 percent in 2010, as compared to 5.9 percent in 2007.
- Nonfarm payroll employment is forecast to fall 0.2 percent in 2008, and then grow by 0.6 percent in 2009 and 1.4 percent in 2010, as compared to 0.7 percent in 2007.

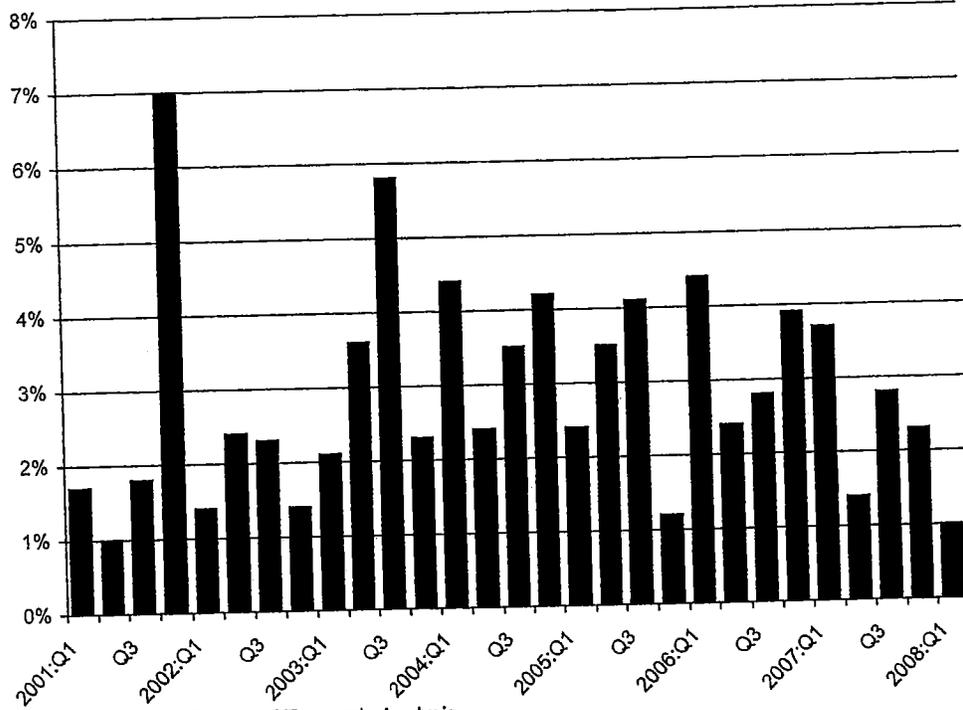
THE NATION

Real GDP grew only 0.6 percent in the first quarter of 2008. The weakness was concentrated in residential construction, which fell 27 percent at an annualized rate. Residential construction has been a significant drag on the national economy for eight consecutive quarters, and there is little indication that the end to the decline is near. New and existing home sales continue to fall. Inventories of homes available for sale remain large. The number of new homes being built is still declining. The subprime mortgage debacle and subsequent financial market turmoil, waves of home foreclosures, and credit tightening appear to have reinforced the housing slump.

More troubling, consumer spending increased by just 1 percent in the first quarter —its slowest quarterly rate in nearly seven years (Figure ECO-01). Granted, it is only one quarter, and consumers have bounced back from a quarter of weak spending a number of times in the past seven years. However, the retrenchment by consumers is consistent with sharp declines in consumer confidence surveys in the last three months to levels that historically have been associated with recessions. Consumer spending is being squeezed by slower job growth, falling home prices, higher energy and food prices, high consumer debt levels, and the falling dollar.

Elsewhere in the GDP report, business investment in structures and equipment and software fell in the first quarter. Government spending increased modestly. But what

Figure ECO-01
U.S. Real Consumer Spending
Year-over-Year Growth



Source: U.S. Bureau of Economic Analysis

kept real GDP from falling in the first quarter was an increase in inventory investment of \$20 billion by businesses, which most likely was not intended.

National labor markets weakened in the first four months of 2008. Nonfarm payroll employment fell each month, with the losses averaging 65,000 per month. In comparison, nonfarm payroll employment rose with an average monthly gain of 94,000 in the first four months of 2007. The national unemployment rate averaged about 5 percent in the first four months of 2008. A year ago, it averaged 4.5 percent in the first four months.

Energy and food prices shot up in the first three months of 2008, with the average price for regular-grade gasoline reaching \$3.60 per gallon and the crude oil spot price \$116 per barrel by the end of April. A year earlier, regular gasoline sold for \$2.97 and the crude oil spot price was \$59 per barrel. The average cost of food at home in the first quarter of 2008 was 5.2 percent higher than a year earlier. A year earlier, this measure of inflation was 2.7 percent. The increase in food and energy prices, coming at a time when the

ECONOMIC OUTLOOK

economy has decelerated appreciably, puts the Federal Reserve in a difficult position. In an effort to give the economy a boost, the central bank has eased monetary policy on seven occasions in the last eight months, lowering their target for federal funds from 5.25 percent to 2 percent. Believing that the committee was risking higher inflation, some members of the Federal Reserve monetary policy committee have dissented on the last three votes to ease policy.

CALIFORNIA

Growth in nonfarm payroll employment slowed in California in 2007, with employment peaking in the third quarter and then slipping in the fourth quarter. The state lost jobs again in the first quarter of 2008, although to a lesser extent than the nation.

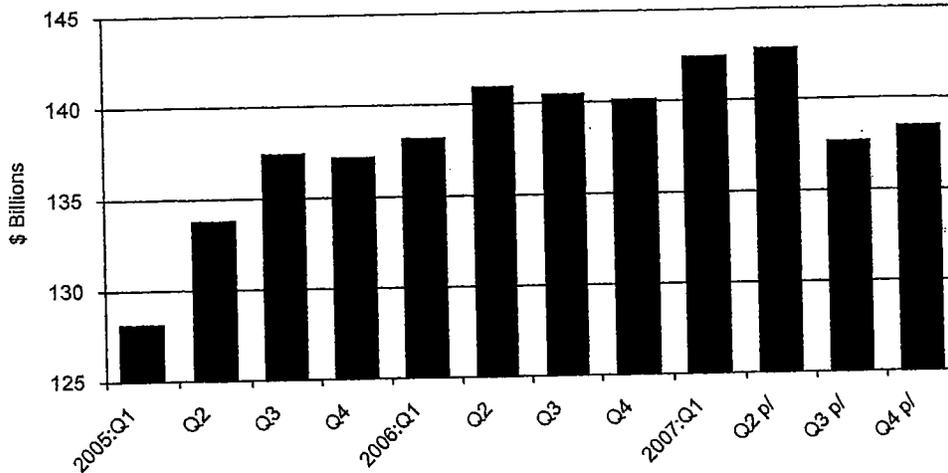
The annual average of nonfarm payroll employment increased by 102,900, or 0.7 percent in 2007, down from 259,000, or 1.7 percent, in 2006. Eight of the 11 major industry sectors saw employment grow in 2007. Educational and health services, government, leisure and hospitality, and trade, transportation, and utilities posted the biggest gains in jobs. Together, construction, financial activities, and manufacturing lost nearly 95,000 jobs. The San Francisco Bay Area economy had the strongest job growth of the major regional economies. The state's unemployment rate averaged 5.4 percent in 2007 and was 5.9 percent in the first three months of 2008.

California personal income grew by an estimated 5.9 percent in 2007, slightly lower than the 6.5-percent gain in 2006. Taxable sales, however, peaked in the second quarter of 2007 and were down 3 percent from the peak in the fourth quarter of 2007 (Figure ECO-02). New vehicle registrations fell again in 2007, likely playing a role in the slowdown of taxable sales.

Made-in-California exports grew by 5 percent to a new record level of \$134.2 billion in 2007; however, high-tech exports fell 1.9 percent. In 2006, total exports increased by 9.4 percent. Leading export destinations (in order) were Mexico, Canada, Japan, mainland China, South Korea, Taiwan, Germany, the United Kingdom, Hong Kong, and Singapore. Exports to these markets expanded, except for Mexico, Singapore, and Japan.

California home building and residential real estate markets slowed considerably in 2007. The number of single-family residential units permitted fell 37 percent in 2007, after falling by 30 percent in 2006. In the first quarter of 2008, they were down 61 percent from a year ago. Existing single-family detached home sales fell 26 percent in 2007. The median price fell 16 percent from December 2006 to December 2007.

Figure ECO-02
California Taxable Sales
 Seasonally Adjusted



Source: California State Board of Equalization; p/ preliminary estimate

Figure ECO-03
Selected U.S. Economic Indicators

	2007 (Est.)	2008 (Projected)	2009 (Projected)
Real gross domestic product, (2000 dollar) (Percent change)	2.2	1.2	1.7
Personal consumption expenditures	2.9	1.4	1.4
Gross private domestic investment	-4.9	-8.4	1.0
Government purchases of goods and services	2.0	1.8	0.2
GDP deflator (2000=100) (Percent change)	2.7	2.0	2.0
GDP, (Current dollar) (Percent change)	4.9	3.2	3.8
Federal funds rate (Percent)	5.02	2.02	2.09
Personal income (Percent change)	6.2	4.2	3.6
Corporate profits before taxes (Percent change)	3.9	-14.7	18.0
Nonfarm wage and salary employment (Millions)	137.6	137.9	138.4
(Percent change)	1.1	0.2	0.4
Unemployment rate (Percent)	4.6	5.3	5.8
Housing starts (Millions)	1.34	0.91	1.13
(Percent change)	-25.8	-32.2	24.1
New car and light truck sales (Millions)	16.1	14.9	15.2
(Percent change)	-2.4	-7.5	1.9
Consumer price index (1982-84=100)	207.3	213.5	218.2
(Percent change)	2.9	3.0	2.2

Forecast based on data available as of April 2008.
 Percent changes calculated from unrounded data.

ECONOMIC OUTLOOK

THE FORECAST

The struggling housing sector will continue to weigh on the state and national economies in the next two years, but economic growth should begin to improve late this year or in the first half of 2009 (Figure ECO-03 and Figure ECO-04).

Figure ECO-04
Selected California Economic Indicators

	2007	Percent change	Projected			
			2008	Percent change	2009	Percent change
Personal income (\$ billions)	1,521.3	5.9%	1,589.0	4.5%	1,654.8	4.1%
Nonfarm W&S employment (thousands)	15,170.0	0.7%	15,140.4	-0.2%	15,225.9	0.6%
Natural resources and mining	25.8	3.0%	26.4	2.3%	27.4	3.9%
Construction	891.6	-4.5%	812.7	-8.9%	819.1	0.8%
Manufacturing	1,460.2	-1.9%	1,424.5	-2.4%	1,385.5	-2.7%
High technology	377.8	-0.9%	368.1	-2.6%	354.5	-3.7%
Trade, transportation, & utilities	2,911.0	1.1%	2,928.2	0.6%	2,948.4	0.7%
Information	471.6	1.2%	454.5	-3.6%	454.2	-0.1%
Financial activities	906.2	-3.1%	868.1	-4.2%	849.6	-2.1%
Professional and business services	2,265.4	1.1%	2,293.8	1.3%	2,337.5	1.9%
High technology	304.5	3.8%	316.9	4.1%	329.4	3.9%
Educational and health services	1,668.6	3.4%	1,702.6	2.0%	1,727.7	1.5%
Leisure and hospitality	1,559.8	2.7%	1,594.0	2.2%	1,634.3	2.5%
Other services	512.4	1.1%	516.4	0.8%	520.7	0.8%
Government	2,497.4	1.8%	2,519.2	0.9%	2,521.5	0.1%
Unemployment rate	5.4%		6.4%		6.6%	
Housing permits (thousands of units)	112	-31.5%	70	-37.5%	96	37.6%
Consumer price index (1982-84=100)	217.4	3.3%	224.7	3.4%	231.3	2.9%

Forecast based on data available as of April 2008.
Percent changes calculated from unrounded data.

REVENUE ESTIMATES

General Fund revenues are expected to be \$101.190 billion in 2007-08 and \$102.987 billion in 2008-09. This represents a decrease of \$40 million in 2007-08 and an increase of \$83 million in 2008-09 compared to the Governor's January Budget. These revenues include \$11.7 billion in revenue solutions proposed to close the budget gap – \$3.3 billion in 2007-08 from the sale of authorized Economic Recovery Bonds, \$1.9 billion from a change in accrual accounting, \$5.1 billion of lottery proceeds in 2008-09 from the proposed fund transfer from the Revenue Stabilization Fund to the General Fund, and \$1.4 billion in other initiatives. In the absence of these revenue solutions, 2007-08 revenues would be \$97.7 billion and 2008-09 revenues would be \$94.8 billion. Thus, revenues would grow by 2.4 percent in 2007-08 and decline by 3.0 percent in 2008-09.

Figure REV-01 displays the forecast changes between Governor's Budget and May Revision.

PERSONAL INCOME TAX

The personal income tax forecast has been increased by \$1.407 billion in 2007-08 and decreased by \$2.725 billion in 2008-09. The 2007-08 increase is due to strong payments, primarily tied to 2007 tax year liabilities. The reduction in 2008-09 is due to a lowered forecast of personal income and capital gains. This forecast estimates that capital gains income will decline by 18 percent in 2008 and grow by 3 percent in 2009. Capital growth rates reflect weakness in 2008 real estate prices and sales, and a lower forecast for stock market gains. Personal income reductions reflect softness in U.S. and California economic growth.

REVENUE ESTIMATES

Figure REV-01
General Fund Revenue Forecast
Reconciliation with the 2008-09 Governor's Budget
(Dollars in Millions)

Source	Governor's Budget	May Revision	Change Between Forecasts	
Fiscal 06-07				
Personal Income Tax	\$51,943	\$51,941	-\$2	0.0%
Sales & Use Tax	27,445	27,445	\$0	0.0%
Corporation Tax	11,158	11,158	\$0	0.0%
Insurance Tax	2,178	2,178	\$0	0.0%
Alcoholic Beverage	334	334	\$0	0.0%
Cigarette	115	115	\$0	0.0%
Other Revenues	2,261	2,261	\$0	0.0%
Transfers	-19	-19	\$0	0.0%
Total	\$95,415	\$95,413	-\$2	0.0%
Fiscal 07-08				
Personal Income Tax	\$52,681	\$54,088	\$1,407	2.7%
Sales & Use Tax	27,689	27,100	-\$589	-2.1%
Corporation Tax	10,675	10,135	-\$540	-5.1%
Insurance Tax	2,075	2,171	\$96	4.6%
Alcoholic Beverage	334	334	\$0	0.0%
Cigarette	116	114	-\$2	-1.7%
Other Revenues	6,440	6,036	-\$404	-6.3%
Transfers	1,220	1,212	-\$8	-0.7%
Total	\$101,230	\$101,190	-\$40	0.0%
Change from Fiscal 06-07	\$5,815	\$5,777		
% Change from Fiscal 06-07	6.1%	6.1%		
Fiscal 08-09				
Personal Income Tax	\$56,458	\$53,733	-\$2,725	-4.8%
Sales & Use Tax	29,215	27,361	-\$1,854	-6.3%
Corporation Tax	11,937	11,039	-\$898	-7.5%
Insurance Tax	2,276	2,029	-\$247	-10.9%
Alcoholic Beverage	341	341	\$0	0.0%
Cigarette	119	114	-\$5	-4.2%
Other Revenues	2,501	2,534	\$33	1.3%
Transfers	57	5,836	\$5,779	10138.6%
Total	\$102,904	\$102,987	\$83	0.1%
Change from Fiscal 07-08	\$1,674	\$1,797		
% Change from Fiscal 07-08	1.7%	1.8%		
Three-Year Total			\$41	

SALES AND USE TAX

The sales and use tax forecast has been reduced by \$589 million in the current year and \$1.854 billion in the budget year. Through April, sales tax receipts are \$646 million below the Governor's Budget estimate.

The current year reduction is due primarily to the effects of a soft housing market on taxable sales. The budget year reduction is due to a reduced forecast for disposable income and housing permits, and increased "spillover" from the General Fund.

"Spillover" is the transfer of gasoline and diesel fuel sales tax revenues from the General Fund to the Public Transportation Account (PTA) and the Mass Transportation Fund (MTF). The May Revision increases the forecast for 2008-09 spillover transfers from \$909 million to \$1.177 billion due to significantly higher gas prices in 2008.

CORPORATION TAX

The Corporation tax forecast has been decreased by \$540 million for the current year and \$898 million for the budget year. The current year has been reduced by \$715 million for weakness in cash receipts, and increased by \$175 million for a change in accrual accounting. For the budget year, the Corporation tax forecast has been reduced by \$1.083 billion for weaker corporate profits, reduced by \$175 million for a change in accrual accounting, and increased by \$360 million for a change in the due date for Limited Liability Companies (LLC) fee payments.

INSURANCE TAX

The Insurance tax forecast has been increased by \$96 million in the current year and decreased by \$247 million in the budget year. The current year increase and budget year decrease are in part due to a delay in refunds from a Board of Equalization ruling (BOE). BOE ruled that the gross premiums tax be calculated on a cash basis, rather than the accrual method used by the Department of Insurance.

OTHER REVENUES AND TRANSFERS

With the recent withdrawal of the state's sale advisor for the EdFund transaction, tightening of the Wall Street credit market, as well as potential changes in the student lending industry, the sale of the EdFund is being postponed. It is anticipated that a

REVENUE ESTIMATES

sale will be pursued and completed in 2009-10. This reduces 2007-08 revenues by \$500 million.

The state's lottery is an underperforming asset because of numerous restraints on its operation. The May Revision proposes to place a measure on the November 2008 ballot to modernize the state's lottery, providing operational flexibility similar to lotteries in most other states. With this modernization in place, it is anticipated that bonds can be issued against increased lottery revenues to capitalize the Revenue Stabilization Fund (RSF) proposed to be created as a part of the Governor's Budget Reform proposal. When capitalized, the RSF would be available to provide \$5.122 billion in revenue for the state budget in 2008-09.

To provide for a prudent reserve, the May Revision proposes a total of \$75 million of transfers and \$574 million of loans from various special funds.

LEGISLATIVE, JUDICIAL, AND EXECUTIVE

Governmental bodies classified under the Legislative, Judicial, and Executive section of the Governor's Budget are either independent entities under the California Constitution or departments with a recognized need to operate outside of the administrative oversight and control of an agency secretary. Constitutionally established bodies include the Legislature, Judicial Branch, Governor's Office, and Constitutional Officers. This section also includes such independent entities as the Inspector General, the Office of Emergency Services, the Office of Homeland Security, and the California State Lottery.

JUDICIAL BRANCH

The May Revision includes an increase of \$1.7 million General Fund, to be transferred to the Court Facilities Trust Fund, to fund the operations and maintenance costs of 11 trial court facilities expected to transfer to state responsibility following the enactment of Chapter 9, Statutes of 2008. This funding is needed to provide for facility operational costs for additional court facilities that will transfer to the state.

OFFICE OF EMERGENCY SERVICES

The May Revision proposes to utilize \$3.5 million federal funds for critical Office of Emergency Services (OES) communications proposals previously proposed to be funded with General Fund. This proposal reflects the Office of Homeland Security's

determination that activities in the Operational Area Satellite Information System (OASIS) and Critical Communications budget change proposals can be funded with federal funds.

EMERGENCY RESPONSE INITIATIVE

The Governor remains committed to rapidly responding to emergencies and disasters that will occur in California. For this reason, the May Revision continues to propose the Emergency Response Initiative, formerly known as the Wildland Firefighting Initiative, to enhance the emergency response capabilities of the California Department of Forestry and Fire Protection (CAL FIRE), the Office of Emergency Services (OES), and the Military Department.

The significant changes since the Governor's Budget are the following:

- The surcharge, paid by those who hold insurance on all residential and commercial property statewide, will be set at two levels based on differing risk: 1.40 percent on those structures in areas designated as high-hazard zones in terms of earthquake, fire, or flood, as determined by OES and CAL FIRE risk maps, and 0.75 percent on those structures in low-hazard zones. These zones will be designated by zip code. Since homeowners, on average, pay \$900 per year to insure their home, a 1.40-percent surcharge would result in an average cost of \$12.60 per household in a high-risk zip code, and a .75-percent surcharge would result in an average cost of \$6.75 per household in a low-risk zip code to fund this initiative.
- The OES, rather than the California Department of Insurance, will be the entity responsible for administering the Emergency Response Account.
- Due to delayed implementation, this surcharge is expected to generate approximately \$69.3 million in the Emergency Response Account in 2008-09 as compared to the \$104.9 million proposed in the Governor's Budget. In order to immediately enhance the state's firefighting capabilities, the May Revision proposes a \$30 million loan to the Emergency Response Account from the Restitution Fund, to be repaid in equal annual installments, by no later than June 30, 2012.

Additional enhancements proposed in the Governor's Budget will be phased in and fully funded in 2009-10. These investments will be phased-in due to the lower projected revenues in the budget year. The revenue generated, plus the borrowed resources from the Restitution Fund, will fund the following critical needs for CAL FIRE and the OES in 2008-09:

CAL FIRE

- \$28.9 million for 1,100 seasonal firefighters to staff all 336 state fire engines with full four-member crews during peak and transition fire seasons.
- \$49.1 million to backfill CAL FIRE's General Fund budget-balancing reduction to its firefighting protection budget.

OFFICE OF EMERGENCY SERVICES

- \$1.9 million to backfill the OES' General Fund budget-balancing reduction to its Fire and Rescue Mutual Aid Response section and its Warning Center/Information Technology/Telecommunications section. Restoring these budget-balancing reductions will ensure the OES can respond to fires and use its Warning Center to notify emergency first responders.
- \$1.3 million to fund the OES' administrative costs to collect the Emergency Response Initiative surcharge from insurance companies statewide.
- \$480,000 to fund the increased maintenance and fuel costs of the OES' existing fleet of fire engines and vehicles.

TRIBAL GAMING REVENUES

The May Revision includes a revised General Fund revenue projection of \$446.7 million in 2008-09 from tribal gaming compacts, which is \$16.3 million more than the estimate included in the Governor's Budget. This change is comprised of two components:

- An increase of \$40 million to the General Fund as a result of addressing the shortfall in the Revenue Sharing Trust Fund with the Indian Gaming Special Distribution Fund, instead of using General Fund gaming compact revenue. This one-time transfer will not create a negative impact on the fund balance given that the fund can support the transfer in addition to planned expenditures.
- A reduction of \$23.7 million in anticipated General Fund revenues due to delay of the effective date of the compact between the State of California and the Sycuan Band of Kumeyaay Indians because of pending ratification by their General Council, which is expected to occur by January 2009.

LOANS AND TRANSFERS FROM SPECIAL FUNDS

The May Revision proposes loans and transfers from various special funds to provide one-time funding to the General Fund to help close the budget gap. For funds within this agency, the total loans and transfers are \$43 million and \$2 million, respectively. A loan or transfer was only proposed when there would not be an impact to the programs supported by the fund, no fee increases would be required, and no repayment would be needed prior to 2010-11.

LOANS FROM VARIOUS SPECIAL FUNDS

The May Revision proposes loans totaling \$43 million, including:

- Antiterrorism Fund—\$2 million
- Department of Justice Sexual Habitual Offender Fund—\$1 million
- False Claims Act Fund—\$6 million
- Gambling Control Fund—\$10 million
- California Debt and Investment Advisory Commission Fund—\$2 million
- California Debt Limit Allocation Committee Fund—\$2 million
- Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account—\$10 million
- Tax Credit Allocation Fee Account—\$10 million

TRANSFER FROM THE VICTIM-WITNESS ASSISTANCE FUND

The May Revision also proposes a transfer of \$2 million from the Victim-Witness Assistance Fund. With this transfer, there will be a fund balance of \$2.4 million at the end of 2008-09.

STATE AND CONSUMER SERVICES

The State and Consumer Services Agency's (SCSA) mission is to help educate consumers and make government more efficient, effective, and accountable for all California taxpayers. SCSA entities are responsible for civil rights enforcement, consumer protection, and the licensing of 2.4 million Californians in more than 255 different professions. SCSA entities provide oversight and guidance for the procurement of more than \$9 billion worth of goods and services; management and development of state real estate; operation and oversight of two state employee pension funds; collection of state taxes; hiring of state employees; provision of information technology services; adoption of state building standards; and administration of two state museums.

LOANS AND TRANSFERS FROM SPECIAL FUNDS

The May Revision proposes loans and transfers from various special funds to provide one-time funding to the General Fund to help close the budget gap. For funds within this agency, the total loans and transfers are \$186.5 million and \$50 million, respectively. The majority of the funds considered for a transfer or loan had projected reserves of at least \$5 million in 2008-09. In addition, a loan or transfer was only proposed when there would be no impact to the programs supported by the fund, when a fee increase would not be required, and when no repayment would be needed prior to 2010-11.

STATE AND CONSUMER SERVICES

LOANS FROM THE DEPARTMENT OF CONSUMER AFFAIRS BOARDS AND BUREAUS – \$126.5 MILLION

The following 13 Board and Bureau funds within the Department of Consumer Affairs include a proposed loan to the General Fund to be repaid in 2011-12 or later:

- State Board of Barbering and Cosmetology Fund – \$10 million
- Psychology Fund – \$2.5 million
- Accountancy Fund – \$16 million
- Contractors' License Fund – \$13 million
- Contingent Fund of the Medical Board of California – \$6 million
- Board of Registered Nursing Fund – \$2 million
- Pharmacy Board Contingent Fund – \$1 million
- Professional Engineers' and Land Surveyors' Fund – \$4 million
- Behavioral Science Examiners Fund – \$3 million
- Vocational Nursing and Psychiatric Technicians Fund – \$1 million
- Occupational Therapy Fund – \$3 million
- Vehicle Inspection and Repair Fund – \$25 million
- High Polluter Repair or Removal Account – \$40 million

LOAN FROM THE DEPARTMENT OF GENERAL SERVICES

The May Revision proposes a \$60 million loan from the Public School Planning, Design, and Construction Review Revolving Fund to the General Fund to be repaid after 2011-12.

TRANSFER FROM THE RESTITUTION FUND

The May Revision proposes a one-time transfer of \$50 million from the Restitution Fund to the General Fund. This transfer along with a \$30 million loan to the Emergency Response Account will result in a revised fund balance of more than \$44 million at the end of 2008-09.

BUSINESS, TRANSPORTATION, AND HOUSING

The Business, Transportation and Housing Agency oversees programs that promote the state's business and economic climate, transportation infrastructure, affordable housing, and patient's rights. The Agency also promotes public safety through the California Highway Patrol and the Department of Alcoholic Beverage Control. The majority of funding is derived from special fund revenues, federal funds, and the proceeds from Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006.

TRANSPORTATION PROGRAMS

- 2007-08 No Change
- 2008-09 \$126.1 million Other Funds

CAPITAL OUTLAY SUPPORT STAFFING

The Department of Transportation traditionally submits a zero-based request for Capital Outlay workload as part of the May Revision. This request is based on anticipated project allocations by the California Transportation Commission for the upcoming year and associated workload. The May Revision reflects a decrease of \$26.1 million in state special funds and bond funds, reflecting a decrease in workload due to declining gas tax revenues, and being close to peak workload for bond-funded projects. Approximately 89 percent of the decrease will come from a reduction of 247 positions and 11 percent will come from a reduction of 22 contract positions.

**GAS EXCISE TAX REVENUE – EFFECT ON STATE HIGHWAY
OPERATION AND PROTECTION PROGRAM**

Funding for the State Highway Operation and Protection Program (SHOPP) is \$100 million less than proposed in the Governor's Budget due to further declines in projections for gasoline excise tax (per gallon) revenues (gasoline usage year over year also is down). Total excise tax revenues are projected to be \$225 million lower in 2008-09, but \$125 million in carryover funds from 2007-08 will be available to offset part of the shortfall. Total funding for the SHOPP will be approximately \$2.5 billion in 2008-09.

**PUBLIC TRANSPORTATION ACCOUNT,
MASS TRANSPORTATION FUND**

- 2007-08 No Change
- 2008-09 -\$828 million General Fund
-\$437 million Other Funds

A portion of the revenue in the Public Transportation Account (PTA) is derived from "spillover" sales tax on gasoline. "Spillover" revenues occur when revenue derived from gasoline sales taxes is proportionately higher to revenue derived from all taxable sales pursuant to a statutory formula. These revenues generally reflect higher gas prices. The Governor's Budget projected \$909 million in spillover revenues for 2008-09. The May Revision reflects an increase of \$268 million, for a total of \$1.177 billion. Additionally, revenues from sales taxes on diesel fuel and Proposition 111 sales tax on gasoline are projected to increase from \$434 million to \$558 million. Revenues under Proposition 42 are projected to decrease from \$1.49 billion to \$1.43 billion.

Current law requires specified sales tax revenues on fuel go to the PTA, including half of the spillover sales tax revenues. The remaining half of spillover revenues goes to the Mass Transportation Fund to reimburse the General Fund for transportation-related debt service and loan repayments. The Governor's Budget did not propose any changes to these formulas.

The May Revision proposes to amend current law by funding the State Transit Assistance Program at \$306 million, the same level as the current year. Increased revenue projections for diesel fuel taxes and spillover totaling \$828 million are proposed to offset General Fund expenditures for K-12 home-to-school transportation (\$593 million reflected

BUSINESS, TRANSPORTATION, AND HOUSING

in the Education portion of the Budget) and debt service on current and prior year transportation-related General Obligation bonds (\$235 million).

SECRETARY FOR BUSINESS, HOUSING AND TRANSPORTATION

- 2007-08 No Change
- 2008-09 \$2.0 million General Fund

CALIFORNIA PARTNERSHIP FOR THE SAN JOAQUIN VALLEY

The May Revision proposes \$2 million General Fund to be transferred to the California Economic Development Fund, created by Chapter 631, Statutes of 2007, to continue the implementation of the 10-Year San Joaquin Valley Strategic Action Proposal. Funding will sustain a public-private partnership to promote economic development, workforce development, education, transportation, land use and environmental issues. The California Economic Development Fund will allow state funding to complement potential federal, local, and private funds

HIGH-SPEED RAIL AUTHORITY

- 2007-08 No Change
- 2008-09 \$41.2 million Other Funds

In November, voters will have the opportunity to approve a \$9.9 billion bond for high-speed rail. While the Authority's current long-term plans could cost \$40 billion, it is expected that local and federal sources, as well as private investment, will provide the rest of the funding for construction of high speed rail. The High-Speed Rail Authority projects that once train service is operational, it will be self-supporting from fares.

- The May Revision includes \$10 million from the Public Transportation Account to sustain current engineering and project management work and mobilize contract resources for all corridors, prior to the election. The May Revision also proposes to appropriate \$8.2 million from Proposition 116 for additional environmental studies and engineering work on the Fresno-to-Sacramento segment. An additional \$23 million is proposed to be appropriated from the bond fund to continue work after the election.

The Administration will be proposing amendments to the Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century to ensure an appropriate balance between

BUSINESS, TRANSPORTATION, AND HOUSING

assuring that expenditures of the bond funds will result in operational high-speed rail services and providing the flexibility needed to attract federal and local government, as well as private sector, participation in funding, constructing, and operating the system. The following changes to the bond legislation are being proposed.

- Limit the amount of bond funding that may be used for engineering work, environmental studies needed to obtain permits, and preservation of right-of-way to enable project costs to be more accurately determined and project risk to be reduced before other parties' funds are fully committed. This will help pave the way for public and private partners to participate in the project, while limiting the amount of bond funds at risk.
- Before any construction or equipment purchase contracts can be signed for a portion of the system, there must be a complete funding plan that provides assurance that all funding needed to provide service on that portion of the system is secured.

LOANS FROM SPECIAL FUNDS

- 2007-08 No Change
- 2008-09 -\$288.7 million General Fund

\$288.7 million Other Funds

The May Revision proposes loans from various special funds to provide one-time funding to the General Fund to help close the budget gap. Loans from funds in the BTH Agency total \$288.7 million as noted below. The loans are proposed only from those funds in which the loss of revenue will not result in any impact to the programs supported by the fund, will not require fee increases, and will not need to be repaid prior to 2010-11. Budget Trailer legislation is proposed to provide the State Highway Account authority to borrow from the Pooled Money Investment Account to reduce the need to carry a large cash balance.

TRANSPORTATION LOANS—\$238.1

- State Highway Account, State Transportation Fund—\$200 million
- Local Airport Loan Account—\$14.9 million
- Motor Vehicle Fuel Account—\$8 million

BUSINESS, TRANSPORTATION, AND HOUSING

- Bicycle Transportation Account, State Transportation Fund—\$6 million
- Environmental Enhancement and Mitigation Program Fund—\$4.4 million
- Historic Property Maintenance Fund—\$3 million
- Pedestrian Safety Account, State Transportation Fund—\$1.8 million

OTHER SPECIAL FUND LOANS—\$50.6

- Financial Institutions Fund – \$1.5 million
- State Corporations Fund – \$1.5 million
- Mobilehome Park Revolving Fund – \$2.5 million
- Mobilehome-Manufactured Home Revolving Fund – \$1 million
- Joe Serna, Jr. Farmworker Housing Grant Fund—\$1.2 million
- Housing Rehabilitation Loan Fund—\$12.9 million
- Real Estate Appraisers Regulation Fund—\$16.6 million
- Real Estate Fund—\$12.2 million
- New Motor Vehicle Board Account—\$1.2 million

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RESOURCES

The May Revision proposes an additional \$72.5 million in General Fund savings in the Resources area. These savings will be achieved by shifting funding for Colorado River water management projects and Habitat Conservation Fund projects to bond funds, as well as providing loans and transfers from various special funds to the General Fund. In addition, the May Revision proposes to provide funding for the Department of Parks and Recreation to ensure that all state parks remain open to the public and state beaches are staffed with seasonal lifeguards.

ADDITIONAL GENERAL FUND SAVINGS

The May Revision proposes to shift \$13.5 million from the General Fund to Proposition 84 bond funds for Colorado River water management projects. Existing law committed \$235 million General Fund for various water management projects, including the lining of the All American Canal, to reduce California's annual use of Colorado River water. The Governor's Budget proposed \$13.5 million General Fund for this purpose. This amount represents the remaining balance of the state's commitment toward completion of the projects. Proposition 84 provides \$1 billion for integrated regional water management projects. The Colorado River water management projects are eligible for these funds.

The May Revision also proposes to shift \$20.4 million of the required annual transfer to the Habitat Conservation Fund from the General Fund to Proposition 1E bond funds. Proposition 117, approved by the voters in 1990, requires an annual transfer of \$30 million

RESOURCES

to the Habitat Conservation Fund for the acquisition and restoration of habitat. The Governor's Budget proposed \$20.4 million General Fund toward this purpose, with the remaining amount funded from various other funds. Proposition 1E provides \$290 million for the enhancement of flood protection corridors, including projects that preserve the wildlife value of the properties. These funds are eligible to meet the Habitat Conservation Fund transfer requirement.

PROVIDE FUNDING FOR STATE PARKS

The May Revision proposes \$13.3 million in funding for the Department of Parks and Recreation. The Governor's Budget proposed a \$13.3 million General Fund reduction, which would have resulted in closing 48 state parks and reducing seasonal lifeguards at state beaches by a minimum of 50 percent. This proposal will provide \$11.8 million General Fund and \$1.5 million from increased state park fees to keep parks open. The fee increases will range from \$1 to \$2 at selected state parks where the effect on attendance would be minimal.

LOANS AND TRANSFERS FROM SPECIAL FUNDS

The May Revision proposes loans and transfers from various special funds to provide one-time funding to the General Fund to help close the budget gap. For funds within the Resources Agency, the total loans and transfers are \$30.4 million and \$8.2 million respectively.

LOANS FROM SPECIAL FUNDS—\$30.4 MILLION

- Renewable Resources Trust Fund—\$10.9 million
- Oil Spill Prevention and Administration Fund—\$13.0 million
- Hatchery and Inland Fisheries Fund—\$4.0 million
- California Waterfowl Habitat Preservation Account—\$2.5 million

TRANSFERS FROM SPECIAL FUNDS—\$8.2 MILLION

- Coastal Wetlands Account—\$4.7 million
- Environmental Water Fund—\$2.4 million
- California Water Fund—\$1.1 million

ENVIRONMENTAL PROTECTION

The May Revision proposes an additional \$49.7 million Special Funds to achieve surplus emission reductions from on- and off-road heavy-duty vehicle and equipment projects, as well as funding to support cost recovery litigation and enforcement cases related to hazardous waste sites and illegal disposal.

- 2007-08 No Change
- 2008-09 \$49.7 million

FINANCIAL INCENTIVE PROGRAM FOR SURPLUS EMISSION REDUCTIONS

The Air Resources Board (Air Board) proposes to spend \$48.7 million from the Air Quality Improvement Fund on a one-time basis to fund financing programs, including loans and loan guarantees to assist heavy-duty mobile pollution source fleets affected by the Air Board's new emission control rules. The financing program is intended to leverage state funding at a ratio of seven to one. The program will facilitate early action on regulatory compliance, ensuring critical emission reductions are achieved in an expedited manner.

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HEALTH AND HUMAN SERVICES

The May Revision continues to provide a safety net of essential services and supports for California's most vulnerable residents and targets investments in specific areas to improve the health and safety of Californians. Due to the state's deepening fiscal difficulties, the May Revision includes additional reductions aimed at restoring the state's fiscal balance while maintaining essential services.

DEPARTMENT OF HEALTH CARE SERVICES

- 2007-08 \$31.1 million
- 2008-09 \$342.6 million

MEDI-CAL

CURRENT YEAR

The May Revision reflects total Medi-Cal expenditures of \$36.6 billion (\$14.1 billion General Fund), a decrease of \$353.2 million (an increase of \$12.7 million General Fund) from the Governor's Budget. General Fund expenditures for Medi-Cal have increased by \$427.7 million, or 3.1 percent over the 2006-07 level.

The average monthly Medi-Cal caseload is expected to decrease by 1,200 beneficiaries to 6,636,500 eligibles, which is a decrease of 0.02 percent from the level projected

in the Governor's Budget. This revised caseload is 0.6 percent higher than the 2006-07 caseload.

The net General Fund decrease from the Governor's Budget level includes the following significant adjustments:

- \$16.0 million will be transferred from Medi-Cal to the Genetically Handicapped Persons Program (GHPP) and \$3.4 million to the California Children's Services (CCS) Program to cover current-year cost increases. Treatment costs, especially those for hemophilia, have greatly increased in the GHPP, and CCS continues to experience growth in its treatment and therapy costs (see issue below in the Family Health section for greater detail).
- \$102.7 million decrease due to changes in the timing of the receipt of federal financial participation (FFP) for interim payments to Designated Public Hospitals (DPHs). These payments are initially paid with 50 percent General Fund and 50 percent federal funds. On a quarterly basis, these payments are adjusted to 100 percent federal funding. The Department of Health Care Services (DHCS) will implement system changes in the current year that will allow the adjustment to occur on a weekly basis instead of quarterly.
- \$47.6 million increase to reflect a loss of savings from various proposed current year Budget Balancing Reductions (BBRs) that have not been adopted. These include the elimination of certain optional Medi-Cal benefits, stopping the payment of Medicare Part B premiums for beneficiaries who do not meet their share of cost, and a delay in the implementation of the 10-percent provider rate reduction to July 1, 2008.

BUDGET YEAR

The May Revision includes total Medi-Cal expenditures of \$37.2 billion (\$13.9 billion General Fund), a net total funds increase of \$1,172.5 million (\$315.7 million General Fund) from the Governor's Budget. General Fund expenditures are expected to decrease by \$169.1 million, or 1.2 percent, over the revised 2007-08 level.

The average monthly Medi-Cal caseload is expected to increase from the Governor's Budget by 22,900 beneficiaries, or 0.3 percent, to 6,586,700 eligibles.

The net General Fund increase from the Governor's Budget level includes the following significant adjustments:

- \$13.0 million decrease due to the delayed implementation of Chapter 328, Statutes of 2006 which authorized simultaneous pre-enrollment and application process for uninsured women in the Women, Infants, and Children program into Medi-Cal, allowed presumptive eligibility, and a two-county pilot that would allow Medi-Cal beneficiaries to self-certify their income.
- \$42.0 million decrease by implementing a monthly eligibility requirement for emergency services for undocumented immigrants.
- \$86.7 million decrease by limiting benefits for newly qualified immigrants and immigrants who permanently reside under the color of law (PRUCOL) to the same level as currently provided for undocumented immigrants. Benefits retained include emergency services, pregnancy-related services, long-term care in a nursing facility, and breast and cervical cancer treatment.
- \$31.2 million decrease from the rollback of the allowable income level for persons applying for Section 1931(b), which provides Medi-Cal eligibility to families with low-incomes who meet eligibility requirements. The qualifying level would be lowered to 61 percent of the federal poverty level (FPL) and employment would be defined as the principal wage earner working less than 100 hours a month. Parents with higher incomes who meet the resource and status requirements would be eligible for the medically needy program under Medi-Cal. Savings from this proposal will be phased in and will increase to \$342.5 million in 2011-12.
- \$173.1 million increase due to an erosion of savings from various proposed budget balancing reductions. Adjustments to the savings amount also reflect updated caseload estimates and expenditure data, technical corrections, and a delay in enactment until July 1, 2008.
- \$22.4 million increase to reflect the revised estimate of the August 2008 cost-of-living adjustment to 4.9 percent for Skilled Nursing Facilities (SNFs). More recent data reflect higher-than-anticipated growth in labor costs.
- \$169.8 million increase to fund rate adjustments for Medi-Cal managed health care plans. The amounts of the rate adjustments were derived by utilizing an experience-based, plan-specific methodology that was implemented in 2007-08 and is the minimum amount needed to ensure matching federal funds for the Medi-Cal managed care program.

- \$800,000 increase to fund Screening and Brief Intervention, which will allow medical providers to screen Medi-Cal patients in an emergency department setting for non-dependent substance abuse, provide a brief intervention and, as necessary, refer patients for appropriate services. It is estimated that this change will result in General Fund cost avoidance of \$1.2 million in 2009-10, increasing to \$2.5 million annually thereafter by reducing the number of beneficiaries who progress to the utilization of more expensive drug and alcohol addiction programs. Evaluations of other states, including Washington State, have shown screening and brief intervention to be cost effective.
- \$1.5 million increase to establish the Beneficiary Utilization Review (BUR) Unit. The purpose of the BUR will be to review overuse and abuse of prescription drugs by Medi-Cal beneficiaries. These identified beneficiaries will be assigned to a single primary care physician to ensure that they only get the medical care and services they need. If DHCS determines providers or beneficiaries have been acting in a fraudulent manner, those cases will be referred to the Attorney General or District Attorney offices, respectively. It is anticipated that these efforts will result in substantial savings in unnecessary prescription drug costs.
- \$11.3 million decrease by reducing non-contracted hospital rates. Rates paid to general acute care hospitals for inpatient services will be reduced to the lower of the average regional rate or tertiary rate established by the California Medical Assistance Commission (CMAC) minus five percent or to the non-contracted hospital's interim rate minus 10 percent as enacted by Chapter 3, Statutes of 2008. Hospitals participating in the Selective Provider Contracting Program will be exempt and rural hospitals will remain at their interim rate minus 10 percent consistent with Chapter 3, Statutes of 2008. Similar trailer bill language is proposed for Medi-Cal managed care to reduce the rate of growth in Medi-Cal managed care rates in 2009-10 and thereafter. This proposal is intended to remove the disincentive that exists for contracting with Medi-Cal and to provide cost avoidance related to hospital rates.
- A net increase of \$324,000 for Medi-Cal's fiscal intermediary to hire additional pharmacy consultants to process treatment authorization requests (TARs). These positions will address the backlog in TARs and reduce the need for auto-adjudication, which will result in General Fund savings of \$272,000 in 2008-09, increasing to an annual savings of \$2.3 million.
- \$102.7 million increase attributable to the new interim rate payment process for Designated Public Hospitals (See issue in Current Year section for more detail).

Other Items of Interest:

- Fee for Service Improvements in Medi-Cal—Slowing the rate of growth in health care expenditures is an essential component of efforts to restore the state's fiscal balance and to achieve the coverage for all Californians. The Medi-Cal program is the largest purchaser of health care in California. Medi-Cal spending is concentrated among a small segment of enrollees, the majority of whom have complex chronic medical conditions, coupled with additional conditions, including behavioral health conditions. Five percent of Medi-Cal enrollees incur sixty percent of all fee-for-service (FFS) Medi-Cal expenditures. Two percent of the most expensive enrollees incur more than forty percent of all FFS Medi-Cal benefit expenditures. These statistics underscore the need to look carefully at the health care needs of persons with serious health conditions to assure that the right care is delivered at the right time in the right setting to maximize health outcomes and contain overall costs. Nationally, state Medicaid programs are using a variety of approaches to improve care delivery in their FFS programs. Emphasizing prevention and increased use of primary care services offers the promise of better health outcomes and slower rates of growth in costs. The Administration is committed to working with the Legislature and stakeholders to identify enhancements to the Medi-Cal FFS system that improve health outcomes and slow the overall rate of cost growth.
- DHCS will enter into a competitive bid procurement process to contract with an organization on a pay-for-performance basis in an effort to reduce durable medical equipment (DME) costs. The vendor will be paid only if cost savings are achieved. The maximum payment would be \$1 million, paid on a dollar-for-dollar basis from actual savings. Savings achieved beyond the \$1 million threshold will go to the state.
- Budget trailer bill language is proposed to implement the Public Assistance Reporting Information System (PARIS) pilot project. The purpose of the project is to improve the identification of the subset of Medi-Cal beneficiaries who are also veterans and who may be eligible for duplicative services. The DHCS will implement this project with existing resources beginning in 2008-09.

FAMILY HEALTH ESTIMATES
CURRENT YEAR

The Family Health Program is comprised of the California Children's Services (CCS), the Child Health and Disability Prevention (CHDP) program, and the Genetically Handicapped Persons Program (GHPP). The May Revision includes \$301.9 million

HEALTH AND HUMAN SERVICES

(\$156.3 million General Fund), a net increase of \$20.4 million (\$18.4 million General Fund) from \$281.5 million provided in the Governor's Budget. The change primarily is due to increased costs of treatment for beneficiaries with hemophilia. The General Fund increase from the Governor's Budget level includes the following significant adjustments:

- \$16.0 million will be transferred from Medi-Cal to GHPP to cover a projected funding shortfall from the 2007 Budget Act due to increased treatment costs of hemophilia, which makes up to 90 percent of the costs of the GHPP. The GHPP served approximately 477 beneficiaries with hemophilia in 2007-08. Treatment for hemophilia is expensive and episodes of bleeding for a few beneficiaries can significantly increase health care costs for the program. This funding shortfall will be addressed by transferring funds from Medi-Cal to the GHPP program.
- \$3.4 million will be transferred from Medi-Cal to CCS, which has a projected \$3.7 million General Fund funding shortfall from the 2007 Budget Act (\$2.1 million above the Governor's Budget) in the California Children's Services (CCS) program for caseload growth and increased costs for treatment and therapy services. This funding shortfall will be resolved by transferring funds from Medi-Cal to the CCS program. The remaining \$0.3 million of the shortfall will be funded through savings in the CHDP program.

BUDGET YEAR

The May Revision includes \$313.5 million (\$134.8 million General Fund), a net increase of \$26.1 million (\$25.2 million General Fund) from the \$287.5 million provided in the Governor's Budget. The net General Fund increase from the Governor's Budget level includes the following significant adjustments:

- \$19.5 million increase to cover caseload growth and increased costs of service in GHPP. The May Revision also includes proposals to contain costs in the GHPP, including:
 - Negotiate supplemental rebates from blood factor manufacturers, for increased General Fund revenue of \$250,000 in 2008-09;
 - Statutory change to allow the DHCS to contract directly with pharmacies; and
 - System changes that will allow for improved tracking of blood factor utilization to ensure proper billing for manufacturers' rebates.

- \$6.0 million increase in the CCS program for caseload growth and increased costs for treatment and therapy services.

DEPARTMENT OF PUBLIC HEALTH

- 2007-08 No Change
- 2008-09 \$0.1 million

AIDS DRUG ASSISTANCE PROGRAM

The May Revision includes \$325.3 million to fund the AIDS Drug Assistance Program (ADAP), which is 16.2 percent above the \$280.0 million identified in the Governor's Budget. The ADAP will serve nearly 34,256 clients in 2008-09, approximately 1,400 clients above revised current year caseload estimates.

CIGARETTE AND TOBACCO PRODUCTS SURTAX FUND-PROPOSITION 99

The May Revision projects decreased Proposition 99 revenue of \$7.0 million in 2007-08, and \$15.0 million in 2008-09, for revised total revenues of \$320.0 million in the current and budget years. The projected decrease in Proposition 99 revenue is primarily attributable to larger annual declines in cigarette consumption than had been assumed in the Governor's Budget, based on an analysis of historical consumption data. In addition, the forecast reflects a modest downward adjustment in the 18-to-64 population. The revised 2007-08 projection also incorporates updated data on cash collections.

Due to the decrease in revenues, the May Revision reflects decreases in funding for the California Healthcare for Indigents Program and the Rural Health Services program totaling \$3.0 million in 2007-08 and \$9.8 million in 2008-09. The reductions will not affect funding for the Managed Risk Medical Insurance Program and the Access for Infants and Mothers program. These programs are being adjusted for caseload changes only.

MANAGED RISK MEDICAL INSURANCE BOARD

- 2007-08 \$2.3 million
- 2008-09 \$2.1 million

HEALTHY FAMILIES PROGRAM

CURRENT YEAR

The May Revision projects an overall expenditure increase of \$5.6 million (\$2.3 million General Fund and \$3.3 million other funds), to \$1.1 billion (\$395.8 million General Fund), from the level anticipated in the Governor's Budget. The Healthy Families Program (HFP) is expected to serve a total of 880,999 children by June 30, 2008, a decrease of 27,913, or 3.1 percent, from June 30, 2007. Funding increases are primarily due to an increase in the average statewide capitation rate paid per enrollee. The average statewide rate may vary as enrollees shift among the 21 health plans available to subscribers, as some plans have higher capitation rates than others.

BUDGET YEAR

Between June 2008 and June 2009, enrollment in the HFP is projected to grow from 880,999 children to 935,482 children, a 6.2-percent increase. This is a decrease of 18,770 children compared to the projection at Governor's Budget. The May Revision projects an overall expenditure increase of \$5.8 million (\$2.1 million General Fund), to \$1.1 billion (\$389.9 million General Fund), from the level anticipated in the Governor's Budget. The General Fund increase from the Governor's Budget level includes the following significant adjustments:

- \$4.8 million increase due to the loss of savings associated with the delay of the enactment of the HFP Budget Balancing Reductions.
- \$1.9 million decrease related to delaying implementation of Chapter 328, Statutes 2006. Upon implementation, HFP beneficiaries will be able to self-certify their income at annual eligibility redetermination.

ACCESS FOR INFANTS AND MOTHERS PROGRAM

CURRENT YEAR

The May Revision projects an overall expenditure decrease of \$4.4 million (\$2.5 million federal funds and \$1.9 million Perinatal Insurance Fund) from the level anticipated in the Governor's Budget, to \$130.2 million. This 3.3-percent decrease in total funds is primarily due to a decrease in expected enrollment, offset by an increase in capitation rates. Average monthly enrollment in the Access for Infants and Mothers (AIM) program is expected to be 1,054 women, 8.7 percent lower than the 1,155 originally estimated in the Governor's Budget.

BUDGET YEAR

The May Revision projects an overall expenditure decrease of \$7.2 million (\$3.9 million federal funds and \$3.3 million Perinatal Insurance Fund) from the level anticipated in the Governor's Budget. This decrease of 4.7 percent in total funds is largely due to a decrease in expected enrollment. Average monthly enrollment in the AIM program is expected to be 1,159 women, a decrease of 12.2 percent from the 1,320 originally estimated in the Governor's Budget.

COUNTY HEALTH INITIATIVE MATCHING FUND PROGRAM

The County Health Initiative Matching Fund Program allows county or local public agency funds to be used to match unused federal State Children's Health Insurance Program funds to provide health care for uninsured children in families with incomes up to 300 percent of the federal poverty level. These county programs are frequently referred to as Healthy Kids Programs. Expenditures are expected to decrease by \$90,000 (\$31,000 county funds and \$59,000 federal funds) in 2007-08 and by \$90,000 (\$32,000 county funds and \$58,000 federal funds) in 2008-09 due to updated county caseload and expenditure information.

DEPARTMENT OF DEVELOPMENTAL SERVICES

- 2007-08 -\$110.8 million
- 2008-09 \$67.9 million

DEVELOPMENTAL CENTERS

CURRENT YEAR

At 2,620 residents, the average Developmental Center (DC) population remains unchanged from the Governor's Budget projection.

Agnews Developmental Center Closure – The May Revision includes Budget Bill Language to reappropriate 2007-08 General Fund savings in the Regional Center and Developmental Center budgets to 2008-09 to fund the cost of consumers who will remain at Agnews Developmental Center past the June 30, 2008 closure date. The actual amount required for reappropriation will be based on the number of consumers residing at Agnews Developmental Center after June 30, 2008 and their individual service needs and costs; however, the May Revision includes a \$22 million reappropriation to reflect the

HEALTH AND HUMAN SERVICES

best estimate at this time. The number of consumers residing at Agnews Developmental Center on May 1, 2008 was 157.

It is anticipated that funds appropriated in 2007-08 to provide services in the community for consumers who have not yet moved and funds available for employee costs associated with the closure are available for reappropriation. These funds are being reappropriated to 2008-09 to cover the costs of developmental center services, employee costs associated with closure and regional center placement costs in 2008-09.

BUDGET YEAR

The average DC population is projected to decrease by 45 residents over the Governor's Budget projection, to 2,404 residents to reflect the Budget Balancing Reduction (BBR) which caps the resident population at the Porterville Developmental Center's (DC) Secured Treatment Program (STP). The May Revision includes the following changes:

- Staffing—The May Revision includes a decrease of 70.6 positions attributable to the Governor's Budget BBRs, which reflected a reduction in positions. The May Revision reconciles the position authority, primarily at the Porterville DC, to reflect a decrease of 57 positions due to a capped resident population at the Porterville DC's STP, a decrease of 13 positions at the Porterville DC Office of Protective Services, and a decrease of 0.6 positions in Regional Resource Development Projects.
- Foster Grandparent Program – The May Revision includes a decrease of \$21,000 in federal funds for the Foster Grandparent Program, which receives funds from Senior Corps. For federal fiscal year 2008, the funding allocated by the federal government included a 1.747-percent across-the-board rescission to this grant. California's share of this reduction is \$21,000.
- Other Fund Technical Adjustments – The May Revision includes an increase of \$42,000 in Reimbursements to reflect an adjustment to Other Funds amounts since the Governor's Budget.

REGIONAL CENTERS

CURRENT YEAR

Compared to the Governor's Budget, Regional Center community caseload is projected to decrease by 586 consumers, to 221,069 consumers. The May Revision includes a net decrease of \$53.3 million (\$88.8 million General Fund) for Regional Centers to reflect updated caseload and expenditure data. The May Revision reflects increased federal

funds, reimbursements, and Public Transportation Account (PTA) funds of \$35.5 million, which offset the General Fund and thus reduces the General Fund increase from the 2008-09 Governor's Budget. The May Revision reflects the following:

- Early Start/Part C Grant – The May Revision reflects an increase of \$19.8 million federal funds in 2007-08 and a corresponding decrease in General Fund by accelerating the drawdown of Early Start federal grant funds.
- Transportation – The May Revision reflects an increase of \$6.2 million from the PTA funds to reflect updated transportation expenditures.
- Reversion of Current Year Savings – The May Revision reflects General Fund savings of \$88.8 million in 2007-08, in part due to the increased federal funds, reimbursements, and PTA funds totaling \$35.5 million. The savings will be reverted to the General Fund effective June 30, 2008.

BUDGET YEAR

Compared to the Governor's Budget, Regional Center community caseload is projected to decrease by 2,450 consumers, to 229,675 consumers. The May Revision includes a net increase of \$150.4 million (\$45.9 million General Fund), reflecting the following changes:

- Purchase of Services – The May Revision provides a net increase of \$124.5 million (increase of \$8.2 million General Fund) to fund projected Regional Center expenditures for residential and other services. These services include Community Care Facilities, Health Care, Health Facilities, In-Home Respite, and Day Programs. Utilization and costs for services are estimated to increase by 3.8 percent over the Governor's Budget. This is due to funding adjustments and factors such as an increase in the number of consumers dually diagnosed with mental health conditions, an increase in persons diagnosed with autism spectrum disorders, and increased need for support services.
- Operations—The May Revision reflects an increase of \$4.8 million (\$22.8 million General Fund) due to funding adjustments and increased Early Start staffing resulting from projected increased eligibility assessments of approximately 823 cases since the Governor's Budget.
- Early Start/Part C Grant – The May Revision reflects an increase of \$13.9 million federal funds in 2008-09 and a corresponding decrease in General Fund by accelerating the draw down of Early Start federal grant funds.

HEALTH AND HUMAN SERVICES

- Impacts of Reductions in Other Departments – The May Revision includes \$21.1 million (\$14.9 million General Fund) to reflect the impacts of reductions in the Department of Social Services and the Department of Health Care Services.
- Transportation—The May Revision includes a reduction of \$2.6 million in PTA funds based on updated Transportation expenditures.

DEPARTMENT OF MENTAL HEALTH

- 2007-08 -\$0.1 million
- 2008-09 -\$34.7 million

LONG-TERM CARE / STATE HOSPITALS

CURRENT YEAR

The May Revision reflects no change from the 2008-09 Governor's Budget. However, during the 2007-08 Third Extraordinary Special Session, \$12.6 million General Fund was reduced from the Department of Mental Health's (DMH's) budget in March 2008 to account for the fact that caseload for the Sexually Violent Predator (SVP) population was not materializing as projected.

BUDGET YEAR

Funding for long-term care and state hospitals is anticipated to decrease by \$31.1 million General Fund compared to the Governor's Budget. The change is comprised of the following adjustments:

- State Hospital Population:
 - The May Revision reflects a decrease of \$13.3 million General Fund to reflect a lower projected caseload for the SVP population.
 - A decrease of \$24.7 million General Fund to reflect full-year impact of the current year reduction in the state hospital population by 225 patients.
 - A decrease of \$328,000 General Fund associated with Phase IX of the Coalinga State Hospital (CSH) Activation, which was requested in the fall State Hospital Population Estimate. The DMH revised the estimated population at CSH for 2008-09 to 825 patients and subsequently reduced the number of non-level-of-care staff to reflect this change.

- An increase of \$6.7 million General Fund to support a 64-bed expansion at the Salinas Valley Psychiatric Program (SVPP). The expansion includes both the level-of-care and non-level-of-care positions necessary to meet the *Coleman* court's expectation that the facility be fully staffed within four months of the first admission, which will take place on November 30, 2008.
- Forensic Conditional Release Program (CONREP): The May Revision includes an increase of \$0.6 million General Fund to support alternative placements for SVPs. There are currently 11 SVPs who are either scheduled to be released into CONREP and are awaiting placement in the community, or who have filed petitions with the Court for conditional release. The DMH anticipates that alternative placement will be required for a total of 4 SVPs in the budget year.

COMMUNITY MENTAL HEALTH SERVICES

CURRENT YEAR

The May Revision reflects a net increase of \$110.5 million (\$54,000 General Fund decrease and \$110.6 million increase in reimbursements) for community mental health services relative to the Governor's Budget. The adjustments include the following:

- Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program – The May Revision includes an increase of \$113.1 million in reimbursements due to a change from cash-based accounting to accrual-based accounting.
- Healthy Families Program – The May Revision includes a decrease of \$2.6 million (\$54,000 General Fund and \$2.5 million in reimbursements) due to a decrease in forecasted claims for the current year.

BUDGET YEAR

The May Revision includes a net increase of \$24.7 million (\$3.6 million General Fund decrease and \$28.3 million increase in reimbursements) for community mental health services relative to the Governor's Budget. The major adjustments include the following:

- Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program —The May Revision includes an increase of \$31.1 million (\$3.5 million General Fund decrease and \$34.6 million reimbursements increase). This includes the following adjustments:

- A decrease of \$57.2 million (\$27.8 million General Fund and \$29.4 million in reimbursements) due to lower-than-projected EPSDT claims.
- An increase of \$13.4 million in reimbursements due to the change from cash-based accounting to accrual-based accounting.
- An increase of \$17.2 million (\$8.6 million General Fund and \$8.6 million in reimbursements) due to delays in implementing proposed budget balancing reductions (BBR) and adjustments to the BBRs based on the new EPSDT claims information.
- An increase of \$57.7 million (\$15.7 million General Fund and \$42 million in reimbursements) due to the 2005-06 cost settlement. This is an estimated amount because final settlement amounts have not been received for all counties, including Los Angeles.
- Healthy Families Program (HFP)—The May Revision includes a decrease of \$6.4 million (\$171,000 General Fund and \$6.3 million in reimbursements), primarily due to lower than projected HFP claims

DEPARTMENT OF SOCIAL SERVICES

- 2007-08 \$42.6 million
- 2008-09 \$118.0 million

CALWORKS

The 2007-08 average monthly CalWORKs caseload of 460,119 represents an increase of 0.1 percent from 2006-07, and an increase of 1.9 percent from the Governor's Budget estimate. Absent the program changes described below, the average monthly caseload in this program is estimated to be 459,744 in 2008-09, a 0.1 percent decrease over the 2007-08 projection. The proposed changes to CalWORKs are estimated to reduce the 2008-09 caseload projection to 386,871 families, a 16.0 percent decrease from the 2007-08 estimate. Combined federal Temporary Assistance for Needy Families (TANF) Block Grant and state and county maintenance-of-effort expenditures in 2007-08 and 2008-09 are anticipated to be \$6.7 billion.

The May Revision continues to reflect the Administration's January proposals for major CalWORKs reform measures that emphasize work participation and personal responsibility and improve the state's ability to meet federal requirements.

The May Revision also incorporates additional program reductions and transfers necessary to maintain the CalWORKs program within the limits of federal TANF funding and General Fund Maintenance-of-Effort (MOE) requirements. The final federal TANF regulations issued in February 2008 disallowed many of the expenditures that California had been counting towards its MOE requirement. In order to offset this disallowance, the May Revision reflects the exchange of TANF funds for General Fund that is currently expended in other TANF-qualifying programs. This proposal allows California to continue to meet federal MOE requirements without increasing overall state General Fund expenditures. The following programs participate in the TANF-General Fund exchanges:

- CalGrants (\$223 million)
- Probation (\$151.8 million)
- Emergency Assistance Foster Care (\$50.4 million)
- Increased Title XX transfer to Department of Developmental Services (\$22.2 million).

Higher caseloads and costs per case, and an erosion of the savings assumed in the Governor's Budget for certain proposals, will create a TANF shortfall in the CalWORKs program of \$376 million. The following changes are proposed to maintain program expenditures at the level of available TANF and MOE funding:

- Eliminate 2008-09 Cost of Living Adjustment (\$131 million—\$20 million taken in special session, \$111 million additional proposed in May Revision)
- Five percent grant reduction (\$108.2 million).
- Self-Sufficiency Reviews (\$59.7 million; see below for details)
- Eliminate County Pay-for-Performance Incentive (\$40 million)
- Use Unspent Performance and Fraud Incentives funding to offset General Fund (\$20.6 million)
- Implement the Regional Market Rate for Child Care in January 2009 and limit reimbursement rates to the 75th Percentile (\$19.4 million)

- Eliminate the TANF Reserve (\$13.0 million)

In order to move the state closer to meeting federal work participation requirements, the May Revision includes three proposals to benefit the work participation rate calculation:

- Pre-Assistance Employment Readiness System (PAERS) is proposed as a four-month, pre-CalWORKs program for all new or returning CalWORKs participants. The program will be designed to accelerate efforts in assisting applicants to secure employment and avoid entry into CalWORKs and develop a work plan as a condition of eligibility for CalWORKs for those applicants who are unable to secure employment during the PAERS program.
- Institute a face-to-face self-sufficiency review every six months with a county worker for CalWORKs families who are not meeting work requirements. The review will assess what services or resources may be necessary to address barriers that are preventing participation and help remove a family's dependence upon public assistance.
- Transfer \$5 million in TANF to the Boys and Girls Club in order to count an estimated \$88 million in additional expenditures as excess MOE.

SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PAYMENT PROGRAM

Total General Fund expenditures for the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program are \$3.6 billion in 2007-08, representing an increase of \$4.6 million compared to the Governor's Budget. SSI/SSP General Fund expenditures for 2008-09 are \$3.5 billion, a decrease of \$213.4 million from the Governor's Budget. Caseload for the SSI/SSP program is projected at 1,247,575 recipients in 2007-08 and 1,274,000 recipients in 2008-09, a year-to-year caseload growth of 2.1 percent.

The May Revision includes a proposal to retain the January 2009 federal SSI COLA, rather than pass it through to recipients, as part of a package of additional reductions made necessary by the state's current fiscal condition. This will provide additional savings of \$108.8 million General Fund in 2008-09. California's SSI/SSP payment levels for individuals and couples are projected to maintain rankings of second and first in the nation, respectively (Figure HHS-01).

Figure HHS-01
Comparison of Five Highest SSI/SSP Maximum Payments
Monthly Grants for Independent Living Arrangement
as of January 1, 2008

State	Aged and Disabled	
	Individuals	Couples
Alaska	\$965	\$1,432
California	870	1,524
Connecticut	771	1,144
Massachusetts	766	1,158
New York	724	1,060

In addition, the May Revision proposes to eliminate the Cash Assistance Program for Immigrants. This program, which provides benefits to aged, blind, and disabled legal immigrants, was projected to have an average monthly caseload of 10,300 individuals in 2008-09. Elimination of the program will result in savings of \$111.2 million General Fund in 2008-09.

IN-HOME SUPPORTIVE SERVICES

Total General Fund expenditures for the In-Home Supportive Services (IHSS) program are \$1.7 billion in 2007-08 and \$1.5 billion in 2008-09, including an increase of \$36.5 million in 2007-08 and a decrease of \$110.7 million in 2008-09 compared to the Governor's Budget. Caseload is projected to be 396,612 recipients in 2007-08 and 415,589 in 2008-09. Caseload estimates in 2007-08 and 2008-09 are slightly higher than projected in the Governor's Budget.

The May Revision includes alternative reduction proposals to replace the 18-percent reduction in domestic and related service hours proposed in the Governor's Budget:

- Focus the state buyout program for IHSS recipients whose Medi-Cal share of cost is higher than their IHSS share of cost on persons with the most severe needs. Under this proposal, the state will no longer pay the difference in the share of cost for those IHSS recipients with average functional index scores below 4. This proposal will result in 2008-09 savings of \$27.7 million General Fund.
- Provide IHSS domestic and related services to individuals with the highest levels of need, as measured by a functional index score of 4 or higher. The provision of other

HEALTH AND HUMAN SERVICES

IHSS services to all eligible consumers regardless of their functional index score will not be impacted. This proposal will save \$52.0 million General Fund in 2008-09.

The May Revision also limits state participation in the wages of IHSS workers to the state minimum wage plus \$0.60 per hour for benefits. This would result in savings of \$186.6 million General Fund in 2008-09. The principal reason that the average cost of care for an IHSS recipient has nearly doubled over the past 10 years is wage growth.

CHILD WELFARE SERVICES

The child welfare services system in California provides a continuum of services through various programs, including Child Welfare Services, Child Abuse Prevention, Foster Care, Adoption Assistance, and Adoptions to children who are either at risk of or have suffered abuse and/or neglect. The May Revision includes \$4.0 billion (\$1.5 billion General Fund) to provide assistance payments and services to children and families under these programs. This is a \$60.1 million increase (\$16.5 million General Fund decrease) from the Governor's Budget. The net General Fund decrease is the result of using TANF funds in lieu of General Fund for the Emergency Assistance Foster Care program (\$50 million), offset by the erosion of savings associated with not enacting the Budget Balancing Reduction proposal to reduce rates in the Foster Care, Adoption Assistance, and Kin-Gap programs (\$22.5 million) by 10 percent by March 1, 2008.

In addition, the May Revision includes a \$9.4 million augmentation to pay a federal penalty for failure to meet a performance measure related to the stability of foster care placements noted in the federal Child and Family Services Review. The Department of Social Services is appealing the penalty, but will make the payment to stop the accrual of interest charges pending the appeal.

LOANS AND TRANSFERS FROM SPECIAL FUNDS

The May Revision proposes loans and transfers from various special funds to provide one-time funding to the General Fund to help close the budget gap. For funds within this agency, total loans and transfers are \$25.7 million and \$14.6 million respectively. A loan or transfer was only proposed where the loss of the revenue would not result in any impact to the programs supported by the fund and would not require any fee increases. Loans will be repaid by June 30, 2011.

HEALTH AND HUMAN SERVICES

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT

- \$10.0 million loan from the Hospital Building Fund.
- \$12.0 million loan from the California Health Data and Planning Fund.
- \$1.0 million loan from the Registered Nurse Education Fund.

DEPARTMENT OF HEALTH CARE SERVICES

- \$3.0 million transfer from the Emergency Services and Supplemental Payment Fund.
- \$1.0 million transfer from the Private Hospital Supplemental Fund.

DEPARTMENT OF PUBLIC HEALTH

- \$1.1 million loan from the Occupational Lead Poisoning Prevention Account.
- \$1.6 million loan from the Drinking Water Operator Certification Special Account.
- \$2.1 million transfer from the Cancer Research Fund.
- \$8.5 million transfer from the Drinking Water Treatment and Research Fund.

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CORRECTIONS AND REHABILITATION

The May Revision continues the Administration's commitment to public safety and inmate rehabilitation in programs operated by the Department of Corrections and Rehabilitation (CDCR).

- 2007-08 -\$46.8 million
- 2008-09 -\$115.2 million

The May Revision proposes a decrease of \$115.2 million General Fund for the CDCR, including the following:

PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

The May Revision reflects changes to the CDCR's adult, juvenile and parolee population, as well as other policy, caseload and court-driven adjustments.

NORTHERN CALIFORNIA RE-ENTRY FACILITY

Consistent with the Administration's commitment and current efforts to implement the requirements of Chapter 7, Statutes of 2007, and to comply with the requirements of Chapter 228, Statutes of 2007, the May Revision includes \$11.7 million to activate the state's first secure re-entry facility beginning July 1, 2009.

CORRECTIONS AND REHABILITATION

Chapter 228, Statutes of 2007 authorized the conversion of the former Northern California Women's Facility (NCWF) to a secure reentry facility that will house male offenders for up to 12 months prior to parole. Construction to convert the NCWF is projected to begin in September 2008 and is estimated to be completed in June 2009.

Once construction is completed, the Northern California Re-entry Facility (NCRF) will be a 500-bed secured re-entry facility that will provide programs and services to offenders returning to San Joaquin, Calaveras, and Amador counties. These programs and services will include intensive substance abuse treatment, vocational training and job placement, academic education, housing placement, anger management classes, family counseling, and other targeted services to ease the transition from prison to the community. In addition, the CDCR is engaging in ongoing communication with local stakeholders to ensure that continuity of service will exist once an offender is paroled.

ADULT INMATE/PAROLEE POPULATION/CASELOAD CHANGES

CURRENT YEAR

As a result of successful implementation of parole reforms, increased access to rehabilitation services, implementation of SB 1453, and a decline in new admissions, the institutional Average Daily Population (ADP) is projected to decrease by 2,107 in 2007-08 compared to the Governor's Budget. The May Revision reflects an estimated institutional ADP of 171,886 inmates for the current year.

The projected parolee ADP is 126,456 for the current year. Parole reforms have contributed to a decrease of 2,887 in the parolee population from the level projected in the Governor's Budget.

The net effect of these population changes is a decrease to the General Fund of \$27.9 million and a decrease of \$340,000 to the Inmate Welfare Fund.

BUDGET YEAR

The May Revision also reflects an estimated institutional ADP of 170,641 inmates for the budget year, a decrease of 6,380 from the level projected in the Governor's Budget.

The projected parolee ADP is 122,872 for the budget year. This is a decrease of 10,189 from the level projected in the Governor's Budget. The parole population is expected to continue to decrease due to the effectiveness of parole reforms.

The population changes will reduce costs to the General Fund by \$78.2 million and reduce costs to the Inmate Welfare Fund by \$1.5 million.

WARD/PAROLEE POPULATION/CASELOAD CHANGES

CURRENT YEAR

For 2007-08, the May Revision estimates an average daily population of 2,277, a decrease of 17 wards from the projection in the Governor's Budget. In addition, the average daily juvenile parole population is projected to be 2,426, an increase of 11 parolees from the Governor's Budget projection. The change in population is due to more wards being released to parole than previously anticipated. Given the minimal change in population, there is no funding adjustment proposed.

The Safety and Welfare Remedial Plan in the *Farrell* lawsuit requires females under the jurisdiction of the Division of Juvenile Justice (DJJ) to receive services under a gender-specific rehabilitative model. Because there are few females housed by the DJJ, the Remedial Plan required DJJ to consult with experts in adolescent and young adult female offender treatment to develop and issue a Request for Proposals (RFP) to provide services to females in secure placements outside of DJJ facilities. The DJJ has issued a RFP, but has been unable to secure a viable service provider. The 2007 Budget Act includes \$8.6 million in contract funding for this purpose. Since the DJJ has been unable to secure a viable service provider in the current year and continues to house female offenders, the May Revision reflects a reduction of \$8.6 million General Fund in 2007-08. The DJJ is continuing to search for a service provider but does not anticipate entering into a contract until 2008-09.

General Fund expenditures for juvenile institutions are partially offset by General Fund revenues from the sliding scale fees paid by counties. In 2007-08, these revenues are estimated to be \$12.7 million, an increase of \$346,000 from the revenue expected at the time of the Governor's Budget.

BUDGET YEAR

For 2008-09, the average daily population is projected to be 1,847, an increase of 61 wards from the projection included in the Governor's Budget. This increase in population is due primarily to more "M" and "E" cases, which are juvenile offenders whose offense would have placed them in an adult institution but because of their age are housed in DJJ. Additionally, the average daily parole population is estimated to be 1,971, an increase of eight parolees from the Governor's Budget projections. This increase is due to more

CORRECTIONS AND REHABILITATION

wards being released to parole than previously anticipated. Given the minimal change in population, there is no funding adjustment proposed.

As discussed above, since the DJJ has been unable to secure a viable provider to serve female offenders, the May Revision proposes to reduce funding for the female contract by \$4.3 million General Fund in 2008-09. This is based on the assumption that the DJJ will enter into a contract by January 2009.

In 2008-09, the sliding scale fees paid by counties are estimated to be \$7.5 million, a decrease of \$618,000 compared to the revenue expected at the time of the Governor's Budget.

PRISON MEDICAL CARE RECEIVER

The May Revision proposes an augmentation of \$8.6 million General Fund in 2008-09 to ensure that the Receiver appointed by the court in the *Plata* lawsuit is able to improve the delivery of medical care to inmates. Specifically, the May Revision includes the following adjustments:

- An augmentation of \$12.5 million to establish additional Supervising Registered Nurse II positions to improve nursing care.
- A reduction of \$3.9 million to correct a technical error in the Receiver's Health Care Guarding and Transportation proposal. These resources will provide inmates access to higher levels of care and specialty care outside the institution.

In addition, the Receiver has completed his draft Strategic Plan for the delivery of medical care to inmates. The Receiver has determined that new facilities for medical and mental health care to serve up to 10,000 inmates statewide are required. The Receiver anticipates supervising construction of facilities for his health care expansion program at up to seven sites serving up to 1,500 inmates at each site. Furthermore, the Receiver has determined that it is necessary to upgrade administrative and clinical facilities to provide inmates with appropriate access to health care at each of the CDCR's institutions.

To provide the full authority and funding for these projects, the Administration has withdrawn the trailer bill language included in the Governor's Budget and supports the Receiver's urgency legislation. Because not all of the planned renovations will be able to be financed with lease revenue bonds, \$100 million General Fund is necessary to ensure all facilities can be completed as the Receiver plans.

In summary, this proposed legislation would do the following:

- Appropriate \$6 billion in lease revenue bond authority for projects proposed by the Receiver, for and on behalf of CDCR, including the design and construction of health related facilities and housing for up to 10,000 inmates with medical or mental health care needs, and supporting infrastructure and ancillary facilities, at existing state correctional facilities statewide or at other appropriate state-owned real property. Of this \$6 billion (Public Buildings Construction Fund), it is estimated \$2.5 billion would be expended in fiscal year 2008-09.
- Appropriate \$100 million General Fund and \$900 million lease revenue bond authority to be used by the Receiver, for and on behalf of CDCR, to design and construct health care facility improvements at existing prison facilities statewide. Of the \$100 million General Fund and \$900 million Public Buildings Construction Fund, it is estimated that \$50 million and \$450 million, respectively, would be expended in fiscal year 2008-09.

JUVENILE PROBATION FUNDING

In February 2008, the federal Health and Human Services Agency released updated federal regulations for the Temporary Assistance for Needy Families (TANF) Block Grant. As a result of these new provisions, the requirements to meet the TANF Maintenance of Effort (MOE) requirement are more restrictive. To address the loss of available MOE, the May Revision proposes to replace \$151.8 million General Fund that currently supports the Juvenile Probation Program with TANF Block Grant Funds, and transfer the General Fund to the Department of Social Services.

UPDATE TO BUDGET-BALANCING REDUCTIONS

The Governor's Budget reflected savings of \$17.9 million General Fund in 2007-08 and \$354.3 million in 2008-09 related to Budget-Balancing Reductions for the CDCR. Savings estimates in the Governor's Budget assumed that the proposals would be adopted in the special session and would be implemented by March 1, 2008.

SUMMARY PAROLE

The May Revision includes total savings of \$173.6 million for the Summary Parole proposal, which is an increase \$75.7 million compared to the Governor's Budget.

CORRECTIONS AND REHABILITATION

The net increase in savings is due to \$110 million in corresponding operational and programmatic savings which were not previously identified, offset by a \$34 million erosion related to the change in implementation dates, the revised population impact associated with the spring projections, and the shift of implementation costs from 2007-08 to 2008-09.

The majority of the corresponding savings results from the need for the Department to reconfigure many of the programs that serve its parolee population, the reduced need to provide funding to reimburse local governments for the cost of housing detained and revoked parolees, and projected reductions in Board of Parole Hearings workload.

The decrease in institutional ADP associated with Summary Parole in 2008-09 decreases from 6,249 to 4,774, a reduction of 1,475. This ADP grows to 7,800 in 2009-10.

The decrease in parolee ADP associated with Summary Parole in 2008-09 decreases from 18,522 to 13,517, a reduction of 5,005. This ADP grows to 22,448 in 2009-10.

EARLY RELEASE

Given the effectiveness of parole reforms and rehabilitative efforts to date and the associated savings resulting from the decrease in the inmate population compared to the fall projection, as well as other proposed savings in the CDCR budget, the May Revision Budget achieves approximately \$300 million in CDCR savings without releasing any inmates prior to their anticipated release date.

K THRU 12 EDUCATION

California's school districts, charter schools and county offices of education provide instruction and a variety of programs and support services for pre-Kindergarten through grade twelve (K-12) students. These programs are designed to prepare students with the skills necessary to pursue higher education, obtain fulfilling employment, achieve career goals, and develop as productive citizens. Programs and services provided to more than six million students annually include standards-based instruction, special education, English learner support, career preparatory programs, child care and development, remedial instruction, and adult education.

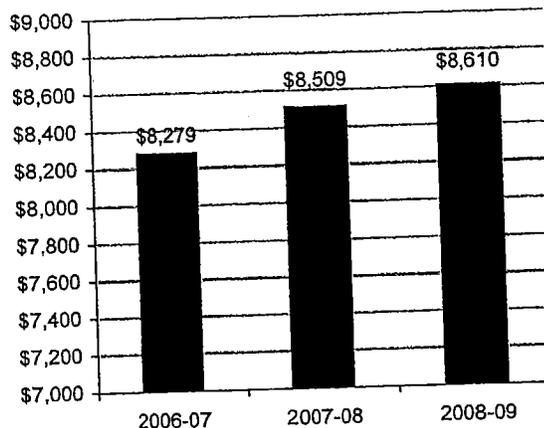
Due to the state's budget shortfall, the Governor's Budget proposed suspension of the minimum Proposition 98 Guarantee and no cost-of-living increases for schools.

The Governor's May Revision proposes \$1.8 billion General Fund in additional funding for K-12 education and community colleges to fully fund the minimum Proposition 98 Guarantee in 2008-09. Total Proposition 98 funding for K-14 education programs will increase year over year by \$193 million. With this additional investment, K-12 Proposition 98 per-pupil funding in the May Revision are \$8,610 in 2008-09, up from \$8,509 in 2007-08 (see Figure K12-01).

CHANGE IN TOTAL K-12 FUNDING

- 2007-08 \$12 million
- 2008-09 \$1,470 million

Figure K12-01
K-12 Proposition 98 Funding
Per Pupil

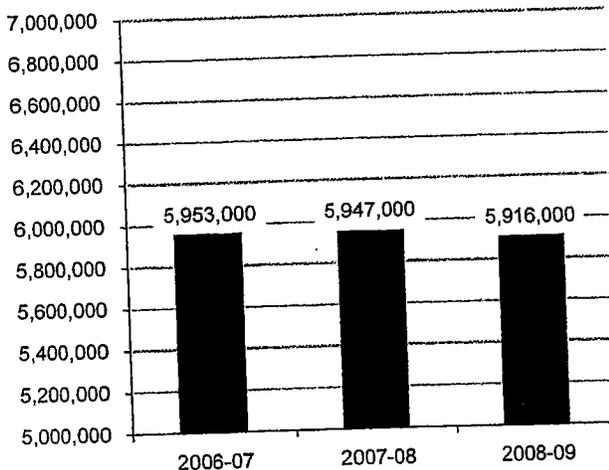


The May Revision to the Governor's Budget projects total revenue for K-12 education programs in 2008-09 to be \$71 billion (\$41.7 billion General Fund). Of this amount, \$67 billion is state, federal and local property tax funding accounted for in the State Budget. This reflects an increase of \$1.5 billion (\$1.7 billion General Fund) over the Governor's Budget. More notable funding changes are described below.

ATTENDANCE

As a result of a steady decline in birth rates throughout the 1990s, attendance growth in public schools is declining (see Figure K12-02). For the 2007-08, K-12 average daily attendance (ADA) is estimated to be 5,947,000, a decrease of 6,400 from the 2006-07 fiscal year. For 2008-09, the Administration estimates K-12 ADA will decrease by an additional 31,000 to

Figure K12-02
K-12 Average Daily Attendance



5,916,000. However, both of these projections are higher than the Governor's Budget ADA estimates of 5,923,000 for 2007-08 and 5,892,000 for 2008-09, reflecting increases of 24,000 and 23,000, respectively.

PER-PUPIL SPENDING

Total per-pupil expenditures from all sources are projected to be \$11,997 in 2007-08 and \$12,000 in 2008-09, including funds provided for prior year settle-up obligations. This is an indicator of the relative level of spending in California for support of K-12 education programs and not the actual level of funding allocated to each school for a pupil.

MAJOR WORKLOAD ADJUSTMENTS

Major workload adjustments include the following:

- ADA—The May Revision proposes an \$85.3 million net increase in 2008-09 to reflect the increase in ADA from the Governor's Budget projection. The majority of this amount consists of a \$92.6 million increase in school district and county office of education revenue limit apportionments (general purpose funding for schools) partially offset by \$7.3 million in reductions to categorical programs. Due to an increase in the attendance estimate for 2007-08, there also is a \$50.5 million increase in revenue limit apportionments included in the May Revision for that year.
- Local Property Tax Adjustments—The May Revision reflects General Fund increases of \$179.1 million in school district and county office of education revenue limit and special education apportionments in 2007-08 and \$521.3 million in 2008-09, related to school district and county office of education property tax revenues. In general, decreases in local property tax revenues increase the amount of state General Fund costs for revenue limit apportionments.
- School District Revenue Limits —\$780 million in workload adjustments for 2008-09 school district revenue limits are included in the figures above related to ADA and Property Tax Adjustments. These adjustments include a \$142 million increase related to higher ADA, a \$519.4 million increase related to lower estimates of property taxes, a \$93.4 million increase to reflect a six-fold increase in unemployment insurance rates, and a \$25.3 million increase for adjustments in PERS contribution rates. The May Revision also reflects workload increases for 2007-08 totaling \$218.3 million including a \$34.6 million net increase related higher ADA, which is significantly offset by lower projections of declining enrollment cost, as well as an increase of \$183.7 million for lower than expected local property tax revenues.

PROPOSITION 98 GUARANTEE

The voter-approved constitutional amendment, Proposition 98, guarantees minimum funding levels for K-12 schools and community colleges. The guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to a multitude of factors including the level of funding in 1986-87, General Fund revenues, per capita personal income and school attendance growth or decline.

Proposition 98 originally mandated funding at the greater of two calculations or Tests (Test 1 or Test 2). In 1990, Proposition 111 (SCA1) was adopted to allow for a third funding test in low revenue years. As a result, three calculations or tests determine funding for school districts and community colleges (K-14). The calculation or test that is used depends on how the economy and General Fund revenues grow from year to year (See Figure K12-03).

For fiscal year 2006-07, the Proposition 98 Guarantee was \$55.2 billion, of which the General Fund share was \$41.4 billion. Local property taxes covered the balance.

At the time of the Governor's Budget, 2007-08 Proposition 98 appropriations exceeded the minimum guarantee. During the Special Session called by the Governor to address the budget shortfall, the Administration and the Legislature reduced 2007 Budget Act appropriations by \$506.8 million by reducing programs that were not projected to fully expend their appropriations and by replacing ongoing funding with one-time savings from prior year appropriations. As a result of these actions, Proposition 98 General Fund appropriations for 2007-08 are now \$41.8 billion, which is \$802.1 million higher than

Figure K12-03
Proposition 98 Test Calculations

Test 1—Percent of General Fund Revenues

Test 1 is based on a percentage or share of General Fund tax revenues. Historically, school districts and community colleges (K-14) received approximately 40 percent in the 1986-87 fiscal year. As a result of the recent shifts in property taxes to K-14 schools from cities, counties, and special districts, the current rate is approximately 40.96 percent.

Test 2—Adjustments Based on Statewide Income

Test 2 is operative in years with normal to strong General Fund revenue growth. This calculation requires that school districts and community colleges receive at least the same amount of combined state aid and local tax dollars as they received in the prior year; adjusted for enrollment growth and growth in per capita personal income.

Test 3—Adjustment Based on Available Revenues

Test 3 is utilized in low revenue years when General Fund revenues decline or grow slowly. During such years, the funding guarantee is adjusted according to available resources. A low revenue year is defined as one in which General Fund revenue growth per capita lags behind per capita personal income growth more than one-half percentage point. Test 3 was designed so that education is treated no worse in low revenue years than other segments of the state budget.

In years following a Test 3 funding level, the state is required to provide funding to restore what was not allocated the previous year. This is often referred to as a maintenance factor.

the minimum Proposition 98 Guarantee. Total Proposition 98 funding for 2007-08 is \$56.6 billion.

The Proposition 98 Guarantee for 2008-09 is projected to grow to \$56.8 billion of which \$41.4 billion would be from the General Fund. As part of the budget-balancing reductions, the Governor's Budget proposed to suspend Proposition 98 and reduce Proposition 98 General Fund to \$39.6 billion. However, consistent with the priority the Administration has placed on education funding and its continuing efforts to improve the state's education system, the May Revision proposes to restore \$1.8 billion General Fund thereby increasing Proposition 98 General Fund in 2008-09 to the minimum Proposition 98 Guarantee level, with no suspension.

ADJUSTMENTS TO THE BUDGET BALANCING REDUCTIONS

PUBLIC TRANSPORTATION ACCOUNT FUNDING FOR HOME TO SCHOOL TRANSPORTATION

In the Legislative Special Session called to address the budget shortfall, legislation was adopted which authorized up to \$409 million in Proposition 98 General Fund expenditures for the Home-to-School Transportation Program for the 2007-08 fiscal year to be reimbursed from the Public Transportation Account (PTA). Similarly, the May Revision proposes to achieve additional General Fund savings for the 2008-09 fiscal year by adding language to the budget to authorize up to \$592.9 million from the PTA to be used to reimburse the General Fund for the budgeted cost of the Home to School Transportation Program, including Special Education transportation.

SURPLUS RELOCATABLE CLASSROOM PROGRAM FUNDS

In prior years, the state has transferred rental income received from the State Relocatable Classroom Program that was not needed for the program to the General Fund. Subsequently, the State Allocation Board approved a plan to phase out the program since it was no longer meeting its original intent to temporarily assist districts with excessive enrollment growth and unforeseen classroom emergencies, and due to the general condition of the aging fleet of relocatable classrooms. The Office of Public School Construction has now indicated there is \$14 million in excess revenue from the program that is available. As a result, consistent with prior practice, the May Revision proposes to transfer this funding to the General Fund.

ADDITIONAL SAVINGS PROPOSALS COUPLED WITH FLEXIBILITY

DEFERRED MAINTENANCE

The May Revision proposes to shift \$222.6 million Proposition 98 General Fund from deferred maintenance as part of fully restoring the reduction proposed to Special Education. This leaves \$39.6 million for the deferred maintenance program which is proposed to be reserved for hardship projects. In addition, the May Revision provides \$100 million for the Emergency Repair Program established under the Williams settlement.

Coupled with the redirection, the Administration proposes to eliminate the local matching requirement for the deferred maintenance program for the 2008-09 fiscal year.

ADDITIONAL FLEXIBILITY OPTIONS

The May Revision proposes to reauthorize the flexibility provisions that were adopted in 2003-04 to provide greater flexibility for school districts to cope with a constrained budget environment and to help mitigate the need for reductions in workforce. Specifically, the proposals would:

- Reduce reserve requirements for purposes of determining "Negative" and "Qualified" budget status.
- Authorize districts to increase apportionments sufficient to ensure a 2 percent increase from restricted categorical sources.
- Reduce the required 3 percent annual contribution to the districts' restricted reserve for routine maintenance to 2 percent.
- Increase current percentage caps on district transfer authority for AB 825 categorical block grants from 15/20 percent to 20/25 percent.
- Eliminate the local match requirement under the Deferred Maintenance Program.
- Allow districts to move state categorical program carryover or reserve funds from any prior year and from any program to the district's unrestricted general fund, excluding those funds prohibited under federal or state law.

RESTORATION OF CRITICAL PROGRAMS

REVENUE LIMITS

The May Revision provides significant additional resources in general purpose funding by restoring \$841.1 million for school district revenue limits. Specifically, this funding represents the portion of the deficit factor proposed in the Governor's Budget that was in excess of the 2008-09 COLA, as adjusted for revised ADA. This funding is in addition to the \$780 million of workload adjustments detailed previously in the Major Workload Adjustments section, resulting in a total increase of \$1.6 billion in new general purpose funding.

Therefore, the remaining deficit results only from suspending the budget year COLA. Based on the Governor's Budget proposed statutory change to the K-12 COLA factor to the CPI-W index (4.40 percent), the school district revenue limit deficit is estimated to be 4.214 percent.

SPECIAL EDUCATION

The May Revision provides a Proposition 98 General Fund increase of \$234.1 million over the amount previously proposed in the Governor's Budget. These changes include adjustments for reinstating \$189.2 million previously proposed for reduction as a part of budget balancing solutions, and revised figures for local property tax and ADA growth. The proposal also meets the federal maintenance-of-effort requirement for special education programs.

STATE SPECIAL SCHOOLS

The May Revision includes an increase of \$5.1 million Proposition 98 General Fund to help the State Special Schools continue to provide high quality diagnostic services and instruction for students with special needs. The proposal also includes a \$1.2 million augmentation for Home-to-School Transportation costs, in addition to General Fund savings of \$4.1 million overall as a result of shifting these mass transit costs to the Public Transportation Account.

OTHER BUDGET ADJUSTMENTS

CHILD CARE

Subsidized child care services help low-income working families become self-sufficient, contribute to school readiness of younger children, and are essential to support work

participation of CalWORKs families. Services are provided through voucher programs, in which parents select the provider of choice, and through center-based programs that contract directly with the state.

The Governor's Budget provided \$2.48 billion for State Department of Education (SDE) administered child care programs, after necessary budget balancing reductions totaling \$198.9 million were identified. Total funding included \$252.1 million in one-time Proposition 98 sources and \$56.3 million in one-time federal sources to meet Stage 2 and Stage 3 caseload estimates at that time. This is consistent with past practices. Since the Governor's Budget, the following factors have affected child care funding needs, and result in a net increase in funding of \$45.4 million, for a total of \$2.5 billion, including an increase in ongoing Proposition 98 resources of \$41.9 million, for 2008-09:

- The Legislature acted in the Special Session to use a large share of the carryover sources anticipated to meet budget year costs of Stage 2 and 3 child care to help reduce the current year Proposition 98 Guarantee as part of larger budget solutions. Accounting for these actions and revised estimates, carryover sources were reduced by \$193 million. In addition, one-time and ongoing federal funds diminished by \$63.6 million. This resulted in a need for additional resources of \$256.6 million to backfill these losses.
- Caseload costs for Stage 2 and 3 have increased, requiring \$20 million in additional funding.
- A policy change is proposed to fully fund Stage 2 costs without a traditional federal Temporary Assistance for Needy Families (TANF) holdback from the full estimate in the Department of Social Services CalWORKs budget. This requires additional Proposition 98 resources of \$25.5 million and completes the policy change implemented last year to fund Stage 2 from Proposition 98. This also frees up TANF to fund CalWORKs, helps meet the TANF maintenance-of-effort requirement shortfall, and reduces pressure on the General Fund.
- Policy changes are also proposed to help reduce rapidly rising reimbursement rate cost pressure caused by the revised methodology for computing regional market rate limits that was implemented several years ago. This change will help preserve slots in the capped voucher-based Alternative Payment Program, as well as contain costs in voucher-based Stage 2 and Stage 3 programs, while enabling full funding of all caseload in this very constrained budget environment. Specifically, trailer bill revisions are proposed to bench market limits to the 75th percentile based on the new 2007 market survey beginning January 1, 2009, and to conduct the market

survey every two years instead of annually. These actions are fully consistent with federal requirements and provide an average rate limit increase effective January 2009. California's reimbursement rate structure would remain among the most generous in the nation. Conducting the market survey every two years will save several hundred thousand dollars annually, as well.

STUDENT AND TEACHER LONGITUDINAL DATA SYSTEMS

The May Revision continues to fully fund development of the California Longitudinal Pupil Achievement Data System (CalPADS) and California Longitudinal Teacher Integrated Data Education System (CalTIDES) systems. CalPADS will enable tracking of individual student enrollment history and academic performance data over time. CalTIDES will serve as the central state repository for information regarding the teacher workforce for the purpose of developing and reviewing state policy, identifying workforce trends, and providing high-quality program evaluations of the effectiveness of teacher preparation and induction programs. Total funding for these projects is \$10.3 million (\$2.2 million General Fund) in 2008-09.

The May Revision also includes language to authorize the California Technology Assistance Project to provide training for implementing CalPADS. The California Technology Assistance Project promotes the effective use of technology in teaching, learning and school administration. The project currently provides technical assistance to schools and districts based upon local needs in each of 11 regions in California. This proposal would provide necessary training to local education agencies for CalPADS implementation.

The Administration believes that the primary goal of any education data system should be to help improve academic achievement. The focus should be on enabling local education agencies to use the data directly to improve instruction expeditiously. The implementation of CalPADS and CalTIDES, along with assignment of individual student identifiers through the California School Information Services program, is an important first step in making data available for local education agencies. There also is an abundance of education data available in many other forms at all levels of government and in the private sector. Examples range from automated reporting systems, program evaluations, studies, articles, and more. The Administration believes it is necessary to fully implement CalPADS and CalTIDES and analyze the information that is currently available to schools from various sources to improve outcomes before efforts are made to expand these systems or plan new systems.

CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

The California State Teachers' Retirement System (CalSTRS) administers the Teachers' Retirement Fund, which is an employee benefit trust fund created to administer the State Teachers' Retirement Plan. The State Teachers' Retirement Plan is a defined benefit pension plan that provides retirement, disability, and survivor benefits for teachers and certain other employees of the California public school system. The Plan is comprised of three programs: the Defined Benefit Program, the Defined Benefit Supplement Program, and the Cash Balance Benefit Program. Within the Defined Benefit Program there is also a Supplemental Benefit Maintenance Account (SBMA), which provides annual supplemental payments in quarterly installments to retired teachers whose purchasing power has fallen below 80 percent of the purchasing power of an initial allowance.

Currently, the state makes annual General Fund contributions to the SBMA of 2.5 percent of teacher payroll for purchasing power protection. The 80 percent level of purchasing power is currently not a vested benefit. This means that if the amount in the SBMA is not sufficient to maintain payments keeping retired teachers benefits at the 80 percent level, the benefit may be reduced or employer contributions may be increased.

The Governor's Budget proposed to make the following changes to SBMA:

- Fully vest the SBMA benefit at 80 percent purchasing power protection.
- Reduce the state's contributions to the SBMA from 2.5 percent to 2.2 percent of salary.
- Delay the State's contribution from July 1 and split the contribution into two payments of 1.1 percent, made on November 1 and April 1 each year.
- Pay the \$210 million interest from the \$500 million STRS lawsuit in three installments beginning in 2008-09.

The May Revision will modify the Governor's Budget proposal as follows:

- Increase the benefit from 80 percent to 85 percent while retaining the existing policy where this benefit is not vested.
- Reduce the state's contribution from 2.5 percent to 2.25 percent of salary.
- General Fund savings of \$66 million in 2008-09 and \$16 million in 2009-10 from Governor's Budget.

- Contribute two payments of 1.125 percent each on November 1 and April 1 each year.
- Pay the interest from the STRS lawsuit in four equal payments of \$52.6 million beginning in 2009-10.

PROVIDER ACCOUNTING AND REPORTING INFORMATION SYSTEM

The May Revision includes \$285,000 in one-time federal funds in 2008-09 to rewrite the Provider Accounting and Reporting Information System (PARIS). The PARIS is designed to manage SDE's child care agency contracts and payment processing functions. The rewrite is necessary because the current system is outdated, difficult to maintain, and does not have the capability to share data with other SDE systems.

PERSONNEL MANAGEMENT ASSISTANCE TEAMS

The May Revision proposes that \$3 million in Proposition 98 General Fund be reappropriated to continue funding for the Personnel Management Assistance Teams authorized by Chapter 517, Statutes of 2006. These teams assist school districts establish and maintain effective personnel management, recruitment and hiring processes.

EMERGENCY REPAIR PROGRAM

The May Revision proposes another \$100 million transfer from the Proposition 98 Reversion Account to the Emergency Repair Account in satisfaction of the Williams settlement agreement. This increment of funding for the program will bring total transfers to \$392 million for the purpose of funding school facility emergency repair projects.

LOCAL EDUCATIONAL AGENCY CORRECTIVE ACTION ASSISTANCE

Consistent with actions taken by the State Board of Education to further the intentions of the federal No Child Left Behind Act, the May Revision proposes separate legislation that will appropriate \$45 million federal Title I Set Aside funds to assist local educational agencies in their efforts to improve the academic performance of their students and to meet their federal accountability measures.

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HIGHER EDUCATION

Due to the State's significant budget shortfall, the Governor's Budget proposed to suspend the provisions of the Higher Education Compact (Compact) to help achieve fiscal balance. The May Revision protects education funding and makes additional resources available to the University of California (UC), the California State University (CSU) and the California Community Colleges (CCC) to ensure affordability, preserve quality and maintain essential levels of access. As discussed in the K-12 section, the Proposition 98 guarantee will be met which will provide additional resources for CCC to meet instructional demand and ensure local property tax declines do not impose hardships on the colleges. While the greater budget gap prevents fulfillment of the Compact, additional General Fund resources are provided to UC and CSU to ensure that fees will not increase beyond the levels agreed to in the Compact, to preserve enrollments in high-state-need instructional programs, and to address cost pressures from required implementation of new Teaching Performance Assessment standards pursuant to Chapter 517, Statutes of 2006. Thus, mandatory undergraduate fees will rise by no more than 7.4 percent for UC students and 10 percent for CSU students. CSU fees will remain the lowest in the nation for comparable public four-year comprehensive colleges and UC fees will remain very competitive with other comparable public research universities.

For the Student Aid Commission (CSAC), the Governor's Budget assumed a current year, one-time revenue adjustment of \$500 million related to the sale or other authorized transaction (Transaction) to maximize the value of CSAC's auxiliary organization, EdFund, pursuant to Chapter 182, Statutes of 2007. The state's selected sale advisor has decided

HIGHER EDUCATION

to withdraw its commitment to help prepare the EdFund Transaction. In addition, there have been numerous changes in the student lending industry and credit pressure on Wall Street. Given these conditions, it is necessary to postpone this transaction to maximize the value of this asset. As the student loan guaranty function is not a core function for state government, a sale will continue to be pursued and completed in 2009-10. Therefore, the May Revision reflects a shift of \$500 million in anticipated revenue from the end of the current year to the 2009-10 fiscal year. Additionally, the May Revision reflects conforming state operations adjustments since decoupling of CSAC and EdFund operations will not occur in the budget year.

For CSAC local assistance programs, the \$80 million Cal Grant workload cost placeholder that was included in the Governor's Budget as a contingency in the event UC and CSU raised fees further is no longer necessary and has been deleted from the budget. The May Revision also proposes that approximately 30-percent of projected Cal Grant costs be shifted from General Fund to Temporary Assistance for Needy Families (TANF) reimbursements from the Department of Social Services to help address the state's TANF Maintenance of Effort (MOE) shortfall. Please refer to the Health and Human services section for more details.

Changes to the Community Colleges budget reflect workload adjustments for revised estimates of local property tax revenues, including relief in the current year, increased funding for enrollment growth, and a policy change to provide more flexibility in categorical spending similar to K-12 categorical programs.

TOTAL FUNDING BY SEGMENT

Total funding at the May Revision for Higher Education reflects a year-over-year increase of \$565.6 million (2.8 percent) which is \$155 million greater than comparable figures in January. General Fund and related Proposition 98 expenditures reflect a year-over-year increase of \$14.2 million which is a reduction of \$76 million from comparable figures in January. This is primarily due to the large shift of GF costs to TANF for a portion of Cal Grants. Absent that, this figure would have increased \$146 million or 1.1 percent. Segment-by-segment figures follow:

- Total funding in 2008-09 for UC increases from year to year by \$179.8 million (3.3 percent), with total General Fund essentially flat compared to 2007-08.

- Total funding in 2008-09 for CSU increases from year to year by \$132.8 million (3 percent), with total General Fund essentially flat compared to 2007-08.
- Total funding in 2008-09 for CCC increases from year to year by \$191.8 million (2.2 percent), with total General Fund and Proposition 98 related sources increasing by \$187.9 million (2.9 percent) excluding carryovers, compared to revised 2007-08.
- Total funding in 2008-09 for CSAC (excludes Ed Fund) decreases from year to year by \$30.4 million (-3.5 percent), with total General Fund decreasing by \$261 million (-31 percent) compared to 2007-08.

UNIVERSITY OF CALIFORNIA

- 2007-08 No Change
- 2008-09 \$98.5 million General Fund

BUDGET YEAR

- The May Revision proposes a General Fund increase of \$98.5 million to maintain funding for UC level from year to year and to limit fee increases to the levels agreed to in the Compact. This funding is also intended to preserve enrollment levels in high-state-need instructional programs and provide resources for implementation of the Teaching Performance Assessment standards for teacher preparation programs required to be implemented in 2008-09 pursuant to Chapter 517, Statutes of 2006 that would otherwise have to be absorbed. Thus, the unallocated portion of the reduction to the workload budget level for UC is reduced to \$201.1 million for a revised total reduction of \$233.4 million.

CALIFORNIA STATE UNIVERSITY

- 2007-08 No Change
- 2008-09 \$97.6 million General Fund

BUDGET YEAR

- The May Revision proposes a General Fund increase of \$97.6 million to maintain funding for CSU level from year to year and to limit fee increases to the levels agreed to in the Compact. This funding is also intended to preserve enrollment levels in high-state-need instructional programs and provide resources for implementation of

HIGHER EDUCATION

the Teaching Performance Assessment standards for teacher preparation programs required to be implemented in 2008-09 pursuant to Chapter 517, Statutes of 2006 that would otherwise have to be absorbed. Thus, the unallocated portion of the reduction to the workload budget level for CSU is reduced to \$172.1 million for a revised total reduction of \$215.3 million.

CALIFORNIA STUDENT AID COMMISSION

- 2007-08 No Change
- 2008-09 -\$303 million General Fund

BUDGET YEAR

The May Revision proposes a net General Fund decrease of \$303 million over the level proposed in the Governor's Budget, as noted below:

- \$223 million of Cal Grant costs are proposed to be shifted from General Fund to reimbursements from TANF federal funds available to the Department of Social Services through an interagency agreement. This proposal is necessary to address a significant shortfall in TANF MOE expenditures. Please refer to the Health and Human Services section for more detail on the overall approach to resolving the TANF MOE shortfall.
- \$80 million savings associated with the elimination of the \$80 million Cal Grant workload cost placeholder from the Governor's Budget that was included in the event UC and CSU increased fees beyond the level anticipated for the workload budget. As discussed, further increases by the UC and CSU governing boards are not anticipated.
- A redirection of the \$1.8 million one-time augmentation proposed in January for restoring shared services from the EdFund is proposed. Although the Transaction is delayed, CSAC will have to relocate to a new building due to termination of their current leased space. Funding is needed to address necessary costs including ongoing additional leased space and telephone system costs, and one-time cost for moving and office furnishings. These costs total approximately \$1.8 million and thus offset the costs anticipated for adding 11 new staff, equipment, software and other technology related costs that would have been necessary to replace shared services from EdFund.

- Reappropriation of state operations savings is proposed to be reserved for unanticipated costs related to CSAC's relocation or other unforeseen costs in 2008-09.

The May Revision also proposes the following Student Loan Operating Fund increases to conform to the delay in the EdFund Transaction:

- \$1 million from the Student Loan Operating Fund (SLOF) is proposed for restoration of the six CSAC positions reduced in January that are dedicated to the oversight of EdFund operations. These positions are proposed on a limited-term basis.
- Additionally, the May Revision restores position authority for the remaining 24 EdFund civil service employees on a limited-term basis and restores over \$779 million to reflect continuously appropriated SLOF expenditures (\$96.4 million) and Federal Student Loan Reserve Fund expenditures (\$682.8 million) for EdFund operations in 2008-09.
- Trailer bill legislation is proposed to remove a potential statutory conflict that may impact the Commission's ability to act as a Lender of Last Resort for the Federal Family Education Loan program to address a potential crisis in the student lending markets resulting from changes in federal law and the concurrent general difficulties in the credit market.

CALIFORNIA COMMUNITY COLLEGES

- 2007-08 -\$69 million General Fund and Proposition 98 Related Sources
- 2008-09 \$236.2 million net General Fund and Proposition 98 Related Sources (with carryovers)

CURRENT YEAR

The May Revision proposes the following Proposition 98-related adjustments:

- The May Revision reflects reductions in estimated property tax revenue of \$74.9 million that are offset by increases of \$5.9 million in fee revenue compared to the 2007 Budget Act estimates. Reappropriations totaling \$69 million, including estimated savings of \$47.3 million from 2006-07 community college apportionments, are provided to backfill the resulting deficit to ensure colleges are not adversely affected by the current year shortfall. This amount will become available in the budget year.

HIGHER EDUCATION

BUDGET YEAR

The May Revision proposes significant ongoing budget adjustments for the CCC that will increase total General Fund and Proposition 98-related sources by a net \$236.2 million compared to the Governor's Budget, including an increase of \$167.2 in ongoing Proposition 98 General Fund and \$69 million in one time sources.

The following ongoing Proposition 98 workload adjustments are proposed to conform to revised estimates of local revenues and other workload changes:

- An increase of \$35.5 million for growth in apportionments, bringing the total growth funding in the budget year to \$95.5 million (1.67 percent), sufficient to serve approximately 20,000 additional students.
- An increase of \$572,000 to restore the reduction proposed in the Governor's Budget to the Foster Care Training program which will preserve approximately \$700,000 of federal matching funds for training foster parents in meeting the needs of this vulnerable population.
- An increase of \$138.7 million to offset the reduction in estimated property tax revenues for 2008-09.
- A decrease of \$6.4 million to reflect an increase in estimated offsetting student fee revenues based on more recent current year data.
- A decrease of \$1.8 million to reflect an increase in offsetting oil and mineral revenues of an identical amount.
- An increase of \$717,000 for the Board of Governor's Fee Waiver program administrative costs to reflect updated estimates of student fee waivers.

Policy-related adjustments for the CCC include the following:

- As mentioned, \$69 million is proposed to be reappropriated to backfill the current year deficit caused by the anticipated property tax shortfall. \$47.3 million is carryover savings from 2006-07 and \$21.7 is appropriated from the reversion account.
- Provisional language is proposed to provide colleges flexibility to transfer funds between categorical programs in two programmatic areas. Specifically, this would allow up to 20 percent of funds to be transferred out of a particular program in order to increase other programs by up to 25 percent within each program area. This flexibility would encompass three part-time faculty staff incentive programs

in one and five student services programs in another. Given the necessity to reduce programs costs, this additional flexibility will allow local priority needs to be better addressed.

- \$2.7 million in reimbursements is proposed to reflect an interagency agreement that is being developed between the California Department of Corrections and Rehabilitation and the Chancellor's Office that would provide training for prison staff that play key roles in the rehabilitation process, consistent with strategies authorized by Chapter 7, Statutes of 2007 and the Expert Panel on Adult Offender Reentry and Recidivism Reductions' report to the Legislature in June, 2007. Of this amount, it is anticipated that \$140,000 would be available to support one position for state operations workload and up to \$2.6 million would support local assistance allocations for colleges to provide the training and development services.

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STATEWIDE ISSUES

This section includes issue(s) that affect multiple departments in various major program areas.

2008-09 STATE APPROPRIATIONS LIMIT CALCULATION

Pursuant to Article XIII B of the California Constitution, the 2008-09 State Appropriations Limit (SAL) is estimated to be \$79.808 billion. The revised limit is the result of applying the growth factor of 4.95 percent. The revised 2008-09 limit is \$70 million above the \$79.738 billion estimated in January. This increase is due to changes in the following factors and shifts in financial responsibility:

- Per Capita Personal Income
 - January Percentage Growth: 4.16
 - May Revision Percentage Growth: 4.29
- State Civilian Population
 - January Percentage Growth: 1.16
 - May Revision Percentage Growth: 1.31
- K-14 Average Daily Attendance
 - January Percentage Growth: -0.21

STATEWIDE ISSUES

- May Revision Percentage Growth: -0.37

For SAL purposes, per capita personal income is defined as calendar fourth quarter California personal income, as estimated by the US Bureau of Economic Analysis (BEA), divided by California civilian population, estimated by the California Department of Finance. Since BEA does not release its personal income estimate until April, the Department of Finance uses its own estimate for the Governor's Budget in January. The May Revision reflects the BEA's estimate of California personal income.

The SAL for 2007-08 does not change since it was statutorily established by Control Section 12.00 of the 2007 Budget Act.

STATE CASH MANAGEMENT IMPROVEMENT

The proposal will smooth out General Fund disbursements throughout the fiscal year to better align receipts and disbursements. It will reduce the state's reliance on external borrowing. Effective cash management is one major factor considered by rating agencies in evaluating the state's credit-worthiness. Improving cash management could improve accessibility to the credit markets and reduce borrowing costs on long-term bonds. Under current projections, the state will need at least \$9 billion of external cash flow borrowing in 2008-09. This improved cash management program would result in a reduction in external cash flow borrowing by several billion dollars.

ITEM 9800 – AUGMENTATION FOR EMPLOYEE COMPENSATION

The 2008-09 Governor's Budget proposed \$260.4 million General Fund for 2007-08 and \$230.2 million General Fund for 2008-09 for the Administration's Last, Best, and Final Offer (LBFO) to Bargaining Unit 6, California Correctional Peace Officers Association.

Section 3517.8 (b) of the Government Code (Dills Act) states: "If the Governor and the recognized employee organization reach an impasse in negotiation for a new memorandum of understanding, the state employer may implement any or all of its LBFO. Any proposal in the state employer's LBFO that, if implemented, would conflict with existing statutes or require the expenditure of funds shall be presented to the Legislature for approval and, if approved, shall be controlling without further legislative action, notwithstanding Sections 3517.5, 3517.6, and 3517.7."

Consistent with statutory requirements, the Administration has submitted to the Legislature for its consideration those items of the LBFO which require legislative approval. To date, the Legislature has not approved those items or appropriated funding for the 2007-08 portion of the LBFO. Therefore, the Administration is proposing that funds proposed in the budget to implement the salary increase and other financial provisions of the LBFO be shifted from the specific budget item and placed in the reserve. Funding for the proposed health benefits increase will remain in the budget.

The Administration continues to pursue legislation to implement the LBFO. When the Legislature approves the requested changes, the Administration will implement those provisions of the LBFO.

REIMBURSABLE STATE MANDATES PROGRAM

The May Revision proposes a decrease of \$75 million General Fund to reflect a delay of the third payment of the 15-year payment plan for mandate costs incurred prior to July 1, 2004. Statute requires these costs be fully paid by the 2020-21 fiscal year.

TAX MODERNIZATION COMMISSION

California's tax system was designed decades ago and has not been adjusted to reflect a shift from a manufacturing and agriculture-based economy to an information, service, and technology-based economy. The state's tax system contributes to revenue volatility and to the substantial swings in available resources that the state has experienced during the past decade. California would benefit from an improved and more modern tax system that supports a strong economy, job creation, and provides a more predictable revenue source for essential government services.

As part of budget reform, Governor Schwarzenegger will issue an executive order to establish a bipartisan commission of legislative and gubernatorial appointees to modernize the state's tax laws and better reflect the current economy. The Tax Modernization Commission will make recommendations to assist the state in becoming less susceptible to revenue swings in the future.

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EX: B

Assembly Bill 1781

PROPOSED CONFERENCE REPORT NO. JULY 17, 2008

AMENDED IN SENATE JUNE 4, 2008

ASSEMBLY BILL

No. 1781

Introduced by ~~Committee on Budget (Laird (Chair), Arambula, Beall, Berg, Brownley, De La Torre, Dymally, Evans, Feuer, Hayashi, Hernandez, Jones, Mullin, Ruskin, Swanson, and Wolk)~~ Assembly Member Laird

January 15, 2008

An act relating to the Budget Act of 2008 making appropriations for the support of the government of the State of California and for several public purposes in accordance with the provisions of Section 12 of Article IV of the Constitution of the State of California, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1781, as amended, ~~Committee on Budget Laird~~. Budget Act of 2008.

This bill would make appropriations for support of state government for the 2008-09 fiscal year.

This bill would declare that it is to take effect immediately as an urgency statute.

~~This bill would express the intent of the Legislature to enact the Budget Act of 2008.~~

Vote: majority $\frac{2}{3}$. Appropriation: ~~no~~-yes. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1.00. This act shall be known and may be cited as the
- 2 "Budget Act of 2008."
- 3 SEC. 1.50. (a) In accordance with Section 13338 of the Government
- 4 Code, as added by Chapter 1284, Statutes of 1978, and as amended by
- 5 Chapter 1286, Statutes of 1984, it is the intent of the Legislature that this
- 6 act utilize a coding scheme compatible with the Governor's Budget and

1 the records of the Controller, and provide for the appropriation of federal
2 funds received by the state and deposited in the State Treasury.

3 (b) Essentially, the format and style are as follows:

4 (1) Appropriation item numbers have a code which is common to all
5 the state's fiscal systems. The meaning of this common coded item number
6 is as follows:

7 2720—Organization Code (this code represents the California Highway
8 Patrol)

9 001—Reference Code (first appropriation for a particular fund for
10 support of each department)

11 0044—Fund Code (Motor Vehicle Account, State Transportation Fund)

12 (2) Appropriation items are organized in organization code order.

13 (3) All the appropriation items, reappropriation items, and reversion
14 items, if any, for each department or entity are adjacent to one another.

15 (4) Federal funds received by the state and deposited in the State
16 Treasury are appropriated in separate items.

17 (c) The Department of Finance may authorize revisions to the codes
18 used in this act in order to provide compatibility between the codes used
19 in this act and those used in the Governor's Budget and in the records of
20 the State Controller.

21 (d) Notwithstanding any other provision of this act, the Department of
22 Finance may revise the schedule of any appropriation made in this act
23 where the revision is of a technical nature and is consistent with legislative
24 intent. These revisions may include, but shall not be limited to, the substi-
25 tution of category for program or program for category limitations, the
26 proper categorization of allocated administration costs and cost recoveries,
27 the distribution of any unallocated amounts within an appropriation and
28 the adjustment of schedules to facilitate departmental accounting opera-
29 tions, including the elimination of categories providing for amounts
30 payable from other items or other appropriations and the distribution of
31 unscheduled amounts to programs or categories. These revisions shall
32 include a certification that the revisions comply with the intent and limi-
33 tation of expenditures as appropriated by the Legislature.

34 (e) Notwithstanding any other provision of this act, when the Depart-
35 ment of Finance, pursuant to subdivision (d), approves the schedule or
36 revision of any appropriation relating to the elimination of amounts
37 payable, the language authorizing the transfer shall also be eliminated.

38 SEC. 1.80. (a) The following sums of money and those appropriated
39 by any other sections of this act, or so much thereof as may be necessary
40 unless otherwise provided herein, are hereby appropriated for the use and
41 support of the State of California for the 2008–09 fiscal year beginning
42 July 1, 2008, and ending June 30, 2009. All of these appropriations, unless
43 otherwise provided herein, shall be paid out of the General Fund in the
44 State Treasury.

45 (b) All capital outlay appropriations and reappropriations, unless other-
46 wise provided herein, are available as follows:

1 (1) Studies, preliminary plans, working drawings, and minor capital
2 outlay funds are available for expenditure until June 30, 2009.

3 (2) Construction funds are available for expenditure until June 30,
4 2011, if allocated through fund transfer or approval to proceed to bid by
5 the Department of Finance by June 30, 2009. Any funds not allocated by
6 June 30, 2009, shall revert on July 1, 2009, to the fund from which the
7 appropriation was made.

8 (3) All other capital outlay funds are available until June 30, 2011.

9 (c) Whenever by constitutional or statutory provision the revenues or
10 receipts of any institution, department, board, bureau, commission, officer,
11 employee, or other agency, or any moneys in any special fund created by
12 law therefor, are to be used for salaries, support, or any proper purpose,
13 expenditures shall be made therefrom for any such purpose only to the
14 extent of the amount therein appropriated, unless otherwise stated herein.

15 (d) Appropriations for purposes not otherwise provided for herein that
16 have been heretofore made by any existing constitutional or statutory
17 provision shall continue to be governed thereby.

18 SEC. 2.00. Items of appropriation.

19
20 LEGISLATIVE/JUDICIAL/EXECUTIVE

21
22 Legislative

23 Item	Amount
24 0110-001-0001—For support of Senate.....	111,320,000
25 Schedule:	
26 (1) 101001-Salaries of Senators.....	6,208,000
27 (2) 317295-Mileage.....	11,000
28 (3) 317292-Expenses.....	1,680,000
29 (4) 500004-Operating Expenses.....	102,586,000
30 (5) 317296-Automotive Expenses.....	835,000
31 Provisions:	
32 1. The funds appropriated in Schedule (4) are for	
33 operating expenses of the Senate, including	
34 personal services for officers, clerks, and all	
35 other employees, and legislative committees	
36 thereof composed in whole or in part of Mem-	
37 bers of the Senate, and for support of joint ex-	
38 penses of the Legislature, to be transferred by	
39 the Controller to the Senate Operating Fund.	
40 2. The funds appropriated in Schedule (5) are for	
41 operating expenses of the Senate relating to the	
42 purchase, maintenance, repair, insurance, and	
43 other costs of operating automobiles for the use	
44 of Members of the Senate, to be transferred by	
45 the Controller to the Senate Operating Fund.	
46	

Item	Amount
1 (3) Item 6440-304-6048, Budget Act of 2007 (Chs.	
2 171 and 172, Stats. 2007)	
3 Davis Campus:	
4 (1.5) 99.03.365-Telemedicine Resource Center	
5 and Rural PRIME Facility—Working	
6 drawings, construction, and equipment	
7 6440-492—Reappropriation, University of California.	
8 Notwithstanding any other provision of law, the pe-	
9 riod to liquidate encumbrances of the following cita-	
10 tion is extended to June 30, 2009:	
11 6041—2004 Higher Education Capital Outlay Bond	
12 Fund	
13 (1) Item 6440-302-6041, Budget Act of 2005 (Chs.	
14 38 and 39, Stats. 2005)	
15 Davis Campus:	
16 (2) 99.03.325-Physical Sciences Expan-	
17 sion—Construction	
18 6440-495—Reversion, University of California. As of	
19 June 30, 2008, the unencumbered balance of the	
20 appropriation provided for in the following citation	
21 shall revert to the fund from which the appropriation	
22 was made:	
23 6028—2002 Higher Education Capital Outlay Bond	
24 Fund	
25 (1) Item 6440-302-6028, Budget Act of 2005 (Chs.	
26 38 and 39, Stats. 2005), as reappropriated by	
27 Item 6440-491, Budget Act of 2006 (Chs. 47	
28 and 48, Stats. 2006)	
29 Los Angeles Campus:	
30 (1) 99.04.265-Life Sciences Replacement	
31 Building—Construction	
32 6600-001-0001—For support of Hastings College of the	
33 Law.....	10,115,000
34	10,631,000
35 Provisions:	
36 1. The appropriation made in this item is exempt	
37 from Section 31.00.	
38 2. The amount appropriated in this item reflects a	
39 10-percent reduction to institutional support.	
40 6610-001-0001—For support of California State Uni-	
41 versity.....	2,813,179,000
42	2,910,596,000
43 Schedule:	
44 (1) Support.....	3,082,555,000
45 (2) Unallocated Reduction.....	-269,376,000
46	-171,959,000

Item	Provisions:	Amount
1	Provisions:	
2	1. The appropriations made in this item are exempt	
3	from Section 31.00, except as otherwise provided	
4	by the applicable sections of the Government	
5	Code referred to in Section 31.00.	
6	2. Of the amount appropriated in this item,	
7	\$350,000 is for transfer to the Affordable Stu-	
8	dent Housing Revolving Fund for the purpose	
9	of subsidizing interest costs in connection with	
10	bond financing for construction of affordable	
11	student housing at the Fullerton and Hayward	
12	campuses in accordance with Article 3 (com-	
13	mencing with Section 90085) of Chapter 8 of	
14	Part 55 of Division 8 of Title 3 of the Education	
15	Code.	
16	3. Of the amount appropriated in this item,	
17	\$1,878,000 is for repayment of the \$17,000,000	
18	financed for the California State University	
19	through a third party for deferred maintenance	
20	projects in the 1994-95 fiscal year. It is the in-	
21	tent of the Legislature to annually provide funds	
22	for that repayment purpose until June 30, 2010.	
23	4. Of the amount appropriated in this item,	
24	\$2,309,000 is for repayment of the \$24,000,000	
25	financed for the California State University	
26	through a third party for deferred maintenance	
27	projects in the 1995-96 fiscal year. It is the in-	
28	tent of the Legislature to annually provide funds	
29	for that repayment purpose until June 30, 2011.	
30	5. The California State University (CSU) shall re-	
31	port to the Legislature and the Governor by	
32	February 1 of each year on its progress toward	
33	increasing the quality and supply of science and	
34	mathematics teachers resulting from implemen-	
35	tation of the Science and Math Teacher Initia-	
36	tive. This report shall include the following in-	
37	formation: (a) annual number of mathematics	
38	and science teachers awarded credentials (by	
39	each CSU campus) beginning with the 2004-05	
40	academic year (before the state first provided	
41	funding for the initiative), (b) an expenditure	
42	plan on the use of the funds appropriated in this	
43	item, (c) the effectiveness of the initiative's dif-	
44	ferent components and activities, including an	
45	identification of best practices, and (d) the job	
46	placement of students who earn a math or sci-	
47	ence teaching credential, including the location	

- Item
- 1 of the K-12 school of employment and whether
 - 2 it is in an urban, rural, or suburban setting.
 - 3 6. ~~The Legislature expects the California State~~
 - 4 ~~University (CSU) to enroll a minimum of~~
 - 5 ~~342,893 state-supported full-time equivalent~~
 - 6 ~~students (FTES) during the 2008-09 academic~~
 - 7 ~~year, equal to the budgeted state-supported FTES~~
 - 8 ~~enrollment for the 2007-08 academic year. This~~
 - 9 ~~enrollment target does not include nonresident~~
 - 10 ~~students and students enrolled in non-state-sup-~~
 - 11 ~~ported summer programs. The CSU shall provide~~
 - 12 ~~a preliminary report to the Legislature by March~~
 - 13 ~~15, 2009, and a final report by May 1, 2009, on~~
 - 14 ~~whether it has met the its 2008-09 academic~~
 - 15 ~~year enrollment goal. For purposes of this provi-~~
 - 16 ~~sion, enrollment totals shall only include state-~~
 - 17 ~~supported students. If CSU does not meet its~~
 - 18 ~~state-supported enrollment goal by at least 434~~
 - 19 ~~FTES, the Director of Finance shall revert to the~~
 - 20 ~~General Fund by May 15, 2009, the total amount~~
 - 21 ~~of enrollment funding associated with the total~~
 - 22 ~~share of the enrollment goal that was not met.~~
 - 23 7. The California State University shall report to
 - 24 the Legislature and the Governor by May 1,
 - 25 2009, on the total enrollment in the 2007-08 and
 - 26 2008-09 academic years in the baccalaureate
 - 27 nursing degree and entry-level master's nursing
 - 28 degree programs.
 - 29 8. The amount appropriated in Schedule (1) reflects
 - 30 a ~~10-percent~~ reduction of \$43,199,000 to institu-
 - 31 tional support.
 - 32 9. *Of the amount appropriated in this item,*
 - 33 *\$33,785,000 is provided for student financial*
 - 34 *aid grants. These financial aid funds shall be*
 - 35 *provided to needy students according to the na-*
 - 36 *tionally accepted needs analysis methodology.*
 - 37 10. *Of the amount appropriated in Schedule (1),*
 - 38 *\$52,000,000 is appropriated for student academ-*
 - 39 *ic preparation and student support services*
 - 40 *programs. The California State University shall*
 - 41 *provide \$45,000,000 to support the Early Aca-*
 - 42 *demic Assessment Program and the Educational*
 - 43 *Opportunity Program. It is the intent of the*
 - 44 *Legislature that the university report on the*
 - 45 *outcomes and effectiveness of the Early Academ-*
 - 46 *ic Assessment Program to the fiscal committees*

Amount



Item

*of each house of the Legislature no later than
March 15, 2009.*

6610-002-0001—For support of the California State
University for transfer to and in augmentation of
Item 6610-001-0001, for the purpose of providing
direct costs and administrative overhead expenses
for the Assembly, Senate, Executive, and Judicial
Fellows programs and the Center for California
Studies.....

~~2,911,000~~
3,111,000

Schedule:

- (1) Center for California Studies—Fellows Program..... 602,000
- (2) Center for California Studies—Other..... 37,000
- (3) Assembly Fellows..... 565,287
- (4) Senate Fellows..... 565,287
- (5) Executive Fellows..... 565,287
- (6) Judicial Fellows..... 402,139
- (7) LegiSchool Project..... 114,000
- (8) Sacramento Semester Internship Program..... 56,000
- (9) Unscheduled..... 328,000
- (10) Unallocated Reduction..... ~~324,000~~
-124,000

6610-002-0785—For support of California State University, payable from the 1988 Higher Education Capital Outlay Bond Fund.....

4,955,000

6610-002-6041—For support of California State University, payable from the 2004 Higher Education Capital Outlay Bond Fund.....

13,716,000

~~6610-002-6074—For support of California State University, payable from the 2008 University Capital Outlay Bond Fund.....~~

~~50,000,000~~

6610-003-0001—For support of the California State University for payments on lease-purchase bonds....

56,999,000

Schedule:

- (1) Rental, insurance, and administrative payments..... 61,572,000
- (2) Reimbursements..... -4,573,000

Provisions:

- 1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise needed to ensure debt requirements are met.

Item	Amount
1 2. This item may contain adjustments pursuant to	
2 Section 4.30 that are not currently reflected. Any	
3 adjustments to this item shall be reported to the	
4 Joint Legislative Budget Committee pursuant to	
5 Section 4.30.	
6 6610-301-6028—For capital outlay, California State	
7 University, payable from the 2002 Higher Education	
8 Capital Outlay Bond Fund.....	4,239,000
9 Schedule:	
10 (1) 06.54.081-Dominguez Hills: Educa-	
11 tion Resource Center Addi-	
12 tion—Equipment.....	3,664,000
13 (2) 06.73.086-Los Angeles: Forensic	
14 Science Building—Equipment.....	575,000
15 Provisions:	
16 1. Identified savings in funds encumbered from	
17 this general obligation bond fund for construc-	
18 tion contracts for capital outlay projects, remain-	
19 ing after completion of a capital outlay project	
20 and upon resolution of all change orders and	
21 claims, may be used prior to the appropriation	
22 reversion date: (a) to begin working drawings	
23 for a project for which preliminary plan funds	
24 have been appropriated and the plans have been	
25 approved by the State Public Works Board con-	
26 sistent with the scope and cost approved by the	
27 Legislature as adjusted for inflation only, (b) to	
28 proceed further with the underground tank cor-	
29 rection program, (c) to perform engineering	
30 evaluations on buildings that have been identi-	
31 fied as potentially in need of seismic retrofitting,	
32 or (d) to proceed with design and construction	
33 of projects to meet requirements under the fed-	
34 eral Americans with Disabilities Act of 1990	
35 (42 U.S.C. Sec. 12101 et seq.).	
36 Not later than March 1 of each year, the Cali-	
37 fornia State University shall provide the Legisla-	
38 tive Analyst with a progress report showing the	
39 identified savings, by project, and the purpose	
40 for which the identified savings were used.	
41 Not later than November 1 of each year, the	
42 California State University shall prepare a report	
43 showing the identified savings, by project, and	
44 the purpose for which the identified savings were	
45 used. This report shall be submitted to the	
46 Chairperson of the Joint Legislative Budget	

Item	Amount
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Committee and to the chairpersons of the fiscal committees in each house of the Legislature.
 6610-301-6041—For capital outlay, California State University, payable from the 2004 Higher Education Capital Outlay Bond Fund..... 28,217,000

- Schedule:
- (.5) 06.52.109-Chico: Student Services Center—Equipment..... 2,432,000
 - (2.5) 06.64.082-East Bay: Student Services Replacement Building—Equipment..... 1,963,000
 - (3) 06.83.005-Channel Islands: Entrance Road—Construction..... 23,822,000

Provisions:

1. Identified savings in funds encumbered from this general obligation bond fund for construction contracts for capital outlay projects, remaining after completion of a capital outlay project and upon resolution of all change orders and claims, may be used prior to the appropriation reversion date: (a) to begin working drawings for a project for which preliminary plan funds have been appropriated and the plans have been approved by the State Public Works Board consistent with the scope and cost approved by the Legislature as adjusted for inflation only, (b) to proceed further with the underground tank corrections program, (c) to perform engineering evaluations on buildings that have been identified as potentially in need of seismic retrofitting, or (d) to proceed with design and construction of projects to meet requirements under the federal Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12101 et seq.).

Not later than March 1 of each year, the California State University shall provide the Legislative Analyst with a progress report showing the identified savings, by project, and the purpose for which the identified savings were used.

Not later than November 1 of each year, the California State University shall prepare a report showing the identified savings, by project, and the purpose for which the identified savings were used. This report shall be submitted to the Chairperson of the Joint Legislative Budget Committee and to the chairpersons of the fiscal committees in each house of the Legislature.

Item	Amount
1 6610-302-6041—For capital outlay, California State	
2 University, payable from the 2004 Higher Education	
3 Capital Outlay Bond Fund.....	21,041,000
4 Schedule:	
5 (1) 06.78.073-San Bernardino: Access	
6 Compliance Barrier Removal—	
7 Preliminary plans, working draw-	
8 ings, and construction.....	10,510,000
9 (2) 06.82.085-Northridge: Science I	
10 Replacement Building—Equip-	
11 ment.....	4,499,000
12 (3) 06.82.086-Northridge: Performing	
13 Arts Center—Equipment.....	6,032,000
14 Provisions:	
15 1. Notwithstanding Section 13332.11 of the Gov-	
16 ernment Code or any other provision of law, the	
17 California State University may proceed with	
18 any phase of any project identified in the above	
19 schedule, including preparation of preliminary	
20 plans, working drawings, construction, or	
21 equipment purchase, without the need for any	
22 further approvals.	
23 2. The California State University shall complete	
24 each project identified in the above schedule	
25 within the total funding amount specified in the	
26 schedule for that project. Notwithstanding Sec-	
27 tion 13332.11 of the Government Code or any	
28 other provision of law, the budget for any project	
29 to be funded from this item may be augmented	
30 by the California State University within the to-	
31 tal appropriation made in this item, in an amount	
32 not to exceed 10 percent of the amount appropri-	
33 ated for that project. No funds appropriated in	
34 this item for equipment may be used for an	
35 augmentation under this provision, or be aug-	
36 mented from any other funds appropriated in	
37 this item. This condition does not limit the au-	
38 thority of the California State University to use	
39 nonstate funds for these purposes.	
40 3. The California State University shall complete	
41 each project identified in the above schedule	
42 without any change to its scope. The scope of a	
43 project means, in this respect, the intended pur-	
44 pose of the project as determined by reference	
45 to the following elements of the budget request	
46 for that project submitted by the California State	
47 University to the Department of Finance: (a) the	

Item	Amount
1	program elements related to project type and (b)
2	the functional description of spaces required to
3	deliver the academic and supporting programs
4	as approved by the Legislature.
5	4. Identified savings in a budget for a capital outlay
6	project, as appropriated in this item, remaining
7	after completion of a capital outlay project and
8	upon resolution of all change orders and claims,
9	may be used (a) to begin working drawings for
10	a project for which preliminary plans have been
11	approved by the State Public Works Board con-
12	sistent with the scope and cost approved by the
13	Legislature as adjusted for inflation only, (b) to
14	proceed further with the underground tank cor-
15	rections program, (c) to perform engineering
16	evaluations on buildings identified as potentially
17	in need of seismic retrofitting, (d) to proceed
18	with design and construction of projects to meet
19	requirements under the federal Americans with
20	Disabilities Act of 1990 (42 U.S.C. Sec. 12101
21	et seq.), (e) to fund minor capital outlay projects,
22	or (f) to fund feasibility studies for capital out-
23	lay.
24	5. No later than March 1 of each year, the Califor-
25	nia State University shall submit a report detail-
26	ing the expenditure for each project of the funds
27	appropriated in this item to the Chairperson of
28	the Joint Legislative Budget Committee, the
29	chairpersons of the fiscal committees of each
30	house of the Legislature, the Legislative Analyst,
31	and the Director of Finance. The report shall
32	include the following elements: (a) a statement
33	of the identified savings by project, and the
34	purpose for which the identified savings were
35	used, (b) a certification that each project, as
36	proceeding or as completed, has remained
37	within its scope and the amount funded for that
38	project under this item, and (c) an evaluation of
39	the outcome of the project measured against
40	performance criteria.
41	6. Notwithstanding any other provision of law, the
42	appropriation made in this item is available for
43	encumbrance until June 30, 2010, except that
44	the funds appropriated for construction only
45	must be bid by June 30, 2009, and are available
46	for expenditure until June 30, 2010, and funds
47	appropriated for equipment purposes are avail-

Item	
1	able for encumbrance until June 30, 2011. For
2	the purposes of encumbrance, funds appropriated
3	for construction management and project contin-
4	gencies purposes, as well as any bid savings,
5	shall be deemed to be encumbered at the time a
6	contract for that purpose is awarded; these funds
7	also may be used to initiate consulting contracts
8	necessary for management of the project during
9	the liquidation period. Any savings identified at
10	the completion of the project also may be used
11	during the liquidation period to fund the purpos-
12	es described in Provision 4.
13	6610-401—Identified savings in funds encumbered from
14	the Higher Education Capital Outlay Bond Funds of
15	1986, 1988, 1990, 1992, 1996, 1998, 2002, and 2004,
16	and from the 2006 and 2008 University Capital
17	Outlay Bond Funds for capital outlay projects, re-
18	maining after completion of a capital outlay project
19	and upon resolution of all change orders and claims,
20	may be used: (a) to begin working drawings for a
21	project for which preliminary plan funds have been
22	appropriated and the plans have been approved by
23	the State Public Works Board consistent with the
24	scope and cost approved by the Legislature as adjust-
25	ed for inflation only, (b) to proceed further with the
26	underground tank corrections program, (c) to per-
27	form engineering evaluations on buildings that have
28	been identified as potentially in need of seismic re-
29	trofitting, or (d) to proceed with design and construc-
30	tion of projects to meet requirements under the fed-
31	eral Americans with Disabilities Act of 1990 (<i>42</i>
32	<i>U.S.C. Sec. 12101 et seq.</i>).
33	No later than November 1 of each year, the Cali-
34	fornia State University shall prepare a report showing
35	(a) the identified savings by project and (b) the pur-
36	pose for which the identified savings were used. This
37	report shall be submitted to the Chairperson of the
38	Joint Legislative Budget Committee and to the
39	chairpersons of the fiscal committees of each house
40	of the Legislature.
41	6610-402—In recognition of the transition of the deposit
42	of fee revenue from the General Fund to the Califor-
43	nia State University (CSU) local trust funds, the
44	CSU, with Department of Finance approval, shall
45	annually calculate a base funding adjustment that
46	represents the amount necessary to maintain fiscal
47	neutrality for the General Fund.

Item

1 6610-490—Reappropriation, California State University.
 2 The balance of the appropriation provided in the
 3 following citation is reappropriated for the purposes
 4 provided for in that appropriation and shall be
 5 available for encumbrance or expenditure until June
 6 30, 2009:
 7 0001—General Fund
 8 (1) Item 6610-001-0001, Budget Act of 2007 (Chs.
 9 171 and 172, Stats. 2007)
 10 Provisions:
 11 1. Of the funds reappropriated in this item from
 12 Item 6610-001-0001, Budget Act of 2007 (Chs.
 13 171 and 172, Stats. 2007), up to \$15,000,000
 14 shall be available for the general support of the
 15 California State University. This \$15,000,000
 16 limitation applies only to reappropriations gener-
 17 ated from systemwide allocations. As of June
 18 30, 2008, the balance generated from sys-
 19 temwide allocations in excess of \$15,000,000
 20 shall revert to the General Fund.
 21 2. The California State University shall, by
 22 September 30, 2008, report to the Department
 23 of Finance and the Joint Legislative Budget
 24 Committee the amount of the balance as of June
 25 30, 2008, of Item 6610-001-0001 of the Budget
 26 Act of 2007 (Chs. 171 and 172, Stats. 2007),
 27 and a proposed expenditure plan for that balance.
 28 The California State University shall report by
 29 September 30, 2009, on the expenditures made
 30 pursuant to this item.
 31 6610-493—Reappropriation, California State University.
 32 Notwithstanding any other provision of law, the pe-
 33 riod to liquidate encumbrances of the following cita-
 34 tions is extended to June 30, 2009:
 35 6028—2002 Higher Education Capital Outlay Bond
 36 Fund
 37 (1) Item 6610-301-6028, Budget Act of 2002 (Ch.
 38 379, Stats. 2002), as reappropriated by Item
 39 6610-491, Budget Act of 2003 (Ch. 157, Stats.
 40 2003)
 41 San Diego Campus:
 42 (8) 06.80.152-Telecommunications Infrastruc-
 43 ture—Construction
 44 6041—2004 Higher Education Capital Outlay Bond
 45 Fund
 46 (1) Item 6610-302-6041, Budget Act of 2004 (Ch.
 47 208, Stats. 2004)

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Item	Amount
1 (14) 06.78.093-San Bernardino: College of Edu-	
2 cation Building—Construction	
3 6870-001-0001—For support of Board of Governors of	
4 the California Community Colleges.....	10,109,000
5 Schedule:	
6 (1) 10-Appportionments.....	907,000
7 (2) 20-Special Services and Opera-	
8 tions.....	18,146,000
9 (3) 30.01-Administration.....	4,410,000
10 (4) 30.02-Administration—Distribut-	
11 ed.....	-4,410,000
12 (4.5) 97.20.001-Unallocated Reduc-	
13 tion.....	-200,000
14 (5) Reimbursements.....	-8,744,000
15 Provisions:	
16 1. Funds appropriated in this item may be expended	
17 or encumbered to make one or more payments	
18 under a personal services contract of a visiting	
19 educator pursuant to Section 19050.8 of the	
20 Government Code, a long-term special consul-	
21 tant services contract, or an employment contract	
22 between an entity that is not a state agency and	
23 a person who is under the direct or daily super-	
24 vision of a state agency, only if all of the follow-	
25 ing conditions are met:	
26 (a) The person providing service under the	
27 contract provides full financial disclosure	
28 to the Fair Political Practices Commission	
29 in accordance with the rules and regulations	
30 of the Commission.	
31 (b) The service provided under the contract does	
32 not result in the displacement of any repre-	
33 sented civil service employee.	
34 (c) The rate of compensation for salary and	
35 health benefits for the person providing ser-	
36 vice under the contract does not exceed by	
37 more than 10 percent the current rate of	
38 compensation for salary and health benefits	
39 determined by the Department of Personnel	
40 Administration for civil service personnel	
41 in a comparable position. The payment of	
42 any other compensation or any reimburse-	
43 ment for travel or per diem expenses shall	
44 be in accordance with the State Administra-	
45 tive Manual and the rules and regulations of	
46 the Department of Personnel Administration.	

STATE OF CALIFORNIA

2008-09
FINAL BUDGET SUMMARY



Published by
DEPARTMENT OF FINANCE

This is an informational publication provided to reflect actions of the Governor and Legislature on the Budget Bill/Act (includes Chapters 268 and 269, Statutes of 2008). Appropriations reduced or eliminated by the Governor are shown in strike-out type. The appropriations shown in italics incorporate the Governor's veto actions. Errors in the Budget Act (Chapters 268 and 269, Statutes of 2008) have been corrected in this publication.

DETAIL OF CHANGES

This informational publication reflects various changes to the Budget Bill as passed by the Legislature. It incorporates the Governor's vetoes, as well as technical corrections.

These changes are reflected as follows:

Governor's Vetoes: Strike-out type followed by italics.

Technical Corrections: Parallel strike-out type followed by underscore.

Items that have been amended by Chapter 269, Statutes of 2008, will be denoted with an * in front of the item number.

Additional copies of this document are available from the Bill Room, State Capitol, Sacramento, California 95814. Price: \$4.00.

SUMMARY OF THE 2008-09 BUDGET TOTALS
Change Book Totals
(In whole dollars)

	General Fund	Special Funds	Selected Bond Funds *	Budget Total	Federal Funds
STATE OPERATIONS					
BUDGET AS SUBMITTED	\$28,158,764,000	\$13,478,481,000	\$918,714,000	\$42,555,959,000	\$7,220,151,000
FINANCE LETTERS	-1,545,372,000	368,634,000	181,660,000	-995,078,000	\$73,503,000
REVISED GOVERNOR'S PROPOSAL	\$26,613,992,000	\$13,847,115,000	\$1,100,374,000	\$41,560,881,000	\$8,193,654,000
LEGISLATIVE CHANGES TO FINANCE LETTERS	-82,934,000	162,859,000	-44,389,000	34,736,000	-16,059,000
OTHER LEGISLATIVE CHANGES	-141,161,000	-82,378,000	-150,016,000	-373,555,000	25,081,000
TOTAL LEGISLATIVE CHANGES	-\$224,095,000	\$79,681,000	-\$194,405,000	-\$338,819,000	\$9,022,000
VETOES BY GOVERNOR	-71,020,000	-2,267,000	-	-73,287,000	-700,000
NET TOTALS, CHANGES	-\$1,840,487,000	\$446,048,000	-\$12,745,000	-\$1,407,184,000	\$881,825,000
NET TOTALS, STATE OPERATIONS	\$26,318,277,000	\$13,974,529,000	\$905,969,000	\$41,148,775,000	\$8,201,976,000
LOCAL ASSISTANCE					
BUDGET AS SUBMITTED	\$80,051,491,000	\$12,781,844,000	\$7,924,979,000	\$100,758,314,000	\$48,387,428,000
FINANCE LETTERS	-6,445,203,000	63,928,000	-87,846,000	-6,469,121,000	560,510,000
REVISED GOVERNOR'S PROPOSAL	\$73,606,288,000	\$12,845,772,000	\$7,837,133,000	\$94,289,193,000	\$48,947,938,000
LEGISLATIVE CHANGES TO FINANCE LETTERS	4,085,579,000	98,529,000	86,790,000	4,270,898,000	1,017,975,000
OTHER LEGISLATIVE CHANGES	-1,815,809,000	44,293,000	-500,925,000	-2,072,441,000	-399,706,000
TOTAL LEGISLATIVE CHANGES	\$2,269,770,000	\$142,822,000	-\$214,135,000	\$2,198,457,000	\$618,269,000
VETOES BY GOVERNOR	-438,768,000	-99,643,000	-1,700,000	-540,111,000	-7,676,000
NET TOTALS, CHANGES	-\$4,614,201,000	\$107,107,000	-\$303,681,000	-\$4,810,775,000	\$1,171,103,000
NET TOTALS, LOCAL ASSISTANCE	\$75,437,290,000	\$12,888,951,000	\$7,621,298,000	\$95,947,539,000	\$49,558,531,000
CAPITAL OUTLAY					
BUDGET AS SUBMITTED	\$484,511,000	\$1,401,789,000	\$5,063,631,000	\$6,839,831,000	\$1,791,214,000
FINANCE LETTERS	-194,469,000	-88,211,000	506,871,000	224,251,000	8,202,000
REVISED GOVERNOR'S PROPOSAL	\$240,102,000	\$1,313,378,000	\$5,510,402,000	\$7,064,082,000	\$1,799,416,000

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LEGISLATIVE CHANGES TO FINANCE LETTERS.....	100,000,000	18,487,000	52,655,000	-
OTHER LEGISLATIVE CHANGES.....	800,000	-1,156,196,000	-1,116,759,000	-
TOTAL LEGISLATIVE CHANGES.....	\$100,800,000	-\$1,157,709,000	-\$1,064,084,000	-
VETOES BY GOVERNOR.....	-100,000,000	-\$630,838,000	-\$939,833,000	\$8,202,000
NET TOTALS, CHANGES.....	-\$87,411,000	\$4,372,693,000	\$5,899,998,000	\$1,799,416,000
REVISED TOTALS, CAPITAL OUTLAY.....	\$1,314,378,000	-	-\$9,115,531,000	\$31,000,000
UNCLASSIFIED	-\$1,468,870,000	-	10,608,409,000	-
BUDGET AS SUBMITTED.....	1,529,482,000	-	\$1,492,878,000	\$31,000,000
FINANCE LETTERS.....	\$60,612,000	-	-2,183,750,000	-
REVISED GOVERNOR'S PROPOSAL.....	-876,100,000	-	2,183,750,000	-
LEGISLATIVE CHANGES TO FINANCE LETTERS.....	876,100,000	-	-\$10,608,409,000	-\$31,000,000
OTHER LEGISLATIVE CHANGES.....	\$1,529,482,000	-	\$1,492,878,000	\$31,000,000
NET TOTALS, CHANGES.....	\$60,612,000	-	-\$9,115,531,000	\$31,000,000
REVISED TOTALS, UNCLASSIFIED.....	\$26,193,244,000	\$13,847,224,000	\$141,038,573,000	\$57,529,793,000
TOTAL BUDGET	1,873,833,000	609,685,000	3,368,461,000	1,442,215,000
BUDGET AS SUBMITTED.....	\$28,067,077,000	\$14,447,909,000	\$144,407,034,000	\$58,972,008,000
FINANCE LETTERS.....	-515,512,000	60,888,000	2,174,539,000	1,001,916,000
REVISED GOVERNOR'S PROPOSAL.....	838,815,000	-1,607,137,000	-1,578,985,000	-374,625,000
LEGISLATIVE CHANGES TO FINANCE LETTERS.....	-\$23,303,000	-\$1,546,249,000	\$795,554,000	\$627,291,000
OTHER LEGISLATIVE CHANGES.....	-\$201,910,000	-1,700,000	-713,398,000	-\$3,376,000
TOTAL LEGISLATIVE CHANGES.....	\$1,995,226,000	-\$947,264,000	\$3,450,617,000	\$2,061,130,000
VETOES BY GOVERNOR.....	\$28,188,470,000	\$12,899,960,000	\$144,489,190,000	\$59,590,923,000
NET TOTALS, CHANGES.....	\$103,400,760,000	-	-	-
TOTAL BUDGET AND BOND PROGRAMS AS CHANGED.....	-	-	-	-

TOTAL BUDGET AND BOND PROGRAMS AS CHANGED.....

* SELECTED BOND FUNDS ARE GENERAL OBLIGATION BOND FUNDS WHICH HAVE TRADITIONALLY BEEN SHOWN IN OVERALL EXPENDITURE TOTALS DISPLAYED IN THE GOVERNOR'S BUDGET.

THE SPECIFIC FUNDS ARE LISTED IN THE DESCRIPTION OF FUND CLASSIFICATION IN THE STATE TREASURY INCLUDED IN THE APPENDIX OF THE GOVERNOR'S BUDGET.

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GENERAL BUDGET SUMMARY

(In Millions)

	General Fund ^b	Special Funds ^c	Selected Bond Funds	Budget Expenditure Totals	Federal Funds
2007-08					
Prior year balance ^a	\$3,900	\$12,068			
Prior year adjustments since Governor's Budget	404	-			
Revenues and transfers	103,027	24,587			
Total Resources Available	\$107,331	\$36,655			
Expenditures ^f	103,333	28,767	\$12,736	\$144,836	\$58,669
Fund Balance	\$3,998	\$7,888			
<i>Reserves:</i>					
Reserve for Liquidation of Encumbrances	\$885	-			
Special Fund/Reserves for Economic Uncertainties	3,113	\$7,888			
Budget Stabilization Account	0	-			
Total Available Reserve	\$3,113	-			
2008-09					
Prior year balance	\$3,998	\$7,888			
Revenues and transfers	101,991	26,147			
Total Resources Available	\$105,989	\$34,035			
Expenditures ^g	103,401	28,188	\$12,900	\$144,489	\$59,591
Fund Balance	\$2,588 ^d	\$5,847 ^d			
<i>Reserves:</i>					
Reserve for Liquidation of Encumbrances	\$885	-			
Special Fund/Reserves for Economic Uncertainties	1,703	\$5,847			
Budget Stabilization Account	0	-			
Total Available Reserve	\$1,703	-			

^a As reflected in the Governor's Budget.

^b For detail, see pages vi-vii.

^c For detail, see page viii.

^d Includes funding for unencumbered balances of continuing appropriations.

^e See General Budget Summary Changes, pages vi and vii, for detail of changes to the General Fund amounts reflected in the Governor's Budget.

FINAL BUDGET ACT
BALANCED BUDGET CALCULATION UNDER PROPOSITION 58
(Dollars in Millions)

2008-09
\$3,999
\$101,991
\$105,990
\$103,401
—
\$103,401
\$2,589

Prior Year Balance.....	
Revenues and Transfers before transfer to BSA Reserve.....	
Total Resources Before BSA Transfers (Prop. 58).....	
Total Expenditures before transfer to BSA for Retirement of ERBs.....	
Total Transfers to BSA for Reserve and Retirement of ERBs.....	
Total Expenditures and Transfer to BSA (Prop. 58).....	
Fund Balance.....	

GENERAL BUDGET SUMMARY CHANGES
General Fund
(In Millions)

	2007-08	2008-09
PRIOR YEAR BALANCE:		
Per Governor's Budget.....	\$5,900	\$1,757
Prior year adjustments since Governor's Budget.....	<u>404</u>	<u>2,241</u>
	\$4,304	\$3,998
ADJUSTED PRIOR YEAR BALANCE:	\$101,230	\$102,904
REVENUES AND TRANSFERS:		
Per Governor's Budget.....	1,797	-913
Adjustments:		
Spring Revision and Transfers and Miscellaneous Revenues per Budget Actions.....	<u>\$103,027</u>	<u>\$101,991</u>
	\$107,331	\$105,989
ADJUSTED REVENUES AND TRANSFERS	\$107,331	\$105,989
TOTAL RESOURCES AVAILABLE	\$103,573	\$100,998
EXPENDITURES:		
Per Governor's Budget.....	227	\$94
Change Book:		
Department of Finance Letters.....	31	2,629
Legislative Changes to Finance Letters.....	-298	-610
Other Changes.....	0	-510
Vetoes by Governor.....	<u>\$103,333</u>	<u>\$103,401</u>
	\$3,998	\$2,588
ADJUSTED EXPENDITURES, CHANGE BOOK	\$3,998	\$2,588
FUND BALANCE		

GENERAL BUDGET SUMMARY CHANGES—Continued
General Fund
(In Millions)

	2007-08	2008-09
<i>Reserves:</i>		
<i>Per Governor's Budget:</i>		
Reserve for Liquidation of Encumbrances.....	\$885	\$885
Special Fund for Economic Uncertainties.....	872	2,778
<i>Adjustments:</i>		
Reserve for Liquidation of Encumbrances.....	—	—
Special Fund for Economic Uncertainties.....	2,241	-1,075
<i>Adjusted Reserves:</i>		
Reserve for Liquidation of Encumbrances.....	885	885
Special Fund for Economic Uncertainties.....	3,113	1,703
Budget Stabilization Account	—	—
Total Available Reserve	3,113	1,708

GENERAL BUDGET SUMMARY CHANGES
Special Funds
(In Millions)

	2007-08	2008-09
PRIOR YEAR BALANCE:		
Per Governor's Budget.....	\$12,068	\$8,098
Adjustments since Governor's Budget.....	<u> </u>	<u>-210</u>
	\$12,068	\$7,888
ADJUSTED PRIOR YEAR BALANCE:		
	\$24,799	\$26,884
REVENUES AND TRANSFERS:		
Per Governor's Budget.....	-212	-737
Adjustments:		
Spring Revision and Transfers and Miscellaneous Revenues per Budget Actions.....	<u>\$24,587</u>	<u>\$26,147</u>
	<u> </u>	<u> </u>
ADJUSTED REVENUES AND TRANSFERS	\$36,655	\$34,035
TOTAL RESOURCES AVAILABLE:		
	\$28,769	\$26,193
EXPENDITURES:		
Change Book:		
Per Governor's Budget.....	-50	1,974
Department of Finance Letters.....	0	-516
Legislative Changes to Finance Letters.....	48	839
Other Changes.....	<u> </u>	<u>-202</u>
Votes by Governor.....	<u>\$28,767</u>	<u>\$28,188</u>
	<u> </u>	<u> </u>
ADJUSTED EXPENDITURES	\$7,888	\$5,847
FUND BALANCE		
	\$8,098	\$8,788
Reserves:		
Per Governor's Budget:		
Reserve for Economic Uncertainties.....	-210	-2,941
Changes to Reserves:		
Reserve for Economic Uncertainties.....	7,888	5,847
Adjusted Reserves:		
Reserve for Economic Uncertainties.....		

Assembly Bill No. 1781

CHAPTER 268

An act making appropriations for the support of the government of the State of California and for several public purposes in accordance with the provisions of Section 12 of Article IV of the Constitution of the State of California, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 23, 2008. Filed with Secretary of State September 23, 2008.]

I object to the following appropriations contained in Assembly Bill 1781.

Item 0690-011-0214—For support of Office of Emergency Services. I delete this item.

This item would authorize a \$30,000,000 loan from the Restitution Fund to the Emergency Response Fund. The final budget package does not create the Emergency Response Fund nor appropriate any funding from it. However, the final budget package does include this loan, which is no longer necessary. Therefore, on a technical basis, I must delete this item.

Item 0690-101-6061—For local assistance, Office of Emergency Services.

I revise this item by deleting Provision 1. This Budget Bill provision is unnecessary, as it simply restates existing law. Specifically, this provision would require the allocation of funding from the Transit System Safety, Security, and Disaster Response Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 to be consistent with the provisions of Chapter 181, Statutes of 2007. Chapter 181 designated administering agencies for the bond funds authorized by the voters via Proposition 1B in November 2006, and imposed various requirements on these agencies for the allocation of the bond funds.

Item 0690-101-6073—For local assistance, Office of Emergency Services.

I revise this item by deleting Provision 1. This Budget Bill provision is unnecessary, as it simply restates existing law. Specifically, this provision would require the allocation of funding from the Port and Maritime Security Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 to be consistent with the provisions of Chapter 181, Statutes of 2007. Chapter 181 designated administering agencies for the bond funds authorized by the voters via Proposition 1B in November 2006, and imposed various requirements on these agencies for the allocation of the bond funds.

Item 1700-001-0001—For support of Department of Fair Employment and Housing. I reduce this item from \$17,813,000 to \$16,869,000 by reducing:

- (1) 50-Administration of Civil Rights Law from \$23,668,000 to \$22,624,000,
- (2) Amount payable from the Federal Trust fund (Item 1700-001-0890) from --\$5,855,000 to --\$5,755,000.

I am reducing this item by \$944,000 which will result in the loss of 9.5 personnel years for the enforcement of civil rights. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising this item to conform to the action I have taken in 1700-001-0890.

Item 1700-001-0890—For support of Department of Fair Employment and Housing. I reduce this item from \$5,855,000 to \$5,755,000.

I am revising this item to conform to the action I have taken in Item 1700-001-0001 to reflect a reduction in federal funds for processing dual filed housing and employment discrimination claims.

Item 1730-001-0044 For support of Franchise Tax Board. I reduce this item from \$2,991,000 to \$2,844,000 to make a technical correction to the Budget Bill.

This technical veto will conform with the Legislature's intent and is consistent with the legislative action taken in Item 1730-001-0001.

Item 1730-001-0064—For support of Franchise Tax Board. I reduce this item from \$5,615,000 to \$5,342,000 to make a technical correction to the Budget Bill.

This technical veto will conform with the Legislature's intent and is consistent with the legislative action taken in Item 1730-001-0001.

Item 2240-001-0001—For support of Housing and Community Development. I reduce this item from \$4,784,000 to \$4,023,000 by reducing:

- (1) 10-Codes and Standards Program from \$29,964,000 to \$29,118,000,
 - (7) Reimbursements from -\$1,132,000 to -\$1,047,000,
- and by deleting Provision 2.

I am reducing this item by \$761,000 for the Employee Housing Program. While the budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also eliminating the Legislature's augmentation of reimbursements for this item by \$85,000 and, consistent with this action, I am deleting Provision 2 that expresses legislative intent that the Department of Housing and Community Development increase fees paid by employee housing providers to offset program reductions.

Item 2240-101-0001—For local assistance, Department of Housing and Community Development. I reduce this item from \$6,316,000 to \$5,973,000 by reducing:

- (1) 20-Financial Assistance Program from \$173,116,000 to \$172,773,000,
- and deleting Provision 1.

I am reducing this item by \$343,000 to reinstate the budget-balancing reduction to the migrant housing operations program that I proposed. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 2240-101-0890—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2 which would specify that \$1,800,000 of the amount appropriated in this item shall be made available upon receipt of a federal grant. This language is unnecessary because the Department of Housing and Community Development cannot make the expenditure unless the federal grant is received.

Item 2240-101-6069—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would specify that funding in this item shall be subject to legislative review and approval of a request by the Department of Housing and Community Development. This language is unnecessary.

Item 2240-101-9736—For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would specify that funding in this item shall be subject to legislative review and approval of a request by the Department of Housing and Community Development. This language is unnecessary.

Item 2240-102-6038 For local assistance, Department of Housing and Community Development. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would specify that funding for the Building Equity in Neighborhoods program shall be subject to legislative review and approval of a request by the Department of Housing and Community Development. This language is unnecessary because the funding proposed in the Budget is always subject to legislative review and approval.

Item 2240-105-0001—For transfer, as an expenditure, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund. I delete this item.

I am reducing this item by \$401,000 to reinstate the budget-balancing reduction to the state grant program for local emergency shelters that I proposed. I am further reducing this item by \$3,599,000. While the budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 2320-001-0317—For support of Department of Real Estate. I revise this item by deleting Provision 2.

I am deleting Provision 2, which would require the Department of Real Estate to report workload and enforcement data to the Legislature.

This reporting requirement would result in an expenditure increase without regard to the availability of resources. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, I am instructing the Commissioner to comply with the legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Department of Real Estate's ability to perform its essential functions.

Item 2600-001-0042—For support of California Transportation Commission. I revise this item by deleting Provision 1.

While the Legislature approved the \$100,000 augmentation to fund a contract with a financial consultant to assist in reviewing the eligibility of high-occupancy toll lane project applications, it also added provisional language requiring that these funds only be used for this purpose. While this provisional language is consistent with the Administration's intended use of this funding, it is unnecessary.

Item 2660-104-6063—For local assistance, Department of Transportation. I reduce this item from \$62,999,000 to \$61,299,000 by reducing:

(1) 20.30-Highway Transportation-Local Assistance from \$62,999,000 to \$61,299,000.

Item 2660-302-0042—For capital outlay, Department of Transportation. I reduce this item from \$847,800,000 to \$747,800,000 by reducing:

(1) 20-Highway Transportation from \$1,897,800,000 to \$1,797,800,000, and
(a) State Highway Operation and Protection Program (\$1,897,800,000) to (\$1,797,800,000).

I am reducing this item by \$100,000,000 to reflect the lower estimated revenues that the State Highway Account is projected to receive from excise taxes on fuel. Continuing increases in prices have reduced consumption, resulting in less tax revenue.

Item 3340-001-0001—For support of California Conservation Corps. I reduce this item from \$35,874,000 to \$33,874,000 by reducing:

(1) 10-Training and Work Program from \$65,032,000 to \$63,032,000.

I am reducing this item by \$2,000,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and

revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Nevertheless, I am sustaining the legislative augmentation of an additional \$1,000,000 from the Collins-Dugan California Conservation Corps Reimbursement Account to maintain three non-residential facilities and 75 corpsmember slots.

Item 3600-001-0001 For support of Department of Fish and Game. I reduce this item from \$77,301,000 to \$73,410,000 by reducing:

- (1) 20-Biodiversity Conservation Program from \$150,694,000 to \$147,572,000;
- (2) 25-Hunting, Fishing, and Public Use from \$71,276,000 to \$70,737,000;
- (3) 30-Management of Department Lands and Facilities from \$48,009,000 to \$46,895,000;
- (4) 40-Enforcement from \$61,764,000 to \$61,648,000;
- (6) 70.01-Administration from \$44,359,000 to \$43,672,000;
- (7) 70.02-Distributed Administration from -\$44,359,000 to -\$43,672,000; and
- (21) Amount payable from the Hatchery and Inland Fisheries Fund (Item 3600-001-3103) from -\$17,297,000 to -\$16,297,000.

I am reducing this item by \$3,891,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

In addition, I am reducing \$1,000,000 from the Hatchery and Inland Fisheries Fund.

Item 3600-001-3103—For support of Department of Fish and Game. I reduce this item from \$17,297,000 to \$16,297,000.

I am reducing this item by \$1,000,000 to conform to the action I have taken in Item 3600-001-0001.

Item 3720-001-0001—For support of California Coastal Commission. I reduce this item from \$11,809,000 to \$11,192,000 by reducing:

- (1) 10-Coastal Management Program from \$16,630,000 to \$16,049,000;
- (2) 20-Coastal Energy Program from \$1,112,000 to \$1,076,000;
- (3) 30.01-Administration from \$1,914,000 to \$1,827,000; and
- (4) 30.02-Distributed Administration from -\$1,814,000 to -\$1,727,000.

I am reducing this item by \$617,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 3780-001-0001—For support of Native American Heritage Commission. I reduce this item from \$786,000 to \$707,000 by reducing:

- (1) 10-Native American Heritage Commission from \$792,000 to \$713,000.

I am reducing this item by \$79,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to

reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 3790-001-0001—For support of Department of Parks and Recreation. I revise this item by reducing:

(1) For support of the Department of Parks and Recreation from \$432,009,000 to \$431,099,000,

and by deleting

(4.5) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 3790-001-0044) (-\$910,000).

I am revising this item to conform to the action I have taken in Item 3790-001-0044.

Item 3790-001-0044—For support of Department of Parks and Recreation. I delete this item.

I am deleting this item of appropriation which acts as a \$910,000 legislative funding shift from the General Fund to the Motor Vehicle Account (MVA), State Transportation Fund to enable the Department of Parks and Recreation to comply with the State Air Resources Board's new diesel particulate matter emission regulations for on-road heavy-duty diesel vehicles. I believe regulatory compliance activities should be funded by the department's own funding sources. Consequently, the MVA is not an appropriate fund source for this purpose.

Item 3810-001-0140—For support of Santa Monica Mountains Conservancy.

I am sustaining the provisional language added by the Legislature providing that the Santa Monica Mountains Conservancy (Conservancy) shall reimburse to the Attorney General's Office (AG) for costs associated with grant reviews and attending meetings.

The clear intent of this language is to create an incentive for the AG to provide legal services to the Conservancy and to have the Conservancy to reimburse the AG for its costs related to Proposition 84. However, this new language inadvertently appears to conflict with the language in Provision 1, which requires the AG to otherwise provide legal services to the Conservancy as if it were a General Fund department.

Therefore, by sustaining this language, it is my intent that the Conservancy reimburse the AG for costs associated with Proposition 84 grant reviews and the associated meetings, and that all other legal costs be funded in a manner consistent with past practice. The Department of Finance will revisit this issue next budget year.

Item 3900-001-0001—For support of State Air Resources Board. I reduce this item from \$2,189,000 to \$189,000.

I am reducing this item by \$2,000,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 3940-001-0001—For support of State Water Resources Control Board. I revise this item by deleting sub-schedules (a) and (b) under Program 10—Water Quality, and Provision 2 of this section.

I am eliminating Budget Act language that displays the allocations to the state's nine regional boards and requires additional actions should a reallocation of resources be necessary. The Regional Boards develop and enforce the water quality objectives and implementation plans that are developed by the State Water Board, recognizing local differences in climate, topography, geology and hydrology. The joint authority of water allocation and water quality protection enables the State Water Board to provide comprehensive protection for California's waters. This centralized structure allows the State Board to implement program priorities and to respond to statewide needs through the Regional Board. The State Board should not require a change in authority to move

funds from one region to another should events occur that make it necessary—such as a fire, a flood, or a change in priorities. Creating separate line items in the budget for each Regional Board would challenge the State Board's ability to manage and prioritize the needs of the whole state. Alternatively, the Water Board can address the Legislature's intent to better understand the role of the regional water boards through an anticipated strategic and structural reorganization the Water Board is planning through its Water Quality Initiative.

Item 3960-001-0001—For support of Toxic Substances Control. I reduce this item from \$23,325,000 to \$22,170,000.

I am reducing this item by \$1,155,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am revising the dollar amount specified in Provision 1 to conform to the action taken in this item.

"The Director of Toxic Substances Control may expend from this item: (a) \$11,604,000 for the following activities at the federal Stringfellow Superfund site: (1) operation and maintenance of pretreatment plants to treat contaminated groundwater extracted from the site, (2) site maintenance and groundwater monitoring, and (3) implementation of work to stabilize the site, and (b) ~~\$4,266,000~~ \$3,111,000 for the operation of the Illegal Drug Laboratory Removal Program."

Item 3960-001-0014—For support of Toxic Substances Control. I revise this item by reducing:

(1) 12-Site Mitigation and Brownfields Reuse from ~~\$89,426,000 to \$88,271,000~~ \$89,421,000 to \$88,266,000.

(8) Amount payable from General Fund (Item 3960-001-0001) from -\$23,325,000 to -\$22,170,000.

I am revising this item to conform to the action I have taken in Item 3960-001-0001.

Item 4170-101-0001—For local assistance, Department of Aging. I reduce this item from \$56,109,000 to \$42,945,000 by reducing:

- (1) 10-Nutrition from \$73,373,000 to \$72,804,000;
 - (2) 20-Senior Community Employment from \$10,304,000 to \$7,139,000;
 - (3) 30-Supportive Services and Centers from \$71,894,000 to \$65,916,000; and
 - (4) 40-Special Projects from \$50,003,000 to \$46,751,000;
- and by deleting:

(4.5) 97.20.004-Local Projects (\$200,000).

I am reducing this item by \$13,164,000 for the following programs:

- \$316,000 from the Home Delivered Meals program;
- \$253,000 from the Congregate Nutrition program;
- \$3,165,000 from Senior Community Employment;
- \$5,978,000 from the Long-term Care Ombudsman and Supportive Services programs;
- \$2,526,000 for the Multipurpose Senior Services Program;
- \$416,000 for the Alzheimer's Day Care Resource Centers;
- \$250,000 for the Linkages program;
- \$60,000 for the Brown Bag program; and
- \$200,000 for the Senior Legal Hotline

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in

order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4200-001-0001—For support of Department of Alcohol and Drug Programs. I reduce this item from \$14,701,000 to \$6,019,000 by reducing:

- (1) 15-Alcohol and Other Drug Services Program from \$57,702,000 to \$48,275,000;
- (2) 30.01-Administration from \$11,999,000 to ~~\$8,000,000~~ \$11,699,000;
- (3) 30.02-Distributed Administration from ~~-\$11,999,000~~ to ~~-\$8,000,000~~ ~~-\$11,699,000~~;
- (4) Reimbursements from ~~-\$4,932,000~~ to ~~-\$4,544,000~~;
- (10) Amount payable from the Substance Abuse Treatment Trust Fund (Item 4200-001-3019) from ~~-\$3,565,000~~ to ~~-\$3,208,000~~.

I am reducing this item by \$9,070,000 (\$8,682,000 General Fund and \$388,000 Reimbursements), as follows:

- \$8,000,000 for the California Methamphetamine Prevention Campaign;
- \$776,000 and 5.3 positions for the Drug Medi-Cal Program;
- \$154,000 for the Non-Drug Medi-Cal Program;
- \$110,000 and 0.5 positions for the Drug Court programs; and
- \$30,000 and 0.4 positions for the Offender Treatment Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also reducing \$357,000 and 3.0 positions in Item 4200-001-3019 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-001-3019 For support of Department of Alcohol and Drug Programs. I reduce this item from \$3,565,000 to \$3,208,000.

I am reducing this item by \$357,000 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-101-0001—For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$89,197,000 to \$83,665,000 by reducing:

- (1) 15-Alcohol and Other Drug Services Programs from \$438,351,000 to \$423,168,000;
- (4) Amount payable from the Substance Abuse Treatment Fund (Item 4200-101-3019) from ~~-\$96,514,000~~ to ~~-\$86,863,000~~.

I am reducing this item by \$5,532,000, as follows:

- \$2,983,000 for the Drug Court programs;
- \$1,970,000 for the Offender Treatment Program; and
- \$579,000 for the Non-Drug Medi-Cal Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also reducing \$9,651,000 in Item 4200-101-3019 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-101-3019 For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$96,514,000 to \$86,863,000.

I am reducing this item by \$9,651,000 to conform to the action I have taken in Item 4200-105-0001.

Item 4200-104-0001—For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$23,457,000 to \$21,111,000 by reducing:

(1) 15-Alcohol and Other Drug Services Program from \$40,511,000 to \$38,165,000.

I am reducing this item by \$2,346,000 for perinatal substance abuse treatment programs. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am revising Provision 2 to conform to this action:

2. Of the funds appropriated in this item, ~~\$6,408,000~~ \$5,767,000 shall be used to fund existing residential perinatal treatment programs that were begun through federal Center for Substance Abuse Treatment grants, but whose grants have since expired and currently are constituted as Women and Children's Residential Treatment Services. For counties in which there is such a provider, the Department of Alcohol and Drug Programs shall include language in those counties' allocation letters that indicates the amount of the allocation designated for the provider during the fiscal year. Pursuant to Section 11840.1 of the Health and Safety Code, the treatment programs that were established through federal Center for Substance Abuse Treatment grants are not subject to the county 10-percent match. All of the funds allocated for programs shall be passed through those counties directly to the designated nine residential treatment programs in each county, respectively.

Item 4200-105-0001—For transfer by the Controller to the Substance Abuse Treatment Trust Fund. I reduce this item from \$100,079,000 to \$90,071,000.

I am reducing this item by \$10,008,000 for the Substance Abuse and Crime Prevention Act program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I have taken conforming action in Item 4200-001-3019 and Item 4200-101-3019.

Item 4260-001-0001—For support of Department of Health Care Services. I revise this item by reducing:

(1) 20-Health Care Services from \$383,834,000 to \$381,821,000, and by deleting:

(10) Amount payable from the California Discount Prescription Drug Program Fund (Item 4260-001-8040) (-\$2,013,000).

I am deleting \$2,013,000 intended to specifically fund costs for the California Discount Prescription Drug Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also deleting Item 4260-001-8040 to conform to this action.

Item 4260-001-8040—For support of Department of Health Care Services. I delete this item and Provisions 1 and 2.

I am deleting this item to conform to the action I have taken in Item 4260-001-0001 regarding the California Discount Prescription Drug Program.

I am also deleting Provision 1 and 2 to conform to this action.

Item 4260-006-0001—For transfer by the Controller to the California Discount Prescription Drug Program Fund. I delete this item and Provision 1.

I am deleting the \$5,870,000 in this item to conform to the action I have taken in Items 4260-001-0001, 4260-001-8040, and 4260-119-8040 regarding the California Discount Prescription Drug Program.

I am also deleting Provisions 1 to conform to this action.

Item 4260-113-0001—For local assistance, Department of Health Care Services. I reduce this item from \$208,380,000 to \$206,744,000 by:

- (3) Benefits (Medical Care and Services) from \$567,046,000 to \$563,226,000, and
- (4) Amount payable from the Federal Trust Fund (Item 4260-113-0890) from -\$363,428,000 to -\$361,244,000.

I am reducing this item by \$1,636,000 to make a technical correction to conform to the Legislature's action to utilize unanticipated Medi-Cal savings in fiscal year 2007-08 to reduce expenditures in 2008-09.

I am reducing Item 4260-113-0890 by \$2,184,000 to conform with this action.

Item 4260-113-0890—For local assistance, Department of Health Care Services. I reduce this item from \$363,428,000 to \$361,244,000 to make a technical correction to the Budget Bill.

I am reducing this item by \$2,184,000 to conform to my action in Item 4260-113-0001.

Item 4260-119-8040—For local assistance, Department of Health Care Services. I delete this item.

I am deleting the \$3,857,000 intended specifically to fund local assistance costs for the California Discount Prescription Drug Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4265-001-0001—For support of Department of Public Health. I reduce this item from \$86,147,000 to \$82,850,000 by reducing:

- (2) 20-Public and Environmental Health from \$501,031,000 to \$497,734,000.

I am reducing this item by \$3,297,000, as follows:

- \$1,042,000 for the Childhood Lead Poisoning Prevention Branch;
- \$976,000 for the Medical Device and Drug Safety Program;
- \$841,000 for the Epidemiology and Prevention for Injury Control Branch;
- \$277,000 for the Prostate Cancer Treatment Program; and
- \$161,000 for the Cosmetic Safety Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4265-111-0001—For local assistance, Department of Public Health. I reduce this item from \$257,472,000 to \$244,479,000 by reducing:

- (3) 20.20-Infectious Disease from \$365,085,000 to \$358,845,000;

- (4) 20.30-Family Health from \$1,504,545,000 to \$1,498,477,000;
- (6) 20.50-County Health Services from \$40,691,000 to \$39,791,000;
- (7) 20.60-Environmental Health from \$132,541,000 to \$131,557,000;
- (8) Reimbursements from -\$160,479,000 to -\$159,280,000;

and by deleting Provision 3.

I am reducing this item by \$5,030,000 (\$3,831,000 General Fund and \$1,199,000 Reimbursements) by eliminating funding to local entities for the following programs:

- \$1,824,000 for the TeenSMART Outreach Program;
- \$1,322,000 for the Male Involvement Program;
- \$984,000 for the Beach Safety Program; and
- \$900,000 for the State Public Health Subvention.

I am also reducing this item by \$3,670,000 by reducing funding to local entities for the following programs:

- \$2,269,000 for the Domestic Violence Program;
- \$748,000 for the Tuberculosis Control Housing Program;
- \$403,000 for the Teen Life Skills Information and Education Program; and
- \$250,000 for the Maternal, Child and Adolescent Health Program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am deleting \$5,492,000 of the \$6,842,000 General Fund legislative augmentation to local health jurisdictions for AIDS/HIV Education and Prevention programs. With this reduction, \$31.8 million still remains to support the AIDS/HIV Education and Prevention programs.

I am also deleting Provision 3, that expresses a legislative wish to have the Department of Public Health not exclude any drugs from the AIDS Drug Assistance Program (ADAP) formulary for the purpose of reducing ADAP expenditures and would require funding to be maintained using the ADAP Rebate Fund. The Office of AIDS within the Department is the appropriate entity to determine the proper alignment of program expenditures within the funding available, including the ADAP Rebate Fund. Provision 3 would restrict the Office of AIDS' ability to manage ADAP expenditures. Consequently, I am vetoing this language.

Item 4440-103-0001—For local assistance, Department of Mental Health. I reduce this item from \$232,856,000 to \$225,136,000 by reducing:

- (1) 10.25-Community Services—Other Treatment from \$232,856,000 to \$225,136,000.

I am reducing this item by \$7,720,000 for the Mental Health Managed Care program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently and in order to further ensure that this budget remains in balance I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 4700-001-0001—For support of Department of Community Services and Development. I delete this item.

I am deleting this item to conform to the action I have taken in 4700-101-0001.

Item 4700-101-0001—For local assistance, Department of Community Services and Development. I delete this item.

I am deleting the \$2,565,000 for the for the Naturalization Services program. I am also deleting the \$154,000 in state operations funding for this program (refer to Item

4700-001-0001). While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-001-0001—For support of Department of Social Services. I reduce this item from \$107,134,000 to \$106,640,000 by reducing:

- (2) 25-Social Services and Licensing from \$168,929,500 to \$168,829,500;
- (3) 35-Disability Evaluation and Other Services from \$260,159,500 to \$259,381,500; and
- (6) Reimbursements from \$-26,048,000 to -\$25,664,000.

I am reducing this item by \$778,000 (\$394,000 General Fund) for the Disability Determination program and \$100,000 General Fund for the Independent Adoptions program.

While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reduction and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6110-123-0001—For local assistance, Department of Education. I reduce this item from \$120,209,000 to \$114,209,000 by deleting:

- (2) 20-Corrective Actions \$6,000,000.

I am deleting the \$6,000,000 restored by the Legislature that allocates funds to non-Title I Immediate Intervention Underperforming Schools Program (II/USP) schools that are still subject to state sanctions and are working with school assistance and intervention teams (SAITs). Although the II/USP ended in 2004-05, schools continue to receive grants of \$150 per student to implement improvement plans prepared by SAITs. I do not believe that the state should continue to fund these activities. Earlier this year, the Legislature accepted my proposal to eliminate from the Budget federal Title I funds for these purposes. This veto would be consistent with that agreement.

I am deleting provision 2 to conform to this action.

Item 6110-125-0890—For local assistance, Department of Education. I delete Provision 4 of this item.

I am deleting the appropriation located in Section 4 of the provisional language related to a \$1.8 million intervention program for local education agencies not meeting federal Title III benchmarks that was administratively established in the 2007-08 fiscal year as little information has been provided on what the program would achieve.

I am deleting Provision 4 to conform to this action.

Item 6120-150-0001—For local assistance, California State Library, for the Civil Liberties Public Education Program. I reduce this item from \$475,000 to \$450,000.

I am reducing this item by \$25,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-160-0001—For local assistance, California State Library, for the California Newspaper Project Program. I reduce this item from \$228,000 to \$216,000.

I am reducing this item by \$12,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-211-0001—For local assistance, California State Library. I reduce this item from \$13,625,000 to \$12,908,000 by reducing:

(1) 20.30-Direct Loan and Interlibrary Loan Programs from \$10,899,000 to \$10,182,000.

I am reducing this item by \$717,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-213-0001—For local assistance, California State Library, for the English Acquisition and Literacy Program. I reduce this item from \$4,811,000 to \$4,558,000.

I am reducing this item by \$253,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6120-221-0001—For local assistance, California State Library, for the Public Library Foundation Program. I reduce this item from \$13,642,000 to \$12,924,000.

I am reducing this item by \$718,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increase needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6610-001-0001—For support of California State University. I revise this item by revising Provision 10.

While I am sustaining the Legislature's action to earmark funding for student academic preparation and student support services programs, I am vetoing the language requiring the University to report on these programs. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Nevertheless, in recognition of the Legislature's desire to obtain this information, I am instructing the Chancellor of the California State University to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the University's ability to perform its essential functions.

I am revising Provision 10 to conform as follows:

"10. Of the amount appropriated in Schedule (1), \$52,000,000 is appropriated for student academic preparation and student support services programs. The California State University shall provide \$45,000,000 to support the Early Academic Assessment Program and the Educational Opportunity Program. ~~It is the intent of the Legislature that the university report on the outcomes and effectiveness of the Early Academic Assessment Program to the fiscal committees of each house of the Legislature no later than March 15, 2009.~~"

Item 6870-001-0001—For support of Board of Governors of the California Community Colleges. I reduce this item from \$10,109,000 to \$9,778,000 by reducing:

(4.5) 97.20.001-Unallocated Reduction from -\$200,000 to -\$531,000.

I am reducing this item by \$331,000. However, I am sustaining the remaining \$500,000 legislative augmentation for the purpose of ensuring sufficient resources to fill key positions that are critical to maintaining accountability and fiscal oversight functions that will ensure the solvency of all districts. I anticipate that the Chancellor's Office will be able to accommodate the remaining reduction. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 7980-001-0784—For support of California Student Aid Commission. I reduce this item from \$1,000,000 to \$500,000.

I am reducing \$500,000 from the Federal Policy and Program Division (FPPD) to align funding with the FPPD's responsibilities and to preserve resources. The current funding level exceeds what is necessary to support the staff of the FPPD. Furthermore, any savings that can be achieved in the Student Loan Operating Fund will result in the program being more valuable and thus result in additional General Fund revenue upon the sale, or other transaction, involving FdFund that is authorized by Chapter 182 of the Statutes of 2007.

Item 7100-001-0514—For support of Employment Development Department. I revise this item by deleting Provision 5.

I am deleting Provision 5 which requires the Employment Training Panel (Panel) to prioritize funding for "green jobs" training. This language is unnecessary because the Panel already identifies clean technology products, services, and processes as a priority in its strategic plan, providing more than \$6,900,000 to these industries.

Item 8140-001-0001—For support of State Public Defender. I reduce this item from \$11,551,000 to \$10,928,000 by reducing:

(1) 10-State Public Defender from \$11,551,000 to \$10,928,000.

I am reducing this item by \$623,000 for the Office of the State Public Defender, which provides post-conviction appellate representation in death penalty cases. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 8570-001-0001—For support of Department of Food and Agriculture. I reduce this item from \$83,730,000 to \$80,341,000 by reducing:

(1) 11-Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services from ~~\$128,861,000 to \$125,472,000~~ \$128,005,000 to \$124,616,000,

and by deleting Provision 5.

I am reducing this item by \$3,389,000 and 8.6 personnel years for the Agricultural Plant and Animal Health; Pest Prevention; Food Safety Services Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am deleting Provision 5 because the language is unnecessarily restrictive. These funds are part of the base budget for the Light Brown Apple Moth Eradication Project and should be available for the Department to allocate for use as necessary once the toxicology study that was recently completed has been reviewed and aerial spraying is determined to be a safe tool for the Department to utilize in its eradication efforts.

Item 8570-004-0001—For transfer by the Controller to the Pierce's Disease Management Account. I reduce this item from \$4,380,000 to \$4,150,000.

I am reducing this item by \$230,000 for the Pierce's Disease Control Program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 8640-001-0001—For support of Political Reform Act of 1974. I reduce this item from \$2,745,000 to \$2,470,000 by reducing:

- (1) 10-Secretary of State from \$790,000 to \$711,000;
- (2) 20-Franchise Tax Board from \$1,747,000 to \$1,572,000; and
- (3) 30-Department of Justice from \$216,000 to \$195,000.

I am reducing this item by \$275,000 for the Political Reform Act of 1974. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 8940-001-1014—For support of Military Department. I delete this item.

This item contains an appropriation from the Emergency Response Fund, which was not authorized in the final budget package. Therefore, I must delete this item on a technical basis.

Item 9100-101-0001—For local assistance. Tax Relief. I reduce this item from \$693,885,000 to \$503,005,000 by deleting:

- (1) 10-Senior Citizens' Property Tax Assistance (\$40,562,000);
- (3) 30-Senior Citizens Renters' Tax Assistance (\$150,318,000);

and by deleting Provisions 2, 4, and 6.

I am also revising Provision 5 to conform to this action as follows:

"5. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for Schedules (1); (2); (3); (4), and (5) in excess of or less than the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine."

I am reducing this item by \$190,880,000. While this budget bill provides for a modest reserve in 2008–09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 1781.

ARNOLD SCHWARZENEGGER

I object to the following appropriations contained in Assembly Bill 88.

Item 0690-001-0001—For support of Office of Emergency Services.

I am sustaining Provision 4, which suspends the Government Code Section 8581.5 requirement for the biennial report on emergency preparedness for catastrophic disasters, which was scheduled to be published in 2008–09. However, I am directing the Office of Emergency Services to prepare this report to the extent possible using existing resources.

Item 0690-102-0001—For local assistance, Office of Emergency Services. I revise this item by deleting Provisions 3 and 5.

Provision 3 requires the Office of Emergency Services to allocate \$800,000 to the Central Coast Rural Crime Prevention Program. Funding for this program was reduced by 10 percent, but this language was not amended to reflect the reduced amount. This technical veto is necessary to ensure that all grant recipients receive the same level of reduction. Therefore, I am directing the Office of Emergency Services to allocate the grant funding in a manner consistent with this budget language adjusted for the 10 percent reduction.

Provision 5 would require the Office of Emergency Services to use a competitive grant process for allocating funds to California Multijurisdictional Methamphetamine Enforcement Teams, and would create limitations on the minimum and maximum amounts of grants awarded under this program. This language is unnecessarily restrictive; therefore, I am vetoing this provision.

Item 2640-101-0046—For local assistance, State Transit Assistance. I reduce this item from \$406,434,000 to \$306,434,000.

I am reducing this item by \$100,000,000 for the State Transit Assistance program so that sufficient funding will be available in the Public Transportation Account to provide full reimbursement of the General Fund for its Home-to-School Transportation costs. While this budget bill provides for a modest reserve in 2008–09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

With the \$5 billion in transit and intercity rail funding provided in Proposition 1B, this will allow a substantial increase in the capacity, safety, and reliability of public transportation throughout the state. The amount I am retaining in this item also continues program funding at a sustainable level.

Item 2660-001-0042—For support of Department of Transportation.

I am sustaining the Legislature's funding for capital outlay support. In the May Revision, I proposed a reduction in positions and dollars for engineering, design, environmental studies, and other work. For the declining amount of ongoing work, I proposed to use an increased share of contractual services, consistent with the provisions of Proposition 35, approved by the voters in 2000.

The Legislature, however, funded 90 percent state staff and 10 percent contract staff. Because it will take a year or more to hire and train state staff as existing staff leave, I am concerned that this action will delay projects by a year or more and end up costing more than using contractual services. Moreover, because the funding from Proposition 1B is one-time and will be exhausted over the next four years, the hiring of new permanent state staff could lead to the need for future layoffs. An appropriate balance between state staff and contract staff will enable the state to improve its highways, roads, bridges, and railroad crossings immediately. Therefore, I am directing the Director of the Department of Transportation to take all steps necessary to deliver these projects as quickly as possible, including an increased use of contractual services beyond the level reflected in the budget action, but within the funding level the Legislature has provided.

Item 3540-001-0001—For support of Department of Forestry and Fire Protection. I reduce this item from \$560,045,000 to \$557,896,000 by reducing:

- (3) 12-Resource Management from \$62,597,000 to \$60,448,000;
- (4) 20.01-Administration from \$67,198,000 to \$66,911,000; and
- (5) 20.02-Distributed Administration from -\$66,536,000 to -\$66,249,000.

I am reducing this item by \$2,149,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

However, I am sustaining \$1,093,000 and 10.0 positions in the Resource Management program to fund vegetation management efforts because fuel reduction projects are a cost-effective way to reduce the number and size of catastrophic wildfires.

Item 3900-001-0044 For support of State Air Resources Board. I revise this item by reducing:

- (2) 25-Stationary Source from \$57,232,000 to \$55,232,000,
- (6) Amount payable from the General Fund (Item 3900-001-0001) from -\$2,189,000 to -\$189,000.

I am revising this item to conform to the action I have taken in Item 3900-001-0001.

Item 4260-101-0001—For local assistance, Department of Health Care Services. I revise this item by reducing:

- (1) 20.10.010-Eligibility (County Administration) from \$2,697,119,000 to \$2,689,743,000,
 - (3) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from -\$21,448,993,000 to -\$21,441,617,000,
- and by deleting Provision 14.

I am revising this item to conform to the action I have taken in Item 4260-101-0890. I am also deleting Provision 14 from this item, which directs the Department of Health Care Services to provide the Legislature with specific options for improving the Medi-Cal fee-for-service program. While I share the Legislature's interest in improving the coordination of care for Medi-Cal beneficiaries and believe that such efforts will better serve clients and reduce costs, I am deleting the provision as it would limit my discretion in developing a budget proposal.

Item 4260-101-0890—For local assistance, Department of Health Services. I reduce this item from \$21,448,993,000 to \$21,441,617,000.

I am reducing this item by \$7,376,000 to conform to my action in Items 4170-101-0001, 4200-001-0001, 4265-111-0001, 4440-001-0001, and 5180-001-0001.

Item 4300-101-0001—For local assistance, Developmental Services. I reduce this item from \$2,384,027,000 to \$2,382,799,000 by reducing:

- (2) 10.10.020-Purchase of Services from \$3,372,900,000 to \$3,370,854,000, and
- (4) Reimbursements from -\$1,308,405,000 to -\$1,307,587,000.

I am reducing this item by \$2,046,000 (\$1,228,000 General Fund and -\$818,000 Reimbursements). This technical veto is consistent with the pass through of the January 1, 2009 Federal Supplemental Security Income cost of living adjustment.

Item 4440-101-0001 For local assistance, Department of Mental Health. I reduce this item from \$480,163,000 to \$480,111,000 by reducing:

(5) 10.97-Community Services—Healthy Families from \$24,805,000 to \$24,653,000, and

(6) Reimbursements from -\$1,208,165,000 to -\$1,208,065,000.

I am reducing this item by \$152,000 (\$52,000 General Fund and \$100,000 Reimbursements) for the Healthy Families program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-101-0001—For local assistance, Department of Social Services. I reduce this item from \$2,808,386,000 to \$2,738,386,000 by reducing:

(1) 16.30-CalWORKs from \$5,290,712,000 to \$5,220,712,000.

I am reducing this item by \$70,000,000 for the CalWORKs program. This funding would have been available to counties as part of their single allocation, which can be used for county administration, employment services, and child care. Even with this reduction in funding, the single allocation provided to counties still increases from 2007-08 to 2008-09. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$480,516,000 to \$478,478,000 by reducing:

(1) 16.75-County Administration and Automation Projects from \$1,194,774,000 to \$1,192,736,000.

I am reducing this item by \$2,038,000 for the Work Incentive Nutritional Supplement program. By eliminating this funding, I am delaying implementation of this program for one year. This will allow the Department of Social Services to study this program and ensure it is consistent with federal rules. Further, while this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$757,135,000 to \$750,727,000 by reducing:

(1) 25.30-Children and Adult Services and Licensing from \$2,151,082,000 to \$2,139,650,000;

(2) 25.35-Special Programs from \$22,682,000 to \$22,101,000;

(3) Reimbursements from -\$143,894,000 to -\$138,589,000; and

(6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,263,716,000 to -\$1,263,416,000.

I am reducing this item by \$11,432,000 (\$6,127,000 General Fund) for the Adult Protective Services program, and by \$581,000 (\$281,000 General Fund) for the Deaf Access program. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 5180-151-0890—For local assistance, Department of Social Services. I reduce this item from \$1,263,716,000 to \$1,263,416,000.

I am reducing this item to conform to the action I have taken in 5180-151-0001 related to the Deaf Access program.

Item 5225-001-0001—For support of the California Department of Corrections and Rehabilitation. I reduce this item from \$7,173,074,000 to \$7,145,074,000 by reducing:

(8) 25-Adult Corrections and Rehabilitation Operations from ~~\$4,974,568,000 to \$4,946,568,000~~ \$4,973,425,000 to \$4,945,425,000.

I am directing the Secretary of the California Department of Corrections and Rehabilitation to implement a Parole Decision-Making Instrument (PDMI) that provides guidelines on how to respond to technical parole violations based on the risk-to-reoffend level of the offender and the seriousness of the violation. I believe that the use of the PDMI by parole agents will facilitate the reintegration into society of low-risk parolees by providing community-based sanctions and programs. By providing alternatives to incarceration for parolees who commit minor technical parole violations, the Department will be able to reduce prison overcrowding. Consistent with this direction, I am reducing \$22,000,000 from this item to reflect lower adult inmate population levels.

I am also reducing this item by an additional \$6,000,000 to reflect a delay in the activation of Female Rehabilitative Community Correctional Center beds that resulted from the state's late budget.

Item 6110-001-0001—For support of Department of Education. I revise this item by reducing:

(2) 20-Instruction Support from \$174,201,000 to \$173,909,000;

(3) 30-Special Programs from \$54,659,000 to \$54,351,000; and

(9) Amount payable from Federal Trust Fund (Item 6110-001-0890) from -\$171,015,000 to -\$170,415,000.

I am revising this item to conform to the action I have taken in Item 6110-001-0890.

Item 6110-001-0890—For support of Department of Education. I reduce this item from \$171,015,000 to \$170,415,000.

I am deleting the legislative augmentation of \$600,000 federal Title I funds to enhance an evaluation of the Migrant Education program. The Budget Act of 2007 provided \$800,000 for completing a comprehensive needs assessment, developing the state educational agencies service delivery plan, and contracting for an evaluation to meet federal requirements. The appropriation provided in 2007 should be sufficient for producing a useful program evaluation.

I am deleting Provision ~~22~~ 26 to conform to this action.

I am deleting provisional language that would appropriate \$1,200,000 of Title III funds proposed for unspecified English learner state level activities (state operations) in 2009-10 as it is premature to appropriate funds for 2009-10, for projects that have not been developed or justified.

I am deleting provision 34 to conform to this action.

Item 6110-130-0001—For support of the Department of Education, Instructional Support. I reduce this item from \$9,035,000 to \$8,131,000.

I am reducing this item by \$904,000 for the Advancement Via Individual Determination program. While this budget bill provides for a modest reserve in 2008-09, it

fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently and in order to further ensure that this budget remains in balance I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am revising Provision 1 to conform to this action as follows:

"1. Of the funds appropriated, ~~\$1,300,000~~ \$1,170,000 is available for administration of the Advancement Via Individual Determination (AVID) centers."

Item 6110-196-0001—For local assistance, Department of Education. I revise this item by deleting Provisions 4(e) and 9(b).

I am deleting Provision 4(e), which would specify principles for the State Department of Education (SDE) to follow when developing the 2008-09 expenditure plan for state and local activities to improve child care. The language is unnecessary and does not specify any clear priorities for development of the expenditure plan.

I am deleting Provision 9(b), which would restrict the start point on the family fee schedule to 40 percent of the State Median Income as adjusted for family size. This Provision is inconsistent with the prior agreement reached between the Administration and the Legislature that families currently paying fees continue to do so as income eligibility is adjusted. Additionally, this language would result in lower fee revenues, increased costs in child care programs, and reduced capacity to serve children.

I am sustaining Provision 2(b), which would provide details for the expenditures of the appropriation and specify the rate limits for alternative payment and other voucher-based programs based on the 85th percentile of the 2007 Regional Market Rate Survey with an effective date of March 1, 2009. While I must sustain this provision because a statute would otherwise control the appropriation and drive the rates, I am concerned that this language will drive considerably higher costs per case in the future, similar to the rate increases experienced in 2007-08.

I am also sustaining Provision 14, which specifies intent to fully fund the third stage (Stage 3) of child care for former CalWORKS families. This intent statement duplicates statutory intent language and, while it reflects a goal to provide sufficient funds, I want to be clear that inclusion of this language in the budget bill is not a commitment to fund any deficiency that might occur.

Item 6110-202-0001—For local assistance, Department of Education. I reduce this item from ~~\$11,742,000~~ to \$10,880,000 by reducing:

(1) 30.20.010-Child Nutrition Programs from \$11,742,000 to \$10,880,000.

I am reducing this item by \$862,000. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law, and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

Item 6110-488—Reappropriation, Proposition 98, Department of Education. I revise this item from ~~\$163,051,000~~ to \$146,651,000, and by deleting:

I am deleting the \$16,400,000 augmentation to Stage 2 child care to align expenditures with updated caseload estimates. With this reduction, a total of \$516,611,000 still remains in the budget to support the CalWORKS Stage 2 program which should be sufficient for the estimated caseload under the authorized eligibility, copayment, and subsidy policies.

I am revising Provision 3 to conform to this action.

"3. The sum of ~~\$163,051,000~~ \$146,651,000 is hereby reappropriated to the State Department of Education for transfer by the Controller to Section A of the State School Fund for allocation by the Superintendent of Public Instruction for the purpose of

funding CalWORK's Stage 2 child care. The amount reappropriated pursuant to this provision is for use in the 2008-09 fiscal year."

I am deleting the one-time legislative augmentation of \$295,000 for assessments of the Oakland Unified, Vallejo City Unified, and West Fresno Elementary School Districts. Current law specifies that these emergency loan districts are responsible for the costs of these reports. Therefore, I am eliminating this augmentation.

I am deleting Provision 2 to conform to this action.

Item 6440-001-0001—For support of University of California. I reduce this item from \$3,000,920,000 to \$2,995,520,000 by decreasing:

- (1) Support from \$3,123,516,000 to \$3,118,116,000, and by revising Provisions 14 and 24 and by deleting Provision 16.

I am reducing this item by \$5,400,000 to eliminate funding that supports research on labor and employment and labor education. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising Provision 24 of this item to conform as follows:

"24. Of the funds appropriated in Schedule (1), ~~\$5,400,000~~ \$0 is to support research on labor and employment and labor education throughout the University of California system. ~~Of these funds, 60 percent shall be for labor research and 40 percent shall be for labor education.~~"

Further, while I am sustaining the Legislature's action to earmark funding for student academic preparation and education programs (SAPEP), I am vetoing the language requiring the University to report on its use of funds for SAPEP activities. This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Nevertheless, in recognition of the Legislature's desire to obtain this information, I am instructing the President of the University of California to comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the University's ability to perform its essential functions.

I am revising Provision 14 to conform as follows:

"14. Of the funds appropriated in Schedule (1), \$19,300,000 is for student academic preparation and education programs (SAPEP) and is to be matched with \$12,000,000 from existing university resources, for a total of \$31,300,000 for these programs. The University of California shall provide a plan to the Department of Finance and the fiscal committees of each house of the Legislature for expenditure of both state and university funds for SAPEP by September 1 of each year. ~~It is the intent of the Legislature that the university report on the use of state and university funds provided for these programs, including detailed information on the outcomes and effectiveness of academic preparation programs consistent with the accountability framework developed by the university in April 2005. The report shall be submitted to the fiscal committees of each house of the Legislature no later than April 1, 2009.~~"

Finally, I am deleting the legislative redirection of \$15,000,000 from funds budgeted for administrator compensation to support salary increases and a step pay system for low-wage service employees. Given the 10 percent reduction to the University's institutional support budget that was adopted by the Legislature, the University should be provided the flexibility to allocate its resources to preserve core administrative functions. Further, employee salaries should be negotiated in collective bargaining agreements between the University and its service employees.

I am deleting Provision 16 to conform to this action.

Item 7980-001-0001—For support of California Student Aid Commission. I reduce this item from \$14,206,000 to \$13,527,000 by decreasing:

- (1.5) 50-California Loan Program from \$1,000,000 to \$500,000;

(3.5) 97.20.001 Unallocated Reduction from -789,000 to -1,468,000;
 (4.5) Amount payable from the Student Loan Operating Fund (7980-001-0784) from -\$1,000,000 to -\$500,000; and by revising Provision 4.

I am reducing this item by \$679,000. However, I am sustaining the remaining \$111,000 legislative augmentation for the purpose of funding additional ongoing telephone system and Department of Technology Services costs that were identified after the January budget proposal. While this budget bill provides for a modest reserve in 2008-09, it fails to make the necessary statutory spending reductions and revenue increases needed to eliminate the state's structural budget deficit going forward. At the same time, constitutional requirements, federal law and court required payments drive the majority of the spending in any budget, and limit my ability to reduce spending. As a result, I have an obligation to reduce spending when my veto power is adequate to do so. Consequently—and in order to further ensure that this budget remains in balance—I am taking the difficult but necessary action reflected in this veto to further control state spending.

I am also revising Provision 4 of this item to conform to the action I have taken in Item 7980-001-0784 as follows:

"4. (a) This item reflects ~~\$1,000,000~~ \$500,000 payable from the Student Loan Operating Fund for the purpose of funding, on a limited-term basis, 6.0 positions in the Federal Policy and Programs Division. Those positions shall be continued until a sale or other authorized transaction is completed pursuant to Chapter 182 of the Statutes of 2007, which is anticipated to occur in the 2009-10 fiscal year.

(b) Additionally, this item reflects an increase of \$1,010,000 available on a one-time basis for necessary moving costs, furnishings, and equipment associated with relocation of the Student Aid Commission. Not later than August 1, 2008, the commission shall detail and submit for approval to the Department of Finance, and for informational purposes to the Chairperson of the Joint Legislative Budget Committee, all one-time costs estimated to be necessary for relocation of the commission. Any funds remaining shall be available for any expenses that may be necessary or convenient to further the intent of the sale or other authorized transaction of EdFund pursuant to Chapter 182 of the Statutes of 2007 upon the written approval of the Department of Finance."

Item 7980-101-0001—For support of California Student Aid Commission. I revise this item by revising Provision 1.

I am deleting the legislative augmentation to Provision 1(d), which increased the number of Assumption Program of Loans for Education (APLE) awards by 800. The remaining amount of authorized awards in the budget is 7,200. I proposed fewer APLE awards to curb the growth in required APLE payments in the context of budget balancing reductions and because the Student Aid Commission has historically not utilized all the awards. This reduction is necessary to limit future ongoing expenditures in line with ongoing resources as we work towards resolving the structural budget imbalance.

I am revising Provision 1 as follows:

"1. Funds appropriated in Schedule (1) are for purposes of all of the following:

(a) Awards in the Cal Grant Program under Chapter 1.7 (commencing with Section 69430) and Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(b) Grants under the Law Enforcement Personnel Dependents Scholarship Program pursuant to Section 4709 of the Labor Code.

(c) California Student Opportunity and Access Program contract agreements under Article 4 (commencing with Section 69560) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(d) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. The Student Aid Commission shall issue ~~8,000~~ 7,200 new warrants.

(e) The purchase of loan assumptions under the Graduate Assumption Program of Loans for Education pursuant to Article 5.5 (commencing with Section 69618) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code.

(f) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) Employees of State Facilities Program pursuant to Article 2 (commencing with Section 70120) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.

(g) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code.

(h) The Student Aid Commission shall report by April 1, 2009, on the State Nursing Assumption Program of Loans for Education, pursuant to the reporting requirements of Section 70108 of the Education Code.

(i) Of the amount appropriated in Schedule (1), \$297,000 is provided for loan assumption payments to participants in the National Guard Assumption Program of Loans for Education pursuant to Article 12.5 (commencing with Section 69750) of Chapter 2 of Part 42 of the Education Code.

(j) Notwithstanding subdivision (c) of Section 69613.8 of the Education Code, any Assumption Program of Loans for Education participant who meets the requirements of subdivision (a) or (b) of Section 69613.8 of the Education Code may receive the additional loan assumption benefits authorized by those subdivisions."

Item 8380-001-0001—For support of Department of Personnel Administration. I am revising this item in order to correct a technical error in the Budget Bill:

- (1) 10-Classification and Compensation from \$6,442,000 to \$6,414,000;
- (2) 20-Labor Relations from \$3,480,000 to \$3,464,000;
- (3) 25-Legal from \$7,947,000 to \$7,919,000;
- (5) 40.02-Distributed Administration from -\$4,457,000 to -\$4,370,000; and
- (6) 54-Benefits Administration from \$32,972,000 to \$32,957,000.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 88.

ARNOLD SCHWARZENEGGER

LEGISLATIVE COUNSEL'S DIGEST

AB 1781, Laird. Budget Act of 2008.

This bill would make appropriations for support of state government for the 2008–09 fiscal year.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

AB 88, Committee on Budget. Budget Act of 2008.

AB 1781, as proposed by Conference Report No. 1 on July 17, 2008, would make appropriations for the support of state government for the 2008–09 fiscal year.

This bill would amend and supplement the Budget Act of 2008 by revising items of appropriation for the Office of Planning and Research; the Office of Emergency Services; the Department of Justice; the Controller; the Secretary of State; the Treasurer; the Department of General Services; the State Personnel Board; the Department of Technology Services; the Department of Forestry and Fire Protection; the Department of Parks and Recreation; the State Air Resources Board; the State Department of Developmental Services; the State Department of Health Care Services; the State Department of Mental Health; the State

Department of Social Services; the Department of Corrections and Rehabilitation; the Student Aid Commission; the State Department of Education; the California State Library; the University of California; the California State University; the California Community Colleges; the Department of Personnel Administration; the Public Utilities Commission; the Department of Finance; the Military Department; the Financial Information System for California; and local government financing.

The bill also would make technical, nonsubstantive changes to various items.

This bill would become operative only if AB 1781, as proposed by Conference Report No. 1 on July 17, 2008, is enacted on or before January 1, 2009.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1.00. This act shall be known and may be cited as the "Budget Act of 2008."

SEC. 1.50. (a) In accordance with Section 13338 of the Government Code, as added by Chapter 1284, Statutes of 1978, and as amended by Chapter 1286, Statutes of 1984, it is the intent of the Legislature that this act utilize a coding scheme compatible with the Governor's Budget and the records of the Controller, and provide for the appropriation of federal funds received by the state and deposited in the State Treasury.

(b) Essentially, the format and style are as follows:

(1) Appropriation item numbers have a code which is common to all the state's fiscal systems. The meaning of this common coded item number is as follows:

2720—Organization Code (this code represents the California Highway Patrol)

001—Reference Code (first appropriation for a particular fund for support of each department)

0044—Fund Code (Motor Vehicle Account, State Transportation Fund)

(2) Appropriation items are organized in organization code order.

(3) All the appropriation items, reappropriation items, and reversion items, if any, for each department or entity are adjacent to one another.

(4) Federal funds received by the state and deposited in the State Treasury are appropriated in separate items.

(c) The Department of Finance may authorize revisions to the codes used in this act in order to provide compatibility between the codes used in this act and those used in the Governor's Budget and in the records of the State Controller.

(d) Notwithstanding any other provision of this act, the Department of Finance may revise the schedule of any appropriation made in this act where the revision is of a technical nature and is consistent with legislative intent. These revisions may include, but shall not be limited to, the substitution of category for program or program for category limitations, the proper categorization of allocated administration costs and cost recoveries, the distribution of any unallocated amounts within an appropriation and the adjustment of schedules to facilitate departmental accounting operations, including the elimination of categories providing for amounts payable from other items or other appropriations and the distribution of unscheduled amounts to programs or categories. These revisions shall include a certification that the revisions comply with the intent and limitation of expenditures as appropriated by the Legislature.

(e) Notwithstanding any other provision of this act, when the Department of Finance, pursuant to subdivision (d), approves the schedule or revision of any appropriation relating to the elimination of amounts payable, the language authorizing the transfer shall also be eliminated.

SEC. 1.80. (a) The following sums of money and those appropriated by any other sections of this act, or so much thereof as may be necessary unless otherwise provided herein, are hereby appropriated for the use and support of the State of California for the 2008-09 fiscal year beginning July 1, 2008, and ending June 30, 2009. All of these appropriations, unless otherwise provided herein, shall be paid out of the General Fund in the State Treasury.

(b) All capital outlay appropriations and reappropriations, unless otherwise provided herein, are available as follows:

(1) Studies, preliminary plans, working drawings, and minor capital outlay funds are available for expenditure until June 30, 2009.

(2) Construction funds are available for expenditure until June 30, 2011, if allocated through fund transfer or approval to proceed to bid by the Department of Finance by June 30, 2009. Any funds not allocated by June 30, 2009, shall revert on July 1, 2009, to the fund from which the appropriation was made.

(3) All other capital outlay funds are available until June 30, 2011.

(c) Whenever by constitutional or statutory provision the revenues or receipts of any institution, department, board, bureau, commission, officer, employee, or other agency, or any moneys in any special fund created by law therefor, are to be used for salaries, support, or any proper purpose, expenditures shall be made therefrom for any such purpose only to the extent of the amount therein appropriated, unless otherwise stated herein.

(d) Appropriations for purposes not otherwise provided for herein that have been heretofore made by any existing constitutional or statutory provision shall continue to be governed thereby.

SEC. 2.00. Items of appropriation.

LEGISLATIVE/JUDICIAL/EXECUTIVE

Legislative

Item	Amount
0110-001-0001—For support of Senate.....	111,320,000
Schedule:	
(1) 101001-Salaries of Senators.....	6,208,000
(2) 317295-Mileage	11,000
(3) 317292-Expenses	1,680,000
(4) 500004-Operating Expenses.....	102,586,000
(5) 317296-Automotive Expenses.....	835,000
Provisions:	
1. The funds appropriated in Schedule (4) are for operating expenses of the Senate, including personal services for officers, clerks, and all other employees, and legislative committees thereof composed in whole or in part of Members of the Senate, and for support of joint expenses of the Legislature, to be transferred by the Controller to the Senate Operating Fund.	
2. The funds appropriated in Schedule (5) are for operating expenses of the Senate relating to the purchase, maintenance, repair, insurance, and other costs of operating automobiles for the use of Members of the Senate, to be transferred by the Controller to the Senate Operating Fund.	
3. The funds appropriated in Schedules (1), (2), (3), and (5) may be adjusted for transfers to or from the Senate Operating Fund.	
0120-011-0001—For support of Assembly	151,060,000
Schedule:	
(1) 101001-Salaries of Assembly Members	11,177,000
(2) 317295-Mileage	8,000
(3) 317292-Expenses	3,203,000
(4) 500004-Operating Expenses.....	135,905,000
(5) 317296-Automotive Expenses.....	767,000
Provisions:	
1. The funds appropriated in Schedule (4) are for operating expenses of the Assembly, including personal services for officers, clerks, and all other employees, and legislative committees thereof composed in whole or in part of Members of the Assembly, and for support of joint expenses of the Legislature, to be transferred by the Controller to the Assembly Operating Fund.	

Item	Amount
2. The funds appropriated in Schedule (5) are for operating expenses of the Assembly relating to the lease, maintenance, repair, insurance, and other costs of operating automobiles for the use of Members of the Assembly, to be transferred by the Controller to the Assembly Operating Fund.	
3. The funds appropriated in Schedules (1), (2), (3), and (5) may be adjusted for transfers to or from the Assembly Operating Fund.	
0130-021-0001—For support of Office of the Legislative Analyst.....	0
Schedule:	
(1) Expenses of the Office of the Legislative Analyst	7,538,000
(2) Transferred from Item 0110-001-0001	-3,769,000
(3) Transferred from Item 0120-011-0001	-3,769,000
Provisions:	
1. The funds appropriated in Schedule (1) are for the expenses of the Office of the Legislative Analyst and of the Joint Legislative Budget Committee for any charges, expenses, or claims either may incur, available without regard to fiscal years, to be paid on certification of the Chairperson of the Joint Legislative Budget Committee or his or her designee.	
2. Funds identified in Schedules (2) and (3) may be transferred from the Senate Operating Fund, by the Senate Committee on Rules, and the Assembly Operating Fund, by the Assembly Committee on Rules.	
0160-001-0001—For support of Legislative Counsel Bureau.....	70,121,000
Schedule:	
(1) Support.....	88,438,000
(2) Reimbursements.....	-131,000
(3) Amount payable from the Central Service Cost Recovery Fund (Item 0160-001-9740)	-18,186,000
0160-001-9740—For support of Legislative Counsel Bureau, for payment to Item 0160-001-0001, payable from the Central Service Cost Recovery Fund.....	18,186,000

Item	Judicial	Amount
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0250-001-0001—For support of Judicial Branch 355,304,000

Schedule:

- (1) 10-Supreme Court 46,945,000
- (2) 20-Courts of Appeal 210,224,000
- (3) 30-Judicial Council 102,881,000
- (4) 35-Judicial Branch Facility Program 1,155,000
- (5) 50-California Habeas Corpus Resource Center 14,898,000
- (6) Reimbursements -7,692,000
- (7) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 0250-001-0044)... -191,000
- (8) Amount payable from the Court Interpreters' Fund (Item 0250-001-0327)..... -163,000
- (9) Amount payable from the Federal Trust Fund (Item 0250-001-0890). -5,964,000
- (10) Amount payable from the Appellate Court Trust Fund (Item 0250-001-3060) -6,789,000

Provisions:

1. Notwithstanding Section 26.00, the funds appropriated or scheduled in this item may be allocated or reallocated among categories by order of the Judicial Council.
2. Of the funds appropriated in this item, \$200,000 is available for reimbursement to the Attorney General, or for hiring outside counsel, for prelitigation and litigation fees and costs, including any judgment, stipulated judgment, offer of judgment, or settlement. This amount is for use in connection with (a) matters arising from the actions of appellate courts, appellate court bench officers, or appellate court employees, (b) matters arising from the actions of the Judicial Council, council members, or council employees or agents, (c) matters arising from the actions of the Administrative Office of the Courts or its employees, or (d) employment litigation arising from the actions of trial courts, trial court bench officers, or trial court employees. Either the state or the Judicial Council must be named as a defendant or alleged to be the responsible party. Any funds not used for this purpose shall revert to the General Fund.

Item	Amount
3. The funds appropriated in Schedule (5) shall be available for costs associated directly or indirectly with the California Habeas Corpus Resource Center (CHCRC). The CHCRC shall report to the Legislature and the Department of Finance on September 1, 2008, and April 1, 2009, on expenditures, specifically detailing personal services expenditures, operating expenses, and equipment expenditures.	
4. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0250-011-0001 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and justices, and administrative costs pursuant to Section 68114.10 of the Government Code.	
0250-001-0044—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Motor Vehicle Account, State Transportation Fund	191,000
*0250-001-0159—For support of Judicial Branch, payable from the Trial Court Improvement Fund	9,266,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval by the Administrative Director of the Courts, the Controller shall increase this item up to \$18,673,000 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts.	
2. Notwithstanding any other provision of law, upon approval by the Administrative Director of the Courts, and notification to the Department of Finance, the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase this item by an amount, or amounts, totaling no more than \$2,801,000 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairper-	

Item	Amount
sons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.	
0250-001-0327—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Court Interpreters' Fund.....	163,000
0250-001-0890—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Federal Trust Fund.....	5,964,000
0250-001-0932—For support of Judicial Branch, payable from the Trial Court Trust Fund.....	6,919,000
Schedule:	
(1) 30-Judicial Council.....	6,919,000
Provisions:	
1. Upon approval of the Administrative Director of the Courts, the Controller shall increase this item by an amount sufficient to allow for the expenditure of any transfer to this item made pursuant to Provisions 8 and 9 of Item 0250-101-0932.	
0250-001-3037—For support of Judicial Branch, payable from the State Court Facilities Construction Fund ..	57,168,000
Schedule:	
(1) 30-Judicial Council.....	7,808,000
(2) 35-Judicial Branch Facility Program.....	54,360,000
(3) Reimbursements.....	-5,000,000
Provisions:	
1. The Director of Finance may augment this item by an amount not to exceed available funding in the State Court Facilities Construction Fund, after review of a request submitted by the Administrative Office of the Courts that demonstrates a need for additional resources associated with and including, but not limited to, the transfer, acquisition, rehabilitation, construction, or financing of court facilities. This request shall be submitted no later than 60 days prior to the effective date of the augmentation. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legisla-	

Item	Amount
<p>tive Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.</p> <p>2. The Director of Finance may augment this item up to \$1,155,000 to offset the like reduction taken in Item 0250-001-0001, after review of a request submitted by the Administrative Office of the Courts. This request shall be submitted no later than 60 days prior to the effective date of the augmentation. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee.</p>	
<p>0250-001-3060—For support of Judicial Branch, for payment to Item 0250-001-0001, payable from the Appellate Court Trust Fund.....</p>	6,789,000
<p>Provisions:</p> <p>1. Upon approval of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Appellate Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may determine.</p>	
<p>0250-001-3066—For support of Judicial Branch, payable from the Court Facilities Trust Fund</p>	17,504,000
<p>Schedule:</p> <p>(1) 35-Judicial Branch Facility Program.....</p> <p>(2) Reimbursements</p>	19,028,000 -1,524,000
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of this item for the operation, repair, and</p>	

Item	Amount
<p>maintenance of court facilities pursuant to Section 70352 of the Government Code.</p> <p>2. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008–09 fiscal year has been adjusted per the Consumer Price Index factor of 2.7 percent.</p>	
0250-001-3085—For support of Judicial Branch, payable from the Mental Health Services Fund	431,000
0250-003-0001—For support of Judicial Branch for rental payments on lease-revenue bonds	2,816,000
Schedule:	
(1) Base Rental and Fees	2,804,000
(2) Insurance	12,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
0250-011-0001—For transfer, upon order of the Director of Finance, to the Judicial Branch Workers' Compensation Fund	1,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Judicial Council shall adjust the amount of this transfer to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and justices, and administrative costs pursuant to Section 68114.10 of the Government Code.	
0250-012-0001—For transfer by the Controller to the Court Facilities Trust Fund	3,304,000
Provisions:	
1. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008–09 fiscal year has been adjusted per the Consumer Price Index factor of 2.7 percent.	

Item	Amount
0250-101-0001—For local assistance, Judicial Branch...	18,996,000
Schedule:	
(1) 45.10-Support for Operation of Trial Courts	7,017,000
(2) 45.55.010-Child Support Commissioners Program (Article 4 (commencing with Section 4250) of Chapter 2 of Part 2 of Division 9 of the Family Code).....	47,927,000
(3) 45.55.020-California Collaborative and Drug Court Projects.....	5,791,000
(4) 45.55.030-Federal Child Access and Visitation Grant Program.....	1,600,000
(5) 45.55.050-Federal Court Improvement Grant Program.....	700,000
(6) 45.55.070-Grants—Other	745,000
(7) 45.55.080-Federal Grants—Other...	775,000
(8) 45.55.090-Equal Access Fund Program.....	10,776,000
(9) Reimbursements.....	-53,260,000
(10) Amount payable from Federal Trust Fund (Item 0250-101-0890).	-3,075,000

Provisions:

1. In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (8) are to be distributed by the Judicial Council through the Legal Services Trust Fund Commission to qualified legal services projects and support centers as defined in Sections 6213 to 6215, inclusive, of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. The Judicial Council shall approve awards made by the commission if the council determines that the awards comply with statutory and other relevant guidelines. Ten percent of the funds in Schedule (8) shall be for joint projects of courts and legal services programs to make legal assistance available to pro per litigants and 90 percent of the funds in Schedule (8) shall be distributed consistent with Sections 6216 to 6223, inclusive, of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 to 6223, inclusive, of the Business and Professions Code.
2. The amount appropriated in Schedule (1) is available for reimbursement of court costs related to

Item	Amount
the following activities: (a) payment of service of process fees billed to the trial courts pursuant to the provisions of Chapter 1009 of the Statutes of 2002, (b) payment of the court costs payable under Sections 4750 to 4755, inclusive, and Section 6005 of the Penal Code, and (c) payment of court costs of extraordinary homicide trials.	
3. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008–09 fiscal year has been adjusted per the Consumer Price Index factor of 2.7 percent.	
0250-101-0890—For local assistance, Judicial Branch, for payment to Item 0250-101-0001, payable from the Federal Trust Fund.....	3,075,000
0250-101-0932—For local assistance, Judicial Branch, payable from the Trial Court Trust Fund.....	3,045,408,000

Schedule:

- (1) 45.10-Support for Operation of the Trial Courts..... 2,621,571,000
- (2) 45.25-Compensation of Superior Court Judges.....296,112,000
- (3) 45.35-Assigned Judges 26,047,000
- (4) 45.45-Court Interpreters..... 91,585,000
- (5) 45.55.060-Court Appointed Special Advocate (CASA) Program 2,278,000
- (6) 45.55.065-Model Self-Help Program..... 991,000
- (7) 45.55.090-Equal Access Fund Program..... 5,622,000
- (8) 45.55.095-Family Law Information Centers 346,000
- (9) 45.55.100-Civil Case Coordination. 856,000

Provisions:

- 1. Notwithstanding Section 26.00, the funds appropriated or scheduled in this item may be allocated or reallocated among categories by the Judicial Council.
- 2. The funds appropriated in Schedule (2) shall be made available for costs of the workers' compensation program for trial court judges.
- 3. The amount appropriated in Schedule (3) shall be made available for all judicial assignments. Schedule (3) expenditures for necessary support staff may not exceed the staffing level that is necessary to support the equivalent of three judicial officers sitting on assignments.

Item

4. The funds appropriated in Schedule (4) shall be for payments for services of contractual court interpreters, and certified and registered court interpreters employed by the courts, and the following court interpreter coordinators: 1.0 each in counties of the 1st through the 15th classes, 0.5 each in counties of the 16th through the 31st classes, and 0.25 each in counties of the 32nd through the 58th classes. For the purposes of this provision, "court interpreter coordinators" may be full- or part-time court employees, or those contracted by the court to perform these services.

The Judicial Council shall set statewide or regional rates and policies for payment of court interpreters, not to exceed the rate paid to certified interpreters in the federal court system.

The Judicial Council shall adopt appropriate rules and procedures for the administration of these funds. The Judicial Council shall report to the Legislature and Director of Finance annually regarding expenditures from this schedule.

5. Upon order of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Trial Court Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.
6. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0250-115-0932 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and judges, and administrative costs pursuant to Section 68114.10 of the Government Code.

Item	Amount
7. Of the funds appropriated in Schedule (1), which will be transferred to the Trial Court Improvement Fund in accordance with subdivision (b) of Section 77209 of the Government Code, up to \$5,000,000 shall be available for support of services for self-represented litigants.	
8. Upon approval by the Administrative Director of the Courts, the Controller shall transfer up to \$11,274,000 to Item 0250-001-0932 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts.	
9. Upon approval by the Administrative Director of the Courts, and notification to the Department of Finance, the chairpersons of the committees in each house of the Legislature that consider appropriations and the State Budget, and the Chairperson of the Joint Legislative Budget Committee, the Controller shall additionally increase the amount of the transfer by an amount or amounts no more than \$1,691,000 for recovery of costs for administrative services provided to the trial courts by the Administrative Office of the Courts. Any augmentations shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.	
10. In order to improve equal access and the fair administration of justice, the funds appropriated in Schedule (6) (7) are available for distribution by the Judicial Council through the Legal Services Trust Fund Commission to qualified legal services projects and support centers as defined in Sections 6213 to 6215, inclusive, of the Business and Professions Code, to be used for legal services in civil matters for indigent persons. The Judicial Council shall approve awards made by the commission if the council determines that the awards comply with statutory and other relevant guidelines. Upon approval by the Administrative Director of the Courts, the Controller shall trans-	

Item

Amount

fer up to 5 percent of the funding appropriated in Schedule ~~(8)~~ (7) to Item 0250-001-0932 for administrative expenses. Ten percent of the funds remaining after administrative costs shall be for joint projects of courts and legal services programs to make legal assistance available to pro per litigants and 90 percent of the funds remaining after administrative costs shall be distributed consistent with Sections 6216 to 6223, inclusive, of the Business and Professions Code. The Judicial Council may establish additional reporting or quality control requirements consistent with Sections 6213 to 6223, inclusive, of the Business and Professions Code.

11. Funds available for expenditure in Schedule (7) may be augmented by order of the Director of Finance by the amount of any additional resources deposited for distribution to the Equal Access Fund Program in accordance with Sections 68085.3 and 68085.4 of the Government Code. Any augmentation under this provision shall be authorized not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.

12. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008-09 fiscal year has been adjusted per the Consumer Price Index factor of 2.7 percent.

13. The Judicial Council is authorized to convert up to 16.0 subordinate judicial officer positions to judgeships in the 2008-09 fiscal year in the manner and pursuant to the authority described in subparagraph (B) of paragraph (1) of subdivision (b) of Section 69615 of the Government Code.

0250-102-0556—For local assistance, Judicial Branch, payable from the Judicial Administration Efficiency and Modernization Fund 44,676,000

Item

Amount

Provisions:

1. Upon approval of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the Judicial Administration Efficiency and Modernization Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairpersons of the committees and appropriate subcommittees that consider the State Budget, and the chairperson of the joint committee, or not sooner than whatever lesser time the Chairperson of the Joint Legislative Budget Committee or his or her designee may determine.
2. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008–09 fiscal year has been adjusted by a factor of 2.7 percent per the Consumer Price Index.
3. Notwithstanding any other provision of law, of the funds appropriated in this item, up to \$5,967,000 is available to fund positions and activities for the development and deployment of the Phoenix Project to implement a statewide financial and human resources system to support trial court operations.

0250-111-0001—For transfer by the Controller to the Trial Court Trust Fund..... 1,786,484,000

Provisions:

1. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008–09 fiscal year has been adjusted per the Consumer Price Index factor of 2.7 percent.

0250-112-0001—For transfer by the Controller to the Judicial Administration Efficiency and Modernization Fund 38,709,000

Provisions:

1. Notwithstanding subparagraph (B) of paragraph (1) of subdivision (a) of Section 77202 of the Government Code, the growth factor for this item for the 2008–09 fiscal year has been adjusted per the Consumer Price Index factor of 2.7 percent.

Item	Amount
0250-115-0932—For transfer, upon order of the Director of Finance, to the Judicial Branch Workers' Compensation Fund	1,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Judicial Council shall adjust the amount of this transfer to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and judges, and administrative costs pursuant to Section 68114.10 of the Government Code.	
0250-301-3037—For capital outlay, Judicial Branch, payable from the State Court Facilities Construction Fund	118,977,000
Schedule:	
(0.5) 91.05.001-Calaveras County: New San Andreas Courthouse— Preliminary plans and working drawings.....	4,090,000
(1) 91.07.001-Contra Costa County: New Antioch Area Courthouse— Construction	51,628,000
(1.5) 91.18.001-Lassen County: New Susanville Courthouse—Prelimi- nary plans and working drawings.	3,540,000
(2) 91.20.001-Madera County: New Madera Courthouse—Preliminary plans.....	3,657,000
(3) 91.26.001-Mono County: New Mammoth Lakes Courthouse— <u>Working drawings and Construc-</u> <u>tion</u>	18,742,000
(4) 91.32.001-Plumas and Sierra Coun- ties: New Portola/Loyalton Courthouse—Construction.....	5,444,000
(5) 91.33.001-Riverside County: New Riverside Mid-County Court- house—Preliminary plans.....	2,331,000
(5.5) 91.35.001-San Benito County: New Hollister Courthouse— Preliminary plans and working drawings.....	3,329,000
(6) 91.36.001-San Bernardino County: New San Bernardino Courthouse— Preliminary plans.....	13,035,000

Item	Amount
(7) 91.39.001-San Joaquin County: New Stockton Courthouse— Preliminary plans.....	9,917,000
(8) 91.54.001-Tulare County: New Porterville Courthouse—Preliminary plans.....	3,264,000
Provisions:	
1. Notwithstanding any other provision of law, each county listed in this item shall transfer responsibility or responsibility and title to the state prior to the release of funds for all acquisition projects.	
0250-401—The Director of Finance may authorize a loan from the General Fund to the Trial Court Improvement Fund for cashflow purposes in an amount not to exceed \$70,000,000 subject to the following conditions:	
(a) The loan is to meet cash needs resulting from a delay in receipt of revenues.	
(b) The loan is short term, and shall be repaid by October 31 of the fiscal year following that in which the loan was authorized.	
(c) Interest charges may be waived pursuant to subdivision (c) of Section 16314 of the Government Code.	
(d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.	
0250-491—Reappropriation, Judicial Branch. The balance of the appropriation provided for in the following citation is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided for in the appropriation:	
3037—State Court Facilities Construction Fund	
(1) Item 0250-301-3037, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)	
(3) 91.26.001-Mono County: New Mammoth Lakes Courthouse—Working drawings	
0280-001-0001—For support of the Commission on Judicial Performance, Program 10	4,073,000

Item	Amount
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the amount appropriated in this item shall be reduced by the amount transferred in Item 0280-011-0001 to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and administrative costs pursuant to Section 68114.10 of the Government Code.	
0280-011-0001—For transfer, upon order of the Director of Finance, to the Judicial Branch Workers' Compensation Fund	1,000
Provisions:	
1. Notwithstanding any other provision of law, upon approval and order of the Department of Finance, the Commission on Judicial Performance shall adjust the amount of this transfer to provide adequate resources to the Judicial Branch Workers' Compensation Fund to pay workers' compensation claims for judicial branch employees and administrative costs pursuant to Section 68114.10 of the Government Code.	
0390-001-0001—For transfer by the Controller to the Judges' Retirement Fund, for Supreme Court and Appellate Court Justices	1,150,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 0390-101-0001.	
0390-101-0001—For transfer by the Controller to the Judges' Retirement Fund for Superior Court and Municipal Court Judges	177,653,000
Provisions:	
1. Upon order of the Department of Finance, the Controller shall transfer such funds as are necessary between Item 0390-001-0001 and this item.	

Executive

0500-001-0001—For support of Governor and of Governor's office	15,150,000
Schedule:	
(1) Support	20,706,000
(2) Governor's Residence (Support)	35,000
(3) Special Contingent Expenses	40,000
(4) Unallocated Reduction	-1,683,000

Item	Amount
(5) Amount payable from the Central Service Cost Recovery Fund (Item 0500-001-9740)	-3,948,000
Provisions:	
1. The funds appropriated in Schedules (2) and (3) are exempt from the provisions of Sections 925.6, 12410, and 13320 of the Government Code.	
0500-001-9740—For support of the Governor's office, for payment to Item 0500-001-0001, payable from the Central Service Cost Recovery Fund	3,948,000
0502-001-0001—For support of the office of the State Chief Information Officer	4,148,000
Schedule:	
(1) Office of the State Chief Information Officer.....	6,691,000
(2) Amount payable from the Central Service Cost Recovery Fund (Item 0502-001-9740)	-2,543,000
0502-001-9740—For support of the office of the State Chief Information Officer, for payment to Item 0502-001-0001, payable from the Central Service Cost Recovery Fund	2,543,000
0510-001-0001—For support of Secretary of State and Consumer Services	1,726,000
Schedule:	
(1) Support.....	3,511,000
(2) Reimbursements.....	-638,000
(3) Amount payable from the Central Service Cost Recovery Fund (Item 0510-001-9740)	-1,147,000
0510-001-9740—For support of Secretary of State and Consumer Services, for payment to Item 0510-001-0001, payable from the Central Service Cost Recovery Fund	1,147,000
0520-001-0001—For support of Secretary of Business, Transportation and Housing, for payment to Item 0520-001-0044	2,148,000
Provisions:	
1. Of the amount appropriated in this item, \$937,000 shall be available for use by the California Travel and Tourism Commission for use in promoting California tourism to potential visitors.	
0520-001-0044—For support of Secretary of Business, Transportation and Housing, payable from the Motor Vehicle Account, State Transportation Fund.....	1,615,000

Item	Amount
Schedule:	
(1) 10-Administration of Business, Transportation and Housing Agency.....	4,588,000
(2) 25-Infrastructure Finance and Economic Development Program.....	7,450,000
(3) Reimbursements.....	-3,142,000
(4) Amount payable from the General Fund (Item 0520-001-0001).....	-2,148,000
(5) Amount payable from the California Infrastructure and Economic Development Bank Fund (Item 0520-001-0649)	-4,090,000
(6) Amount payable from the California Small Business Expansion Fund (Item 0520-001-0918).....	-630,000
(7) Amount payable from the Welcome Center Fund (Item 0520-001-3083)	-78,000
(8) Amount payable from the Film Promotion and Marketing Fund (Item 0520-001-3095)	-11,000
(9) Amount payable from the Chrome Plating Pollution Prevention Fund (Item 0520-001-9329)	-324,000
Provisions:	
1. Of the amount appropriated in Schedule (2), \$85,000 is for reimbursement of the Department of Toxic Substances Control for expansion of the Model Shop Program pursuant to Chapter 2 (commencing with Section 42100) of Part 3 of Division 30 of the Public Resources Code.	
0520-001-0649—For support of Secretary of Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the California Infrastructure and Economic Development Bank Fund...	4,090,000
0520-001-0918—For support of Secretary of Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the California Small Business Expansion Fund	630,000
0520-001-3083—For support of Secretary of Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Welcome Center Fund	78,000
Provisions:	
1. Consistent with Section 13995.151 of the Government Code, the Office of Tourism has the flexibility to limit the number of California Welcome	

Item	Amount
Centers within a geographic area to prevent excessive density, but it also has the flexibility to locate them within 50 miles of each other regardless of whether they would be located in a rural or urban area.	
0520-001-3095—For support of Secretary of Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Film Promotion and Marketing Fund	11,000
0520-001-9329—For support of Secretary of Business, Transportation and Housing, for payment to Item 0520-001-0044, payable from the Chrome Plating Pollution Prevention Fund.....	324,000
0520-002-0001—For support of Secretary of Business, Transportation and Housing	60,000
Provisions:	
1. The amount appropriated in this item is available for payment of costs resulting from the closure of the former Technology, Trade, and Commerce Agency. Notwithstanding any other provision of law, if the Department of Finance determines that the expenditures for these costs will exceed the expenditures authorized by this item, the Department of Finance shall report that fact to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations. Thirty days after providing the written notification, the Director of Finance may increase this appropriation pursuant to the provisions of Chapter 2 of the Statutes of 2003, First Extraordinary Session.	
0520-011-0001—For transfer, upon order of the Director of Finance, to the Small Business Expansion Fund.	3,446,000
0520-101-0001—For local assistance, Secretary of Business, Transportation and Housing	0
Schedule:	
(1) 25-Infrastructure Finance and Economic Development Program	2,000,000
(2) Reimbursements.....	-2,000,000
0520-101-9329—For local assistance, Secretary of Business, Transportation and Housing, payable from the Chrome Plating Pollution Prevention Fund.....	250,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may adjust amounts in this	

Item	Amount
<p>appropriation item for payment of defaults and related costs on loan guarantees made pursuant to Chapter 2 (commencing with Section 42100) of Part 3 of Division 30 of the Public Resources Code. Within 30 days of making an adjustment, the Department of Finance shall report the adjustment in writing to the Joint Legislative Budget Committee.</p>	
<p>0520-401—The Department of Finance is hereby authorized to transfer any savings from the amount transferred pursuant to Item 0520-011-0001 of this act to the General Fund at the end of the 2008–09 fiscal year.</p>	
<p>0520-490—Reappropriation, Secretary of Business, Transportation and Housing. Notwithstanding any other provision of law, the following specified balance of the appropriation provided in the following citation is reappropriated for the purposes specified, and shall be available for encumbrance or expenditure until June 30, 2009:</p>	
<p>0001—General Fund</p>	
<p>(1) \$832,000, or the unexpended amount thereof, is reappropriated from Item 0520-001-0001, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007) for the purpose of transfer to the Small Business Expansion Fund.</p>	
<p>0530-001-0001—For support of Secretary of California Health and Human Services</p>	1,744,000
<p>Schedule:</p>	
<p>(1) 10-Secretary of California Health and Human Services</p>	4,316,000
<p>(2) Reimbursements</p>	-1,478,000
<p>(3) Amount payable from the Federal Trust Fund (Item 0530-001-0890).</p>	-900,000
<p>(4) Amount payable from the Central Service Cost Recovery Fund (Item 0530-001-9740)</p>	-194,000
<p>0530-001-0890—For support of Secretary of California Health and Human Services, for payment to Item 0530-001-0001, payable from the Federal Trust Fund</p>	900,000
<p>0530-001-9732—For support of Secretary of California Health and Human Services, payable from the Office of Systems Integration Fund</p>	263,819,000
<p>Schedule:</p>	
<p>(1) 30-Office of Systems Integration ...</p>	263,819,000

Item	Amount
0530-001-9740—For support of Secretary of California Health and Human Services, for payment to Item 0530-001-0001, payable from the Central Service Cost Recovery Fund	194,000
0530-017-0001—For support of Secretary of California Health and Human Services	2,555,000
Schedule:	
(1) 21-Office of HIPAA Implementa- tion.....	3,422,000
(2) Reimbursements.....	-867,000
Provisions:	
1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.	
0540-001-0001—For support of Secretary of the Resources Agency, payable to Item 0540-001-0140	5,375,000
0540-001-0005—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund	211,000
0540-001-0140—For support of Secretary of the Resources Agency, payable from the Environmental License Plate Fund	3,243,000
Schedule:	
(1) 10-Administration of Resources Agency.....	35,348,000
(2) 20-CALFED Bay-Delta Program ...	42,564,000
(3) Reimbursements.....	-16,646,000
(4) Amount payable from the General Fund (Item 0540-001-0001).....	-5,375,000
(5) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 0540-001-0005).	-211,000
(6) Amount payable from the Environ- mental Enhancement and Mitiga- tion Program Fund (Item 0540- 001-0183).....	-128,000
(7) Amount payable from the Federal Trust Fund (Item 0540-001-0890).	-12,778,000
(8) Amount payable from the River Protection Subaccount (Item 0540- 001-6015).....	-16,000

Item	Amount
(9) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 0540-001-6029).....	-1,902,000
(10) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 0540-001-6031)	-21,037,000
(11) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 0540-001-6051)	-16,576,000
0540-001-0183—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the Environmental Enhancement and Mitigation Program Fund	128,000
0540-001-0890—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the Federal Trust Fund	12,778,000
0540-001-6015—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the River Protection Subaccount	16,000
0540-001-6029—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund	1,902,000
0540-001-6031—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002.....	21,037,000
Provisions:	
1. The funds appropriated in this item for purposes of CALFED Science Program grants shall be available for encumbrance or expenditure until June 30, 2011.	
0540-001-6051—For support of Secretary of the Resources Agency, for payment to Item 0540-001-0140, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	16,576,000

Item	Amount
Provisions:	
1. The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code shall be available for encumbrance or expenditure until June 30, 2011, for purposes of support, local assistance, or capital outlay.	
2. The funds appropriated in this item for purposes of subdivision (n) of Section 75050 of the Public Resources Code shall continue only so long as the United States Bureau of Reclamation continues to provide federal funds and continues to carry out federal actions to implement the settlement agreement in <i>Natural Resources Defense Council v. Rodgers</i> (2005) 381 F.Supp.2d 1212.	
0540-101-6015—For local assistance, Secretary of the Resources Agency, payable from the River Protection Subaccount.....	1,100,000
Provisions:	
1. The funds appropriated in this item shall be available for encumbrance or expenditure until June 30, 2011, for the purposes of support, local assistance, or capital outlay.	
2. The funds received by other state agencies from this item in accordance with Section 79541 of the Water Code are exempt from the reporting requirements of Section 28.50.	
0540-101-6051—For local assistance, Secretary of the Resources Agency, payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006	28,365,000
Provisions:	
1. The funds appropriated in this item for purposes of subdivision (d) of Section 75050 of the Public Resources Code shall be available for encumbrance until June 30, 2011, for purposes of support, local assistance, or capital outlay.	
2. The funds received by other state agencies from this item in accordance with subdivision (d) of Section 75050 of the Public Resources Code are exempt from the reporting requirements of Section 28.50.	

Item	Amount
0540-490—Reappropriation, Secretary of the Resources Agency. The balances of the appropriations provided for in the following citations are reappropriated for the purposes provided for in those appropriations and shall be available for encumbrance or expenditure until June 30, 2011: 6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (1) Section 41 <u>40</u> of Chapter 230 of the Statutes of 2004	
0540-495—Reversion, Secretary of the Resources Agency. As of June 30, 2008, the unencumbered balances of the appropriations provided in the following citations shall revert to the balance of the fund from which the appropriations were made: 6031—Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (1) Item 3870-001-6031, Budget Act of 2003 (Ch. 157, Stats. 2003), as reappropriated by Item 3870-490, Budget Acts of 2004 and 2005 (Ch. 208, Stats. 2004 and Chs. 38 and 39, Stats. 2005), and Item 0540-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) (2) Item 3870-001-6031, Budget Act of 2004 (Ch. 208, Stats. 2004), as reappropriated by Item 0540-491, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) (3) Item 0540-001-6031, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006) (4) Item 0540-001-6031, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)	
0552-001-0001—For support of Office of the Inspector General	23,042,000
Schedule: (1) 10-Office of the Inspector General. 23,042,000	
0555-001-0001—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044.....	1,049,000
0555-001-0014—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Hazardous Waste Control Account	326,000
0555-001-0028—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Unified Program Account..	1,482,000

Item	Amount
0555-001-0044—For support of Secretary for Environmental Protection, payable from the Motor Vehicle Account, State Transportation Fund.....	1,953,000
Schedule:	
(1) 30-Support.....	14,928,000
(2) Reimbursements.....	-1,971,000
(3) Amount payable from the General Fund (Item 0555-001-0001).....	-1,049,000
(4) Amount payable from the Hazardous Waste Control Account (Item 0555-001-0014)	-326,000
(5) Amount payable from the Unified Program Account (Item 0555-001-0028).....	-1,482,000
(6) Amount payable from the California Used Oil Recycling Fund (Item 0555-001-0100)	-31,000
(7) Amount payable from the Department of Pesticide Regulation Fund (Item 0555-001-0106)	-848,000
(8) Amount payable from the Air Pollution Control Fund (Item 0555-001-0115)	-1,379,000
(9) Amount payable from the Waste Discharge Permit Fund (Item 0555-001-0193)	-320,000
(10) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 0555-001-0235)	-66,000
(11) Amount payable from the Recycling Market Development Revolving Loan Subaccount, Integrated Waste Management Fund (Item 0555-001-0281)	-150,000
(12) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 0555-001-0387) ..	-766,000
(13) Amount payable from the Underground Storage Tank Cleanup Fund (Item 0555-001-0439).....	-899,000
(14) Amount payable from the State Water Quality Control Fund (Item 0555-001-0679)	-188,000

Item	Amount
(15) Amount payable from the Rural CUPA Reimbursement Account (Item 0555-001-1006)	-835,000
(16) Amount payable from the Water Rights Fund (Item 0555-001-3058)	-40,000
(17) Amount payable from the Environmental Enforcement and Training Account (Item 0555-001-8013)	-2,066,000
(18) Amount payable from the Environmental Education Account (Item 0555-001-8020)	-559,000
Provisions:	
1. Notwithstanding Section 48653 of the Public Resources Code, funds appropriated in this item from the California Used Oil Recycling Fund shall be available for purposes of administration.	
2. Funds appropriated in this item from the Environmental Education Account are available for appropriation only to the extent that funding is received in the Environmental Education Account established by Section 71305 of the Public Resources Code.	
0555-001-0100—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the California Used Oil Recycling Fund.....	31,000
0555-001-0106—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Department of Pesticide Regulation Fund.....	848,000
0555-001-0115—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Air Pollution Control Fund.....	1,379,000
Provisions:	
1. Of the funds appropriated pursuant to this item, \$586,000 shall be expended solely for 4.0 full-time positions to perform functions associated with the Climate Action Team, including tracking of state agency actions to reduce greenhouse gas emissions.	
0555-001-0193—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Waste Discharge Permit Fund	320,000

Item	Amount
0555-001-0235—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund.....	66,000
0555-001-0281—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund.....	150,000
0555-001-0387—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Integrated Waste Management Account, Integrated Waste Management Fund.....	766,000
0555-001-0439—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Underground Storage Tank Cleanup Fund.....	899,000
0555-001-0679—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the State Water Quality Control Fund.....	188,000
0555-001-1006—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Rural CUPA Reimbursement Account.....	835,000
0555-001-3058—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Water Rights Fund.....	40,000
0555-001-8013—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Environmental Enforcement and Training Account.....	2,066,000
0555-001-8020—For support of Secretary for Environmental Protection, for payment to Item 0555-001-0044, payable from the Environmental Education Account.....	559,000
Provisions:	
1. The funding appropriated and available for expenditure in this item is limited to the amount of funding received in the Environmental Education Account established by Section 71305 of the Public Resources Code.	
0555-011-0001—For transfer by the State Controller to the Rural CUPA Reimbursement Account.....	835,000
0558-001-0001—For support of the Office of the Secretary for Education.....	968,000

Item	Amount
Schedule:	
(1) Secretary for Education	1,075,000
(2) Reimbursements	-107,000
Provisions:	
1. The amount appropriated in this item is intended for support of the Education Agency. The appropriation is an estimate of the funding needs from January 1, 2009, to June 30, 2009, inclusive. Legislation establishing the agency will be introduced and, if enacted, would be effective on or before January 1, 2009. In the event that legislation creating the agency is not effective on or before January 1, 2009, or the funds are needed prior to January 1, 2009, the unexpended balance of the funds appropriated in this item shall be available for expenditure pursuant to Item 0650-011-0001, as authorized by the Director of Finance.	
2. Of the reimbursements appropriated in this item, \$55,000 in support of Proposition 49 activities is available only until June 30, 2008.	
0559-001-0001—For support of the Labor and Workforce Development Agency	0
Schedule:	
(1) 10-Office of the Secretary of Labor and Workforce Development	2,914,000
(2) Reimbursements	-2,694,000
(3) Amount payable from the Labor and Workforce Development Fund (Item 0559-001-3078)	-220,000
0559-001-3078—For support of the Labor and Workforce Development Agency, for payment to Item 0559-001-0001, payable from the Labor and Workforce Development Fund	220,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
*0650-001-0001—For support of Office of Planning and Research	3,983,000
Schedule:	
(1) 11-State Planning and Policy Development	5,486,000
(2) 21-California Volunteers	6,967,000
(3) Reimbursements	-3,518,000
(4) Amount payable from the Federal Trust Fund (Item 0650-001-0890).	-2,942,000

Item	Amount
(5) Amount payable from the Central Service Cost Recovery Fund (Item 0650-001-9740)	-2,010,000
0650-001-0890—For support of Office of Planning and Research, for payment to Item 0650-001-0001, payable from the Federal Trust Fund.....	2,942,000
0650-001-9740—For support of the Office of Planning and Research, for payment to Item 0650-001-0001, payable from the Central Service Cost Recovery Fund	2,010,000
0650-011-0001—For support of Office of Planning and Research	968,000
Schedule:	
(1) Office of the Secretary for Education.....	1,080,000
(2) Reimbursements.....	-112,000
Provisions:	
1. The funds appropriated in this item are intended for support of the Education Agency. The appropriation is an estimate of the funding needs from July 1, 2008, to December 31, 2008, inclusive. Legislation establishing the agency will be introduced and, if enacted, would be effective on or before January 1, 2009. After the effective date of that legislation, and upon the determination that all obligations of the agency in the Office of Planning and Research have been met, the unexpended balance of the funds appropriated in this item shall be available for expenditure pursuant to Item 0558-001-0001, as authorized by the Director of Finance.	
2. Of the reimbursements appropriated in this item, \$55,000 in support of Proposition 49 activities is available only until June 30, 2008.	
0650-101-0890—For local assistance, Office of Planning and Research, Program 21-California Volunteers, payable from the Federal Trust Fund.....	35,000,000
Provisions:	
1. The funds appropriated in this item are for local assistance allocations approved by the California Volunteers.	
*0690-001-0001—For support of Office of Emergency Services	36,988,000
Schedule:	
(1) 15-Mutual Aid Response	21,230,000
(2) 35-Plans and Preparedness.....	31,059,000
	<u>32,706,000</u>

Item	Amount
(3) 45-Disaster Assistance.....	29,477,000 <u>27,830,000</u>
(4) 55.01-Administration and Execu- tive.....	7,972,000
(5) 55.02-Distributed Administration and Executive.....	-7,972,000
(6) Reimbursements.....	-4,176,000
(7) Amount payable from the Unified Program Account (Item 0690-001- 0028).....	-816,000
(8) Amount payable from the Nuclear Planning Assessment Special Ac- count (Item 0690-001-0029).....	-1,175,000
(9) Amount payable from the Federal Trust Fund (Item 0690-001-0890).....	-38,508,000
(10) Amount payable from the Antiter- rorism Fund (Item 0690-015-3034).....	-103,000
Provisions:	
1. Funds appropriated in this item may be reduced by the Director of Finance, after giving notice to the Chairperson of the Joint Legislative Budget Committee, by the amount of federal funds made available for the purposes of this item in excess of the federal funds scheduled in Item 0690-001-0890.	
2. The Office of Emergency Services shall charge tuition for all training offered through the California Specialized Training Institute.	
3. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Item 0690-101-0890.	
4. Notwithstanding Section 8581.5 of the Government Code, the California Emergency Council shall not be required to publish a biennial report on the state of emergency preparedness for catastrophic disasters, as specified, during the 2008-09 fiscal year.	
0690-001-0028—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Unified Program Account.....	816,000
0690-001-0029—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Nuclear Planning Assessment Special Account	1,175,000
Provisions:	
1. Pursuant to subdivision (f) of Section 8610.5 of the Government Code, any unexpended funds	

Item	Amount
from the appropriation in the prior fiscal year for the purposes of conducting a full participation exercise are hereby appropriated in augmentation of this item.	
*0690-001-0890—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Federal Trust Fund	38,508,000
Provisions:	
1. Any funds that may become available, in addition to the funds appropriated in this item, for disaster response and recovery may be allocated by the Department of Finance subject to the conditions of Section 28.00, except that, notwithstanding subdivision (d) of that section, the allocations may be made 30 days or less after notification of the Legislature.	
2. Notwithstanding any other provision of law, the funds appropriated in this item may be expended without regard to the fiscal year in which the application for reimbursement was submitted to the Federal Emergency Management Agency.	
0690-001-3112—For support of Office of Emergency Services, payable from the Equality in Prevention and Services for Domestic Abuse Fund	104,000
0690-001-6061—For support of the Office of Emergency Services, payable from the Transit System Safety, Security, and Disaster Response Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	1,478,000
0690-001-6073—For support of Office of Emergency Services, payable from the Port and Maritime Security Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	1,121,000
0690-001-8039—For support of Office of Emergency Services, payable from the Disaster Resistant Communities Account	203,000
Provisions:	
1. The Department of Finance may authorize the augmentation of the total amount available for expenditure under this item in the amount of any donations from the private sector received by the Office of Emergency Services that are in excess of the amount appropriated in this item. Any augmentation shall be accompanied by a spending plan submitted by the Office of Emergency Services. The spending plan shall include, at a minimum, the source and level of donations received	

Item	Amount
to date, a detailed description of activities already completed and those activities proposed, the source and amount of any additional donations expected to be received, and the identification of any impact of the spending plan on other state funds. An approval of an augmentation of this item shall be effective not sooner than 30 days after the transmittal of the approval and spending plan to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.	
*0690-002-0001—For support of Office of Emergency Services	10,882,000
Schedule:	
(1) 50-Criminal Justice Projects	15,174,000
(2) 51-State Terrorism Threat Assessment Center	6,369,000
(3) Reimbursements	-20,000
(4) Amount payable from the Local Public Prosecutors and Public Defenders Training Fund (Item 0690-002-0241)	-80,000
(5) Amount payable from the Victim-Witness Assistance Fund (Item 0690-002-0425)	-1,282,000
(6) Amount payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund (Item 0690-002-0597)	-621,000
(7) Amount payable from the Federal Trust Fund (Item 0690-002-0890)	-8,658,000
Provisions:	
1. The funds appropriated in Schedule (2) shall be used to continue and expand funding for the State Terrorism Threat Assessment Center, which shall provide investigative assistance to local and federal law enforcement agencies, provide intelligence gathering and data analysis, and create and maintain a statewide informational database to analyze and distribute information related to terrorist activities. The Office of Emergency Services shall allocate funds to the Department of Justice for these purposes upon the request of the Department of Justice.	
2. It is the intent of the Legislature that the General Fund shall be reimbursed from future allocations	

Item	Amount
of federal security-related funds that may be used for the purposes described in this item.	
0690-002-0241—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the Local Public Prosecutors and Public Defenders Training Fund	80,000
Provisions:	
1. Notwithstanding any other provision of law restricting the costs of administering individual programs, the full amount of this appropriation may be used by the Office of Emergency Services for administrative costs.	
0690-002-0425—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the Victim-Witness Assistance Fund	1,282,000
0690-002-0597—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund.....	621,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555 of the Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
2. Upon order of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the High Technology Theft Apprehension and Prosecution Program Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the State Budget, the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine.	

Item	Amount
0690-002-0890—For support of Office of Emergency Services, for payment to Item 0690-002-0001, payable from the Federal Trust Fund.....	8,658,000
0690-003-0001—For support of Office of Emergency Services, for rental payments on lease-revenue bonds	6,398,000
Schedule:	
(1) Base Rental and Fees	6,373,000
(2) Insurance	25,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
0690-010-3034—For support of Office of Emergency Services for the Office of Homeland Security, for payment to Item 0690-011-0890, payable from the Antiterrorism Fund	118,000
0690-011-0214—For transfer by the Controller, upon order of the Director of Finance, from the Restitution Fund to the Emergency Response Account.....	(30,000,000)
Provisions:	
1. Upon order from the Department of Finance, the Restitution Fund shall loan \$30,000,000 to the Emergency Response Account. This loan shall be repaid, interest free, no later than June 30, 2012. This loan is exempt from the requirements of subdivision (a) of Section 16314 of the Government Code.	
0690-011-0425—For transfer by the Controller, upon order of the Director of Finance, from the Victim-Witness Assistance Fund to the General Fund	(2,000,000)
0690-011-0890—For support of Office of Emergency Services for the Office of Homeland Security, payable from the Federal Trust Fund.....	35,808,000
Schedule:	
(1) 10-Support of Office of Homeland Security	13,598,000
(2) 60-Support of Other State Agencies	22,328,000

Item	Amount
(3) Amount payable from the Antiterrorism Fund (Item 0690-010-3034) --118,000	
0690-011-3034—For transfer by the Controller, upon order of the Director of Finance, from the Antiterrorism Fund to the General Fund.....	(2,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Antiterrorism Fund are not adversely affected by the loan through reduction in services or through increased fees.	
0690-013-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund.....	621,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555 of the Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
0690-015-3034—For support of Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Antiterrorism Fund.....	103,000
0690-101-0029—For local assistance, Office of Emergency Services, Program 35—Plans and Preparedness, payable from the Nuclear Planning Assessment Special Account.....	2,538,000
Provisions:	
1. Pursuant to subdivision (f) of Section 8610.5 of the Government Code, any unexpended funds from the appropriation in the prior fiscal year for the purposes of conducting a full participation exercise are hereby appropriated in augmentation of this item.	
*0690-101-0890—For local assistance, Office of Emergency Services, payable from the Federal Trust Fund	552,826,000
Schedule:	
(1) 35-Plans and Preparedness.....	18,100,000
(2) 45-Disaster Assistance.....	534,726,000

Item	Amount
Provisions:	
1. Any federal funds that may become available in addition to the funds appropriated in this item for Program 45-Disaster Assistance are exempt from Section 28.00.	
0690-101-6061—For support of Office of Emergency Services, payable from the Transit System Safety, Security, and Disaster Response Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	100,000,000
Schedule:	
(1) 10-Support of Office of Homeland Security	100,000,000
Provisions:	
1. Of the amount appropriated in this item, allocation of funding shall be done in a manner consistent with Chapter 181 of the Statutes of 2007.	
0690-101-6073—For local assistance, Office of Emergency Services, payable from the Port and Maritime Security Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006...	57,000,000.
Schedule:	
(1) 10-Support of Office of Homeland Security	57,000,000
Provisions:	
1. Of the amount appropriated in this item, allocation of funding shall be done in a manner consistent with Chapter 181 of the Statutes of 2007.	
*0690-102-0001—For local assistance, Office of Emergency Services.....	48,794,000
Schedule:	
(1) 50.20-Victim Services	3,916,000
(2) 50.30-Public Safety	44,878,000
Provisions:	
1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.	
2. To maximize the use of program funds and demonstrate the commitment of the grantees to program objectives, the Office of Emergency Services shall require all grantees of funds from the Gang Violence Suppression-Curfew Enforcement	

Item	Amount
<p>Strategy Program to provide local matching funds of at least 10 percent for the first and each subsequent year of operation. This match requirement applies to each agency that is to receive grant funds. An agency may meet its match requirements with an in-kind match, if approved by the Office of Emergency Services.</p>	
<p>3. Of the amount appropriated in Schedule (2), \$800,000 shall be provided for grants to counties, consistent with the Central Coast Rural Crime Prevention Program as established in Chapter 18 of the Statutes of 2003. The funds shall be distributed only to counties for planning, or for implementation of the program in those counties that have completed the planning process, consistent with Chapter 18 of the Statutes of 2003. In no case shall a grant exceed \$300,000.</p>	
<p>4. The Department of Finance shall include a special display table in the Governor's Budget under the Office of Emergency Services that displays, by fund source, component level detail for Program 50, Criminal Justice Projects. In addition, the Office of Emergency Services, in consultation with the Department of Finance, shall provide a report to the Joint Legislative Budget Committee by January 10 of each year that provides a list of grantees, total funds awarded to each grantee, and performance statistics to document program outputs and outcomes in order to assess the state's return on investment for each component of Program 50 for each of the three years displayed in the Governor's Budget.</p>	
<p>5. Of the funding appropriated in Schedule (2), \$19,500,000 is for local assistance to support the California Multijurisdictional Methamphetamine Enforcement Teams (Cal-MMET) Programs. The Office of Emergency Services (OES) shall establish and administer a competitive grant program on a three-year cycle for eligible California counties that have established, participate in, or that propose to establish methamphetamine task forces for the purpose of implementing a comprehensive strategy to reduce the incidences of methamphetamine trafficking and manufacturing and, in particular, to target large-scale methamphetamine trafficking and manufacturing operations. Up to 3 percent of the funds appropriated for this</p>	

Item	Amount
<p>program may be transferred to Item 0690-002-0001 for expenditure as necessary for OES to administer the competitive grant program. Funding for the methamphetamine task force shall not supplant available federal funding. The distribution of funds by OES shall be based on a competitive process whereby those counties receiving funds demonstrate the greatest need and the most reasonable solutions for addressing the local methamphetamine problem. No grant shall be greater than \$2,500,000, and no grant shall be less than \$200,000.</p>	
<p>0690-102-0214—For local assistance, Office of Emergency Services, payable from the Restitution Fund.</p>	10,000,000
<p>Schedule:</p>	
<p>(1) Grants to cities with heavy gang concentrations.....</p>	3,000,000
<p>(2) Competitive grants to cities.....</p>	4,500,000
<p>(3) Competitive grants to community-based organizations.....</p>	2,000,000
<p>(4) Internet Crimes Against Children Task Force funding.....</p>	500,000
<p>Provisions:</p>	
<p>1. All grantees must provide a dollar-for-dollar match to state grant funds awarded from Schedules (1), (2), and (3).</p>	
<p>2. The Office of Emergency Services shall submit a report and evaluation of the grants awarded pursuant to Schedules (1), (2), and (3) to the fiscal committees of the Legislature not later than April 1, 2011.</p>	
<p>3. The Department of Finance may transfer up to 3 percent of the funds appropriated in Schedules (1), (2), and (3) to Item 0690-002-0001 for administration of the grant programs.</p>	
<p>4. The amount appropriated in Schedule (1) shall be distributed as follows: \$1,000,000 each to Los Angeles, San Francisco Bay area cities, and central valley cities.</p>	
<p>5. The amount appropriated in Schedule (2) shall be competitive grants to cities. No grant shall exceed \$500,000, and at least two grants shall be awarded to cities with populations of 200,000 or less. In awarding grants, the Office of Emergency Services shall give preference to applicants that incorporate regional approaches to antigang activities.</p>	

Item	Amount
6. Each city that receives a grant from Schedule (1) or (2) shall collaborate and coordinate with area jurisdictions and agencies, including the existing county juvenile justice coordination council, with the goal of reducing gang activity in the city and adjacent areas. Each grantee shall establish a coordinating and advisory council to prioritize the use of the funds. Membership shall include city officials, local law enforcement, including the county sheriff, chief probation officer, and district attorney, local educational agencies, including school districts and the county office of education, and community-based organizations.	
7. The amount appropriated in Schedule (3) shall be for grants to community-based organizations. The grants shall be used to test different approaches designed to reduce gang activities in communities and neighborhoods. No grant shall exceed \$200,000.	
0690-102-0241—For local assistance, Office of Emergency Services, payable from the Local Public Prosecutors and Public Defenders Training Fund.....	792,000
Schedule:	
(1) 50.30-Public Safety	792,000
Provisions:	
1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based, nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.	
0690-102-0425—For local assistance, Office of Emergency Services, payable from the Victim-Witness Assistance Fund	15,519,000
Schedule:	
(1) 50.20-Victim Services	15,519,000
Provisions:	
1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds awarded to community-based, nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.	

Item	Amount
0690-102-0597—For local assistance, Office of Emergency Services, payable from the High Technology Theft Apprehension and Prosecution Program Trust Fund	11,970,000
Schedule:	
(1) 50.30-Public Safety	11,970,000
Provisions:	
<ol style="list-style-type: none"> 1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555 of the Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code. 2. All grantees receiving funds appropriated in this item shall be required to provide matching funds equal to 25 percent of the amount of grant funding received by them from the High Technology Theft Apprehension and Prosecution Program Trust Fund. 3. Upon order of the Director of Finance, the amount available for expenditure in this item may be augmented by the amount of any additional resources available in the High Technology Theft Apprehension and Prosecution Program Trust Fund, which is in addition to the amount appropriated in this item. Any augmentation shall be authorized no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations, the chairperson of the committee and appropriate subcommittees that consider the State Budget, and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee or his or her designee may determine. 	
0690-102-0890—For local assistance, Office of Emergency Services, payable from the Federal Trust Fund	111,780,000
Schedule:	
(1) 50.20-Victim Services	67,087,000
(2) 50.30-Public Safety	44,693,000
Provisions:	
<ol style="list-style-type: none"> 1. Notwithstanding any other provision of law, the Office of Emergency Services may provide advance payment of up to 25 percent of grant funds 	

Item	Amount
awarded to community-based, nonprofit organizations, cities, school districts, counties, and other units of local government that have demonstrated cashflow problems according to the criteria set forth by the Office of Emergency Services.	
2. Of the funds appropriated in this item, \$224,000 of the amount allocated for the Victims of Crime Act Program (50.20.451) shall be provided for support of the Office of Victims' Services within the Department of Justice.	
0690-102-3112—For local assistance, Office of Emergency Services, payable from the Equality in Prevention and Services for Domestic Abuse Fund.....	400,000
Schedule:	
(1) 50.20-Victim Services	400,000
0690-111-0890—For local assistance, Office of Emergency Services, for the Office of Homeland Security, payable from the Federal Trust Fund.....	328,000,000
0690-112-0001—For local assistance, Office of Emergency Services, for disaster recovery costs.....	69,114,000
Provisions:	
1. The funds appropriated in this item are for the state's share of response and recovery costs for disasters.	
0690-113-0001—For transfer by the Controller to the High Technology Theft Apprehension and Prosecution Program Trust Fund.....	11,970,000
Provisions:	
1. Funds appropriated in this item are for the High Technology Theft Apprehension and Prosecution Program, as established by Chapter 5.7 (commencing with Section 13848) of Title 6 of Part 4 of the Penal Code, as amended by Chapter 555 of the Statutes of 1998, and shall be deposited in the High Technology Theft Apprehension and Prosecution Program Trust Fund, established pursuant to Section 13848.4 of the Penal Code.	
0690-115-0001—For local assistance, Office of Emergency Services, for volunteer disaster service workers' compensation	1,012,000
Provisions:	
1. The funds appropriated in this item shall be used to pay approved volunteer disaster service workers' compensation claims and administrative expenditures related to the payment of those claims by the State Compensation Insurance Fund.	

Item	Amount
2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in this item in excess of the amount appropriated in this item for the purposes of paying unanticipated volunteer disaster service workers' compensation claims and administrative expenditures related to the payment of those claims. The Director of Finance may not approve any expenditure unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations no later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.	
0690-495—Reversion, Office of Emergency Services. As of June 30, 2008, the unencumbered balances of the appropriations provided in the following citations shall revert to the fund balance of the fund from which the appropriations were made:	
0597—High Technology Theft Apprehension and Prosecution Program Trust Fund	
(1) Item 0690-002-0597, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
(2) Item 0690-102-0597, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
0750-001-0001—For support of Office of the Lieutenant Governor.....	2,763,000
*0820-001-0001—For support of Department of Justice. Schedule:	364,325,000
(1) 11.01-Directorate—Administration. 94,900,000	<u>92,928,000</u>
(2) 11.02-Distributed Directorate—Administration..... 94,900,000	<u>-92,928,000</u>
(3) 30-Civil Law.....	147,017,000
(4) 40-Criminal Law.....	123,711,000
(5) 45-Public Rights.....	92,352,000
(6) 50-Law Enforcement.....	250,266,000
(7) 60-California Justice Information Services.....	165,960,000
(7.5) Unallocated Reduction.....	346,000
(8) Reimbursements.....	-39,204,000
(9) Amount payable from the Attorney General Antitrust Account (Item 0820-001-0012).....	-1,329,000

Item	Amount
(10) Amount payable from the Fingerprint Fees Account (Item 0820-001-0017).....	-69,123,000
(11) Amount payable from the Firearm Safety Account (Item 0820-001-0032).....	-331,000
(12) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 0820-001-0044)....	-24,840,000
(13) Amount payable from the Department of Justice Sexual Habitual Offender Fund (Item 0820-001-0142).....	-2,317,000
(14) Amount payable from the Travel Seller Fund (Item 0820-001-0158)....	-1,344,000
(15) Amount payable from the Restitution Fund (Item 0820-001-0214)....	-339,000
(16) Amount payable from the Sexual Predator Public Information Account (Item 0820-001-0256).....	-199,000
(17) Amount payable from the Indian Gaming Special Distribution Fund (Item 0820-001-0367).....	-15,225,000
(18) Amount payable from the False Claims Act Fund (Item 0820-001-0378).....	-10,533,000
(19) Amount payable from the Dealers' Record of Sale Special Account (Item 0820-001-0460).....	-11,640,000
(20) Amount payable from the Department of Justice Child Abuse Fund (Item 0820-001-0566).....	-359,000
(21) Amount payable from the Gambling Control Fund (Item 0820-001-0567).....	-8,093,000
(22) Amount payable from the Gambling Control Fines and Penalties Account (Item 0820-001-0569).....	-46,000
(23) Amount payable from the Federal Trust Fund (Item 0820-001-0890)....	-42,242,000
(24) Amount payable from the Federal Asset Forfeiture Account, Special Deposit Fund (Item 0820-001-0942).....	-1,508,000

Item	Amount
(25) Amount payable from the State Asset Forfeiture Account, Special Deposit Fund (Item 0820-011-0942).....	-578,000
(26) Amount payable from the Firearms Safety and Enforcement Special Fund (Item 0820-001-1008)...	-3,164,000
(27) Amount payable from the Missing Persons DNA Data Base Fund (Item 0820-001-3016)	-4,638,000
(28) Amount payable from the Public Rights Law Enforcement Special Fund (Item 0820-001-3053).....	-5,997,000
(29) Amount payable from the Ratepayer Relief Fund (Item 0820-001-3061).....	-7,198,000
(30) Amount payable from the DNA Identification Fund (Item 0820-001-3086).....	-31,161,000
(31) Amount payable from the Unfair Competition Law Fund (Item 0820-001-3087)	-3,565,000
(32) Amount payable from the Registry of Charitable Trusts Fund (Item 0820-001-3088)	-2,898,000
(33) Amount payable from the Legal Services Revolving Fund (Item 0820-001-9731).....	-124,000,000
(34) Amount payable from the Central Service Cost Recovery Fund (Item 0820-001-9740)	-3,456,000

Provisions:

1. The Attorney General shall submit to the Legislature, the Department of Finance, and the Governor the quarterly and annual reports that he or she submits to the federal government on the activities of the Medi-Cal Fraud Unit.
2. Notwithstanding any other provision of law, the Department of Justice may purchase or lease vehicles of any type or class that, in the judgment of the Attorney General or his or her designee, are necessary to the performance of the investigatory and enforcement responsibilities of the Department of Justice, from the funds appropriated for that purpose in this item.
3. Of the amount included in Schedule (3), \$2,912,000 is available for costs related to the

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Lloyd's of London (Stringfellow) litigation. Any funds not expended for this specific purpose as of June 30, 2009, shall revert immediately to the General Fund.	
4. Of the funds appropriated in this item, \$16,763,000 \$18,802,000 is available solely for the Correctional Law Section that handles only workload related to Department of Corrections and Rehabilitation cases.	
5. Notwithstanding any other provision of law, of the funds appropriated in Schedule (6), \$1,258,000 is payable from the Dealers' Record of Sale Special Account and may be used to update the Automated Firearms Systems (AFS) database as part of the ongoing project to redesign the Criminal Justice Information System (CJIS). These funds may not be expended until the office of the State Chief Information Officer approves a special project report for the CJIS project following the completion of CJIS procurement. The Department of Justice shall notify the Joint Legislative Budget Committee that a special project report has been approved within 30 days of the report's approval by the office of the State Chief Information Officer, and shall include with the notification a copy of the approved special project report.	
6. The Department of Justice may use funds appropriated in Schedule (6) to fund the Gang Suppression Enforcement Teams Program and the California Methamphetamine Strategy Program.	
0820-001-0012—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Attorney General Antitrust Account	1,329,000
0820-001-0017—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Fingerprint Fees Account, pursuant to subdivision (c) of Section 11105 of the Penal Code.....	69,123,000
0820-001-0032—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearm Safety Account.....	331,000
0820-001-0044—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Motor Vehicle Account, State Transportation Fund	24,840,000

Item	Amount
0820-001-0142—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Department of Justice Sexual Habitual Offender Fund	2,317,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
0820-001-0158—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Travel Seller Fund	1,344,000
0820-001-0214—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Restitution Fund	339,000
0820-001-0256—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Sexual Predator Public Information Account.....	199,000
0820-001-0367—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Indian Gaming Special Distribution Fund.....	15,225,000
0820-001-0378—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the False Claims Act Fund.....	10,533,000
0820-001-0460—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Dealers' Record of Sale Special Account.....	11,640,000
Provisions:	
1. Dealers' Record of Sale fees collected pursuant to the state law for the registration of assault weapons shall not exceed \$20 per registrant.	
0820-001-0566—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Department of Justice Child Abuse Fund.....	359,000
0820-001-0567—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Gambling Control Fund	8,093,000
0820-001-0569—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Gambling Control Fines and Penalties Account.	46,000
0820-001-0890—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Federal Trust Fund.....	42,242,000
0820-001-0942—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Federal Asset Forfeiture Account, Special Deposit Fund.....	1,508,000

Item	Amount
0820-001-1008—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Firearms Safety and Enforcement Special Fund.	3,164,000
0820-001-3016—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Missing Persons DNA Data Base Fund.....	4,638,000
0820-001-3053—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Public Rights Law Enforcement Special Fund ..	5,997,000
Provisions:	
1. Of the funds appropriated in this item, \$5,341,000 is for the Corporate Responsibility Unit. These funds may not be encumbered or expended until the Corporate Responsibility Unit has recovered sufficient funds to cover its costs.	
0820-001-3061—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Ratepayer Relief Fund	7,198,000
Provisions:	
1. All funds appropriated in this item are for energy investigations and litigation. These funds may not be encumbered or expended until the Energy and Corporate Responsibility Section has recovered sufficient funds to cover its costs.	
0820-001-3086—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the DNA Identification Fund.....	31,161,000
0820-001-3087—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Unfair Competition Law Fund.....	3,565,000
0820-001-3088—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Registry of Charitable Trusts Fund	2,898,000
0820-001-9731—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the Legal Services Revolving Fund.....	124,000,000
Provisions:	
1. Notwithstanding Section 28.00, the Attorney General may augment the amount appropriated in the Legal Services Revolving Fund up to an aggregate of 10 percent above the amount approved in this act for the Civil Law Division and the Public Rights Division in cases where the legal representation needs of client agencies are secured by an interagency agreement or letter of commitment and the corresponding expenditure authority has not been provided in this item. The Attorney Gen-	

Item	Amount
<p>eral shall notify the chairpersons of the budget committees, the Joint Legislative Budget Committee and the Department of Finance within 15 days after the augmentation is made as to the amount and justification of the augmentation, and the program that has been augmented.</p>	
0820-001-9740—For support of the Department of Justice, for payment to Item 0820-001-0001, payable from the Central Service Cost Recovery Fund.....	3,456,000
0820-003-0001—For support of Department of Justice, for rental payments on lease-revenue bonds.....	4,147,000
Schedule:	
(1) Base Rental and Fees	4,121,000
(2) Insurance	26,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
0820-011-0942—For support of Department of Justice, for payment to Item 0820-001-0001, payable from the State Asset Forfeiture Account, Special Deposit Fund	578,000
0820-011-3061—For transfer by the Controller from the Ratepayer Relief Fund to the General Fund.....	(25,000,000)
Provisions:	
1. Notwithstanding any other provision of law, the funds transferred from the Ratepayer Relief Fund to the General Fund pursuant to this item, including all accumulated interest, may be used for projects that are consistent with the terms of the settlement agreement entered into between the Attorney General and the Williams Energy Corporation.	
2. In addition to the above transfer in this item, the Attorney General shall transfer \$43,700,000, plus all accumulated interest, from the Litigation Deposit Fund to the General Fund. These funds may be used for projects that are consistent with the terms of the settlement agreement entered into be-	

Item	Amount
tween the Attorney General and the Williams Energy Corporation.	
0820-012-0142—For transfer by the Controller, upon order of the Director of Finance, from the Department of Justice Sexual Habitual Offender Fund, to the General Fund.....	(1,000,000)
*0820-012-0378—For transfer by the Controller, upon order of the Director of Finance, from the False Claims Act Fund, to the General Fund.....	(11,137,000)
0820-101-0214—For local assistance, Department of Justice.....	4,855,000
Schedule:	
(1) 50-Law Enforcement.....	4,855,000
Provisions:	
1. The funds appropriated in this item shall be allocated to support the California Witness Protection Program. Any funds not expended for this specific purpose shall revert to the Restitution Fund.	
0820-101-0460—For local assistance, Department of Justice, payable from the Dealers' Record of Sale Special Account.....	28,000
Schedule:	
(2) 50-Law Enforcement.....	28,000
0820-101-0641—For local assistance, Department of Justice, payable from the Domestic Violence Restraining Order Reimbursement Fund.....	1,918,000
Provisions:	
1. The funds appropriated in this item shall be expended to reimburse local law enforcement or other criminal justice agencies pursuant to Chapter 707 of the Statutes of 1998.	
0820-401—The amount loaned pursuant to Item 0820-012-0001, Budget Act of 2002 will not be required to be repaid.	
*0820-495—Reversion, Department of Justice. As of June 30, 2008, the balance specified below, of the appropriation provided in the following citation shall revert to the balance in the fund from which the appropriation was made:	
0001—General Fund	
(1) Item 0820-001-0001, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007).....	17,000,000
*0840-001-0001—For support of the Controller.....	57,876,000
Schedule:	
(1) 100000-Personal Services.....	107,366,000

Item	Amount
(2) 300000-Operating Expenses and Equipment.....	70,358,000
(3) Amount payable from various special and nongovernmental cost funds (Section 25.25).....	-13,500,000
(4) Reimbursements.....	-44,837,000
(5) Amount payable from the Motor Vehicle Fuel Account, Transportation Tax Fund (Item 0840-001-0061).....	-4,095,000
(6) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Item 0840-001-0062)...	-1,162,000
(7) Amount payable from the Local Revenue Fund (Item 0840-001-0330).....	-591,000
(8) Amount payable from the Federal Trust Fund (Item 0840-001-0890).	-1,410,000
(9) Amount payable from the Public Employees Health Care Fund <u>Employees Contingency Reserve Fund</u> (Item 0840-001- 0822 0950).....	-199,000
(10) Amount payable from the State Penalty Fund (Item 0840-001-0903).....	-1,317,000
(11) Amount payable from the Unclaimed Property Fund (Item 0840-001-0970).....	-26,103,000
(12) Amount payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund) (Item 0840-001-0988).....	-242,000
(13) Amount payable from the 2006 State School Facilities Fund (Item 0840-001-6057).....	-968,000
(13.5) Amount payable from the Central Service Cost Recovery Fund (Item 0840-001-9740).....	-23,971,000
(14) Amount payable from other unallocated special funds (Item 0840-011-0494).....	-73,000
(15) Amount payable from unallocated bond funds (Item 0840-011-0797).	-478,000
(16) Amount payable from various other unallocated nongovernmental cost funds (Item 0840-011-0988).....	-68,000

Item	Amount
(17) Amount payable from the Public Transportation Account, State Transportation Fund (Section 25.50).....	-18,000
(18) Amount payable from the Highway Users Tax Account, Transportation Tax Fund (Section 25.50) ...	-286,000
(19) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Section 25.50).....	-16,000
(20) Amount payable from the DMV Local Agency Collection Fund (Section 25.50)	-2,000
(21) Amount payable from the Trial Court Trust Fund (Section 25.50) .	-164,000
(22) Amount payable from the Timber Tax Fund (Section 25.50).....	-1,000
(23) Amount payable from the Public Safety Account, Local Public Safety Fund (Section 25.50).....	-253,000
(24) Amount payable from the Local Revenue Fund (Section 25.50).....	-94,000

Provisions:

1. The funding provided in Item 0840-001-0970 shall be in lieu of the appropriation in Section 1564 of the Code of Civil Procedure for all costs, expenses, or obligations connected with the administration of the Unclaimed Property Law, with the exception of payment of owners' or holders' claims pursuant to Section 1540, 1542, 1560, or 1561 of the Code of Civil Procedure, or of payment of the costs of compensating contractors for locating and recovering unclaimed property due the state.
2. Of the claims received for reimbursement of court-ordered or voluntary desegregation programs pursuant to Article 6 (commencing with Section 41540) of Chapter 3.2 of Part 24 of Division 3 of Title 2 of the Education Code, the Controller shall pay only those claims that have been subjected to audit by school districts in accordance with the Controller's procedures manual for conducting audits of education desegregation claims. Furthermore, the Controller shall pay only those past-year actual claims for desegregation program costs that are accompanied by all reports

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issued by the auditing entity, unless the auditing entity was the Controller.	
3. The Controller may, with the concurrence of the Director of Finance and the Chairperson of the Joint Legislative Budget Committee, bill affected state departments for activities required by Section 20050 of the State Administrative Manual, relating to the administration of federal pass-through funds. No billing may be sent to affected departments sooner than 30 days after the Chairperson of the Joint Legislative Budget Committee has been notified by the Director of Finance that he or she concurs with the amounts specified in the billings.	
4. (a) Notwithstanding subdivision (b) of Section 1531 of the Code of Civil Procedure, the Controller may publish notice in any manner that the Controller determines reasonable, provided that (1) none of the moneys used for this purpose is redirected from funding for the Controller's audit activities, (2) no photograph is used in the publication of notice, and (3) no elected official's name is used in the publication of notice.	
(b) No funds appropriated in this act may be expended by the Controller to provide general information to the public, other than holders (as defined in subdivision (c) of Section 1501 of the Code of Civil Procedure) of unclaimed property, concerning the unclaimed property program or possible existence of unclaimed property held by the Controller's office, except for informational announcements to the news media, through the exchange of information on electronic bulletin boards, or no more than \$50,000 per year to inform the public about this program in activities already organized by the Controller for other purposes. This restriction does not apply to sending individual notices to property owners (as required by the Code of Civil Procedure).	
5. Of the moneys appropriated to the Controller in this act, the Controller shall not expend more than \$500,000 to conduct posteligibility fraud audits of the Supplemental Security Income/State Supplementary Payment Program.	

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<p>6. The Commission on State Mandates shall provide, in applicable parameters and guidelines, as follows:</p> <ul style="list-style-type: none">(a) If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.(b) The maximum amount of reimbursement provided in subdivision (a) may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district. <p>7. The funds appropriated to the Controller in this item may not be expended for any performance review or performance audit except pursuant to specific statutory authority. It is the intent of the Legislature that audits conducted by the Controller, or under the direction of the Controller, shall be fiscal audits that focus on claims and disbursements, as provided for in Section 12410 of the Government Code. Any report, audit, analysis, or evaluation issued by the Controller for the 2008–09 fiscal year shall cite the specific statutory or constitutional provision authorizing the preparation and release of the report, audit, analysis, or evaluation.</p> <p>8. The Controller shall deliver his or her monthly report on General Fund cash receipts and disbursements within 10 days after the close of each month to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, the Department of Finance, the Treasurer’s office, and the Legislative Analyst’s Office.</p> <p>9. For purposes of the review and payment of any claim for reimbursement by local government submitted pursuant to Section 54954.4 of the Government Code, the Controller shall use the</p>	

Item	Amount
procedures that were in effect at the time the claim was submitted.	
10. Pursuant to subdivision (c) of Section 1564 of the Code of Civil Procedure, the Controller shall transfer all moneys in the Abandoned Property Account in excess of \$50,000 to the General Fund no less frequently than at the end of each month. This transfer shall include unclaimed Proposition 103 insurance rebate moneys pursuant to Section 1861.01 of the Insurance Code and Section 1523 of the Code of Civil Procedure.	
11. The Controller shall provide to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the chairpersons of the fiscal committees of each house of the Legislature a report that provides the following details by mandate: the level of claims requested; the amount reduced by the initial desk audit; the amount paid; the amount recouped; and the results of a final audit and subsequent funding adjustments. The report is due on June 30, 2009, and will cover the fourth quarter of the 2007-08 fiscal year and the first three quarters of the 2008-09 fiscal year.	
12. To the extent authorized by existing law, the Controller shall recoup the amount of any unallowable mandate claim costs resulting from desk or field audits of such claims.	
13. The Controller's estimate of the state's liability for postemployment benefits prepared to comply with Governmental Accounting Standards Board (GASB) Statement 45 shall include, in addition to all other items required under the accounting statement: (a) an identification and explanation of any significant differences in actuarial assumptions or methodology from any relevant similar types of assumptions or methodology used by the Public Employees' Retirement System to estimate state pension obligations; and (b) alternative calculations of the state's liability for other postemployment benefits using different long-term rates of investment return consistent with a hypothetical assumption that the state will begin to deposit 100 percent or a lesser percent, respectively, of its annual required contribution under GASB Statement 45 to a retiree health and	

Item	Amount
dental benefits trust fund beginning in the 2007-08 fiscal year. This provision shall not obligate the state to change the practice of funding health and dental benefits for annuitants currently required under state law.	
14. The funds appropriated to the Controller in this item may not be expended on additional actuarial valuations, beyond the annual actuarial valuation, for other postemployment benefits, prior to obtaining concurrence in writing from the Department of Finance. The additional actuarial valuations shall only be performed to the extent resources exist, or if funds are provided by the requesting agency.	
15. Notwithstanding any other provision of law, the Director of Finance may authorize increases or decreases in expenditures for this item to reflect the final lease costs for the Cannery Business Park location and lease costs associated with the federal injunction on the Unclaimed Property Program of the Controller. The Director of Finance may authorize expenditure adjustments per this provision not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.	
16. The Controller shall provide the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the fiscal committees in each house of the Legislature a report on the Human Resources Management System specifying the dollars expended on the program in the previous fiscal year and over the life of the program and any known savings that have occurred in the prior fiscal year, to be submitted annually but no later than August 30 of each year. The report should compare the known savings with the most recent estimate of projected savings and explain the methodology by which the savings were calculated.	
17. The Controller shall deliver yearend financial data as specified by the Department of Finance,	

Item	Amount
<p>for the fiscal year just ended, in hard copy and electronic format, by October 15 of each year and periodically as requested by the Department of Finance. This information is necessary for the Department of Finance to determine the proper beginning balance of the current fiscal year for budgetary purposes. To ensure timely completion of the yearend financial data, the Controller should enforce provisions in Section 12461.2 of the Government Code and emphasize in its regulation the deadline the yearend financial statements are due from the operating departments to the Controller.</p> <p>18. Notwithstanding any other provision of law, the Controller may not expend funds for system integration vendor costs related to the Human Resources Management System (HRMS), also known as the 21st Century Project, after July 31, 2008, beyond the Design Phase Payment Deliverables for the 21st Century Project as set forth in Amendment 1 to Agreement No. 22191025, until the office of the State Chief Information Officer certifies the Controller has entered into a contract or contract amendment with a system integration vendor that is consistent with the most recently approved Special Project Report for HRMS.</p> <p>19. Funding for system integration vendor costs shall not exceed the estimates in the most recently approved Special Project Report for Human Resources Management System (HRMS), also known as the 21st Century Project, unless in the course of contract negotiations the state and the vendor mutually agree that additional functionality is necessary for the successful implementation of the HRMS and these changes are approved by the office of the State Chief Information Officer. However, a contract or contract amendment shall not be executed until 30 days after notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations.</p> <p>20. Notwithstanding the provisions of Item 9840, the Department of Finance may adjust the amounts authorized under Item 0840-001-0001 and Section 25.25, consistent with the funding</p>	

Item	Amount
<p>schedule included in the most recently approved Special Project Report for the Human Resources Management System, also known as the 21st Century Project. No adjustments shall be made pursuant to this provision prior to a 30-day notification in writing to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations.</p>	
<p>0840-001-0061—For support of the Controller, for payment to Item 0840-001-0001, payable from the Motor Vehicle Fuel Account, Transportation Tax Fund.</p>	4,095,000
<p>Provisions:</p> <p>1. Provision 15 of Item 0840-001-0001 also applies to this item.</p>	
<p>0840-001-0062—For support of the Controller, for payment to Item 0840-001-0001, payable from the Highway Users Tax Account, Transportation Tax Fund</p>	1,162,000
<p>Provisions:</p> <p>1. Provision 15 of Item 0840-001-0001 also applies to this item.</p>	
<p>0840-001-0330—For support of the Controller, for payment to Item 0840-001-0001, payable from the Local Revenue Fund.....</p>	591,000
<p>Provisions:</p> <p>1. Provision 15 of Item 0840-001-0001 also applies to this item.</p>	
<p>0840-001- 0822 0950 —For support of the Controller, for payment to Item 0840-001-0001, payable from the Public Employees' Health Care Fund <u>Employees Contingency Reserve Fund</u></p>	199,000
<p>0840-001-0890—For support of the Controller, for payment to Item 0840-001-0001, payable from the Federal Trust Fund</p>	1,410,000
<p>0840-001-0903—For support of the Controller, for payment to Item 0840-001-0001, payable from the State Penalty Fund</p>	1,317,000
<p>Provisions:</p> <p>1. Provision 15 of Item 0840-001-0001 also applies to this item.</p>	
<p>0840-001-0970—For support of the Controller, for payment to Item 0840-001-0001, payable from the Unclaimed Property Fund.....</p>	26,103,000
<p>Provisions:</p> <p>1. Provision 15 of Item 0840-001-0001 also applies to this item.</p>	

Item	Amount
0840-001-0988—For support of the Controller, for payment to Item 0840-001-0001, payable from various other unallocated nongovernmental cost funds (Retail Sales Tax Fund).....	242,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-6057—For support of the Controller, for payment to Item 0840-001-0001, payable from the 2006 State School Facilities Fund.....	968,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-001-9740—For support of the Controller, for payment to Item 0840-001-0001, payable from the Central Service Cost Recovery Fund.....	23,971,000
Provisions:	
1. Provision 15 of Item 0840-001-0001 also applies to this item.	
0840-011-0494—For support of the Controller, for payment to Item 0840-001-0001, payable from other unallocated special funds.....	73,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.	
0840-011-0797—For support of the Controller, for payment to Item 0840-001-0001, payable from unallocated bond funds	478,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson	

Item	Amount
of the joint committee, or his or her designee, may in each instance determine.	
0840-011-0988—For support of the Controller, for payment to Item 0840-001-0001, payable from various other unallocated nongovernmental cost funds.....	68,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures in excess of the amount appropriated in this item not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.	
0840-101-0979—For allocation by the Controller from the California Firefighters' Memorial Fund.....	500,000
Provisions:	
1. The funds appropriated in this item are to be allocated as follows:	
(a) To the Franchise Tax Board and Controller for reimbursement of costs incurred in connection with duties under Article 9 (commencing with Section 18801) of Chapter 3 of Part 10.2 of Division 2 of the Revenue and Taxation Code.	
(b) To the California Fire Foundation the balance in the fund for the construction of a memorial as authorized in that article.	
0845-001-0217—For support of Department of Insurance, payable from the Insurance Fund	175,507,000
Schedule:	
(1) 10-Regulation of Insurance Companies and Insurance Producers	72,896,000
(2) 12-Consumer Protection	54,549,000
(3) 20-Fraud Control.....	46,159,000
(3.5) 30-Tax Collection and Audit.....	2,153,000
(4) 50.01-Administration.....	32,226,000
(5) 50.02-Distributed Administration	32,226,000
(6) Reimbursements.....	-250,000
Provisions:	
1. Of the funds appropriated in this item, the Controller shall transfer one-half of \$4,938,000 upon passage of the Budget Act and the remaining half on January 1, 2009, to the California Department	

Item	Amount
of Aging for support of the Health Insurance Counseling and Advocacy Program.	
2. Of the funds appropriated in this item, the Controller shall transfer one-half of \$632,000 upon passage of the Budget Act and the remaining half on January 1, 2009, to the State and Consumer Services Agency for support of the Office of Insurance Advisor, to provide assistance to the Governor on insurance-related matters. The unencumbered balance, as determined by the State and Consumer Services Agency for the 2008–09 fiscal year, shall revert to the Insurance Fund.	
0845-101-0217—For local assistance, Department of Insurance, payable from the Insurance Fund.....	51,148,000
Schedule:	
(1) 12-Consumer Protection	1,500,000
(2) 20-Fraud Control.....	49,648,000
0850-001-0562—For support of the California State Lottery Commission, for payment of expenses of the lottery, including all costs incurred in the operation and administration of the lottery, payable from the State Lottery Fund.....	(431,045,000)
Provisions:	
1. Notwithstanding any other provision of law, the California State Lottery Commission shall submit to the Department of Finance, the Joint Legislative Budget Committee, and the budget committees of the Legislature, all of the following:	
(a) In conjunction with submission of the commission’s quarterly financial statements, a report comparing estimated administrative costs to budgeted administrative costs for the 2009–10 fiscal year. The reports shall be in sufficient detail that they may be used for legislative review purposes and for sustaining a thorough ongoing review of the expenditures of the California State Lottery Commission. These reports shall include a reporting of the lottery sales revenues and shall detail any administrative funding that is used to supplement the prize pool of any lottery game.	
(b) No later than January 10, 2009, a copy of the proposed administrative budget for the California State Lottery Commission for the 2009–10 fiscal year that is included in the Governor’s Budget.	

Item	Amount
(c) No later than June 1, 2009, a copy of the proposed administrative budget and expected sales revenue for the California State Lottery Commission for the 2009–10 fiscal year that is submitted to the California State Lottery Commission’s Budget Committee. This report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.	
(d) No later than June 30, 2009, the final 2009–10 budget and revenue projections approved by the California State Lottery Commission. The report shall include any approved revision, and supporting documentation, to the June 1, 2009, proposed budget. The report shall detail any administrative funding that is proposed to be used to supplement the prize pool of any lottery game.	
0855-001-0367—For support of California Gambling Control Commission, payable from the Indian Gaming Special Distribution Fund.....	9,740,000
Schedule:	
(1) 10-California Gambling Control Commission.....	9,740,000
0855-001-0567—For support of California Gambling Control Commission, payable from the Gambling Control Fund.....	3,422,000
Schedule:	
(1) 10-California Gambling Control Commission.....	3,422,000
0855-011-0567—For transfer by the Controller, upon order of the Director of Finance, from the Gambling Control Fund to the General Fund.....	(10,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Gambling Control Fund are not adversely affected by the loan through reduction in services or through increased fees.	
0855-101-0366—For local assistance, California Gambling Control Commission, payable from the Indian Gaming Revenue Sharing Trust Fund.....	96,500,000

Amount

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Provisions:

1. The funds appropriated in this item are for distribution to noncompact tribes pursuant to Section 12012.90 of the Government Code.
2. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for purposes of this item in excess of the amount appropriated in this item. The Director of Finance may not approve any expenditure unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations not later than 30 days prior to the effective date of approval, or prior to whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.
3. As part of any request to augment this item, the California Gambling Control Commission shall provide the Chairperson of the Joint Legislative Budget Committee and the chairperson of the committee in each house that considers appropriations a report identifying (a) the methodology for determining a noncompact tribe, (b) a list of the noncompact tribes identified based on the commission's methodology, (c) a trust fund condition report including the amount of revenue received from each compact tribe, and (d) the amount of funds to be distributed to each noncompact tribe. Upon receiving additional expenditure authority for distributing funds under the trust fund, the commission shall submit that information to the chairpersons of the committees on a quarterly basis concurrent with the distribution of the funds to the noncompact tribes.

*0855-111-0367—For transfer by the Controller, upon order of the Director of Finance, from the Indian Gaming Special Distribution Fund, to the Indian Gaming Revenue Sharing Trust Fund..... (50,000,000)

Provisions:

1. The amount of any transfer ordered by the Director of Finance pursuant to this item shall be the minimum amount necessary to allow the Indian Gaming Revenue Sharing Trust Fund to distribute the quarterly payments described in Section 12012.90 of the Government Code and meet its other expenditure requirements. Any remaining

Item

Amount

portion of the amount authorized to be transferred pursuant to this item shall remain in the Indian Gaming Special Distribution Fund.

2. The Legislature finds and declares that the amount authorized in this item is expected to be sufficient to allow the Indian Gaming Revenue Sharing Trust Fund to distribute the quarterly payments described in Section 12012.90 of the Government Code during the 2008-09 fiscal year. Accordingly, the California Gambling Control Commission, acting for this purpose as the state gaming agency under various tribal-state compacts, shall not direct any funds to the Indian Gaming Revenue Sharing Trust Fund pursuant to Section 4.3.1(f) of the amended tribal-state compacts with the Morongo Band of Mission Indians, the Pechanga Band of Luiseño Indians, the San Manuel Band of Mission Indians, and the Sycuan Band of the Kumeyaay Nation and similar sections of any compacts or amended compacts ratified by the Legislature in the 2008-09 fiscal year.
3. The Chairperson of the California Gambling Control Commission shall immediately submit a report to the Director of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Legislative Analyst if he or she determines that the Indian Gaming Revenue Sharing Trust Fund will not have sufficient funds to distribute the quarterly payments described in Section 12012.90 of the Government Code during the 2008-09 fiscal year after consideration of the funds authorized for transfer by this item. No earlier than 15 days after submission of that report, the California Gambling Control Commission may direct funds to the Indian Gaming Revenue Sharing Trust Fund, notwithstanding the requirements of Provision 2.

0860-001-0001.—For support of State Board of Equalization..... 239,256,000

Schedule:

- | | |
|---------------------------------------------------------------------------------|--------------|
| (1) 100000-Personal Services | 323,938,000 |
| (2) 300000-Operating Expenses and
Equipment | 103,820,000 |
| (3) Reimbursements | -128,905,000 |
| (4) Amount payable from the Breast
Cancer Fund (Item 0860-001-
0004)..... | -589,000 |

Item	Amount
(5) Amount payable from the State Emergency Telephone Number Ac- count (Item 0860-001-0022).....	-649,000
(6) Amount payable from the Motor Vehicle Fuel Account, Transporta- tion Tax Fund (Item 0860-001- 0061).....	-22,211,000
(7) Amount payable from the Occupa- tional Lead Poisoning Prevention Account (Item 0860-001-0070).....	-718,000
(8) Amount payable from the Child- hood Lead Poisoning Prevention Fund (Item 0860-001-0080).....	-527,000
(9) Amount payable from the Cigarette and Tobacco Products Surtax Fund (Item 0860-001-0230).....	-7,373,000
(10) Amount payable from the Oil Spill Prevention and Administration Fund (Item 0860-001-0320).....	-259,000
(11) Amount payable from the Inte- grated Waste Management Ac- count, Integrated Waste Manage- ment Fund (Item 0860-001-0387).	-462,000
(12) Amount payable from the Under- ground Storage Tank Cleanup Fund (Item 0860-001-0439).....	-3,245,000
(13) Amount payable from the Energy Resources Programs Account (Item 0860-001-0465).....	-253,000
(14) Amount payable from the Califor- nia Children and Families First Trust Fund (Item 0860-001-0623).	-12,538,000
(15) Amount payable from the Federal Trust Fund (Item 0860-001-0890).	-1,618,000
(16) Amount payable from the Timber Tax Fund (Item 0860-001-0965)...	-2,309,000
(17) Amount payable from the Gas Consumption Surcharge Fund (Item 0860-001-3015).....	-411,000
(18) Amount payable from the Water Rights Fund (Item 0860-001-3058)	-418,000
(19) Amount payable from the Elec- tronic Waste Recovery and Recy- cling Account (Item 0860-001- 3065).....	-4,888,000

Item

Amount

(20) Amount payable from the Cigarette and Tobacco Products Compliance Fund (Item 0860-001-3067).....	-1,129,000
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Provisions:

1. It is the intent of the Legislature that all funds appropriated to the State Board of Equalization for processing tax returns, auditing, and collecting owed tax amounts shall be used in a manner consistent with both its authorized budget and with the documents that were presented to the Legislature for its review in support of that budget. The State Board of Equalization shall not reduce expenditures or redirect either funding or personnel resources away from direct auditing or collection activities without prior approval of the Director of Finance. The director shall not approve any such reduction or redirection sooner than 30 days after providing notification to the Joint Legislative Budget Committee. No such position may be transferred from the organizational unit to which it was assigned in the 2008-09 Governor's Budget and the Salaries and Wages Supplement as revised by legislative actions without the approval of the Department of Finance. Furthermore, the board shall expeditiously fill budgeted positions consistent with the funding provided in this act.
2. It is the intent of the Legislature that the funds appropriated for the State Board of Equalization Electronic Filing Infrastructure Project be used to improve the state's efficiencies in tax administration. The State Board of Equalization shall report to the Department of Finance and the appropriate fiscal committees of the Legislature on March 1, 2009, on the status of electronic filing at the State Board of Equalization, including the following:
 - (a) The current level of electronic filing participation.
 - (b) Any revised estimates of future electronic filing participation, including progress in reaching 20 percent in the 2009-10 fiscal year.
 - (c) The board's estimate of current and future annual savings associated with increased use of electronic services at the State Board of Equalization.
 - (d) Any identified implementation problems or barriers to additional participation.

Item	Amount
0860-001-0004—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Breast Cancer Fund	589,000
Provisions:	
1. Notwithstanding Section 30461.6 of the Revenue and Taxation Code, or any other provision of law, sufficient funds to cover the costs of the State Board of Equalization for the collection and enforcement of fees to be deposited in the Breast Cancer Fund shall be retained in the fund, and be available to be appropriated to the board.	
0860-001-0022—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the State Emergency Telephone Number Account	649,000
0860-001-0061—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Motor Vehicle Fuel Account, Transportation Tax Fund	22,211,000
0860-001-0070—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Occupational Lead Poisoning Prevention Account	718,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0080—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Childhood Lead Poisoning Prevention Fund	527,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0230—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Cigarette and Tobacco Products Surtax Fund	7,373,000
0860-001-0320—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Oil Spill Prevention and Administration Fund	259,000

Item	Amount
0860-001-0387—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Integrated Waste Management Account, Integrated Waste Management Fund	462,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified by Section 13332.18 of the Government Code.	
0860-001-0439—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Underground Storage Tank Cleanup Fund.	3,245,000
Provisions:	
1. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
0860-001-0465—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Energy Resources Programs Account	253,000
0860-001-0623—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the California Children and Families Trust Fund	12,538,000
0860-001-0890—For support of the State Board of Equalization, for payment to Item 0860-001-0001, payable from the Federal Trust Fund	1,618,000
0860-001-0965—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Timber Tax Fund	2,309,000
0860-001-3015—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Gas Consumption Surcharge Fund	411,000
0860-001-3058—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Water Rights Fund	418,000
0860-001-3065—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Electronic Waste Recovery and Recycling Account	4,888,000
0860-001-3067—For support of State Board of Equalization, for payment to Item 0860-001-0001, payable from the Cigarette and Tobacco Products Compliance Fund	1,129,000
*0890-001-0001—For support of Secretary of State	36,380,000
Schedule:	
(1) 10-Filings and Registrations	49,025,000

Item	Amount
(2) 20-Elections	66,483,000
(3) 30-Archives	10,499,000
(4) 50.01-Administration and Technol- ogy	23,590,000
(5) 50.02-Distributed Administration and Technology	-23,590,000
(6) Reimbursements	-7,339,000
(7) Amount payable from the Secretary of State's Business Fees Fund (Item 0890-001-0228)	-38,936,000
(8) Amount payable from the Federal Trust Fund (Item 0890-001-0890)	-41,674,000
(9) Amount payable from the Victims of Corporate Fraud Compensation Fund (Item 0890-001-3042)	-1,678,000

Provisions:

1. The Secretary of State may not expend any special handling fees authorized by Chapter 999 of the Statutes of 1999 which are collected in excess of the cost of administering those special handling fees unless specifically authorized by the Legislature.
2. Of the amounts appropriated in this item, \$41,674,000 shall be used for operational costs associated with implementation of the Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.).

0890-001-0228—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Secretary of State's Business Fees Fund	38,936,000
0890-001-0890—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Federal Trust Fund	41,674,000

Provisions:

1. Funds shall be expended for the purposes approved in the November 15, 2007, Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.) spending plan. The amounts spent on each activity shall not exceed the maximum specified in the spending plan.
2. Notwithstanding any other provision of law, any funds not needed for an activity authorized in the November 15, 2007, Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.) spending plan shall not be redirected to other activities and are not authorized for expenditure.

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Amount

3. The Secretary of State shall forward to the Chairperson of the Joint Legislative Budget Committee copies of quarterly reports sent to the Department of Finance. The quarterly reports shall provide, at a minimum, the level of expenditures by scheduled activity.
4. The Secretary of State shall forward to the Department of Finance, the budget, appropriations, and policy committees in each house of the Legislature that oversee elections, and the Legislative Analyst, each year prior to January 15, until the Statewide Voter Database is fully implemented, a report on the status of all of the following:
 - (a) Election system security measures, including all of the following:
 - (1) Source Code Review.
 - (2) Parallel Monitoring.
 - (3) Poll Monitoring, including a review of who conducted the monitoring and where they were located.
 - (b) Expected General Fund exposure for completion of Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.) compliance, including expected costs of administration.
 - (c) Completion of the CalVoter database, including information on the costs associated with the use of contractors and consultants, the names of the contractors and consultants used, and the purposes for which contractors and consultants were used.
5. The Department of Finance may authorize an increase in the appropriation of this item, up to the total amount of the program reserve. Any such approval shall be accompanied by the approval of an amended spending plan submitted by the Secretary of State providing detailed justification for the increased expenses. An approval of an augmentation or of spending plan amendments shall not be effective sooner than 30 days following the transmittal of the approval to the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.
6. Notwithstanding any other provision of law, any primary vendor contract for the development of a new statewide voter registration database shall be

Item	Amount
subject to the notification and other requirements under Section 11.00. The validity of any such contract shall be contingent upon the appropriation of funds in future budget acts.	
7. Upon notification and approval of a spending plan pursuant to Provision 5, the Department of Finance may authorize the transfer of amounts from this item to Item 0890-101-0890 in order to realign the budget in a manner that is consistent with the approved plan.	
8. County contracts funded by Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.) federal funds will be available pursuant to Section 16304.1 of the Government Code.	
0890-001-3042—For support of Secretary of State, for payment to Item 0890-001-0001, payable from the Victims of Corporate Fraud Compensation Fund	1,678,000
0890-101-0890—For local assistance, Secretary of State, payable from the Federal Trust Fund.....	914,000
Schedule:	
(1) 20-Elections.....	914,000
Provisions:	
1. The Department of Finance may authorize an increase in the appropriation of this item, up to the total amount of the program reserve. Any such approval shall be accompanied by the approval of an amended spending plan submitted by the Secretary of State providing detailed justification for the increased expenses. An approval of an augmentation or of spending plan amendments shall not be effective sooner than 30 days following the transmittal of the approval to the Chairperson of the Joint Legislative Budget Committee or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.	
2. Upon notification and approval of a spending plan pursuant to Provision 1, the Department of Finance may authorize the transfer of amounts from this item to Item 0890-001-0890 in order to realign the budget in a manner that is consistent with the approved plan.	
3. County contracts funded by Help America Vote Act of 2002 (42 U.S.C. Sec. 15301 et seq.) federal funds will be available pursuant to Section 16304.1 of the Government Code.	

Item	Amount
0890-108-0001—For local assistance, funding to counties.....	85,695,000

Provisions:

1. The funds authorized in this item may be apportioned to the counties by the Controller, consistent with the requirements of Provision 2, in amounts not to exceed the following:

(a) Alameda County.....	3,560,204
(b) Alpine County.....	22,549
(c) Amador County.....	106,062
(d) Butte County.....	942,273
(e) Calaveras County.....	104,299
(f) Colusa County.....	55,931
(g) Contra Costa County.....	3,434,514
(h) Del Norte County.....	69,496
(i) El Dorado County.....	422,768
(j) Fresno County.....	1,446,509
(k) Glenn County.....	44,587
(l) Humboldt County.....	295,849
(m) Imperial County.....	288,902
(n) Inyo County.....	53,814
(o) Kern County.....	1,310,832
(p) Kings County.....	271,130
(q) Lake County.....	170,279
(r) Lassen County.....	159,998
(s) Los Angeles County.....	22,532,448
(t) Madera County.....	193,913
(u) Marin County.....	819,759
(v) Mariposa County.....	97,912
(w) Mendocino County.....	201,464
(x) Merced County.....	335,957
(y) Modoc County.....	33,963
(z) Mono County.....	36,000
(aa) Monterey County.....	1,193,821
(bb) Napa County.....	138,575
(cc) Nevada County.....	444,447
(dd) Orange County.....	5,254,513
(cc) Placer County.....	1,322,724
(ff) Plumas County.....	86,344
(gg) Riverside County.....	2,392,822
(hh) Sacramento County.....	3,433,657
(ii) San Benito County.....	201,909
(jj) San Bernardino County.....	2,864,616
(kk) San Diego County.....	8,521,728
(ll) San Francisco County.....	3,181,333
(mm) San Joaquin County.....	2,240,105
(nn) San Luis Obispo County.....	561,934

Item	Amount
(oo) San Mateo County	2,186,813
(pp) Santa Barbara County	1,592,828
(qq) Santa Clara County	5,785,354
(rr) Santa Cruz County	563,881
(ss) Shasta County	421,181
(tt) Sierra County	25,787
(uu) Siskiyou County	129,017
(vv) Solano County	961,560
(ww) Sonoma County	944,527
(xx) Stanislaus County	273,076
(yy) Sutter County	255,607
(zz) Tehama County	202,056
(ab) Trinity County	29,592
(ac) Tulare County	521,979
(ad) Tuolumne County	90,100
(ae) Ventura County	1,908,827
(af) Yolo County	789,016
(ag) Yuba County	163,224
2. Upon receipt of a report, signed and certified as true and accurate by the county clerk or county registrar of voters, that identifies the total costs for staff salaries, services and supplies, and postage, the Controller shall pay the reported costs of the counties for the February 5, 2008, presidential primary election.	
0890-495—Reversion, Secretary of State. Notwithstanding any other provision of law, as of June 30, 2008, the unencumbered balance of the appropriation provided in the following citation shall revert to the General Fund:	
0001— General Fund	
(1) Section 1 of Chapter 723 of the Statutes of 2006	
0890-496—Reversion, Secretary of State. As of June 30, 2008, the unencumbered balance of the appropriation provided in the following citation shall revert to the Federal Trust Fund:	
0890— Federal Trust Fund	
(1) Item 0890-001-0890, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)	
*0950-001-0001—For support of the Treasurer	4,667,000
Schedule:	
(1) 100000-Personal Services	21,467,000
(2) 300000-Operating Expenses and Equipment	6,381,000
(2.5) Unallocated Reduction	-506,000
(3) Reimbursements	-20,586,000

Item	Amount
(5) Amount payable from the Central Service Cost Recovery Fund (Item 0950-001-9740)	-2,089,000
Provisions:	
1. The Director of Finance may authorize a loan from the General Fund, in an amount not to exceed the level of reimbursements appropriated in Schedule (3) to the Treasurer's office, provided that:	
(a) The loan is to meet cash needs resulting from a delay in receipt of reimbursements.	
(b) The loan is short term, and shall be repaid within two months.	
(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.	
(d) The Director of Finance shall not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may determine.	
(c) At the end of the two-month term of the loan, the Treasurer's office shall notify the Chairperson of the Joint Legislative Budget Committee whether the Treasurer's office has repaid the loan pursuant to subdivision (b).	
0950-001-9740—For support of Treasurer, for payment to Item 0950-001-0001, payable from the Central Service Cost Recovery Fund	2,089,000
0954-001-0001—For support of the Scholarshare Investment Board, in accordance with Article 20.5 (commencing with Section 69999.6) of the Education Code	947,000
Schedule:	
(1) 20-Governor's Scholarship Programs	947,000
0954-001-0564—For support of the Scholarshare Investment Board, payable from the Scholarshare Administrative Fund	1,369,000

Item	Amount
Schedule:	
(1) 10-Golden State Scholarshare Trust Program.....	1,369,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Scholarshare Investment Board in excess of the amount appropriated not sooner than 30 days after notification in writing is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0956-001-0171—For support of California Debt and Investment Advisory Commission, payable from the California Debt and Investment Advisory Commission Fund.....	2,418,000
Schedule:	
(1) 10-California Debt and Investment Advisory Commission.....	2,568,000
(2) Reimbursements.....	-150,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Debt and Investment Advisory Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0956-011-0171—For transfer by the Controller, upon order of the Director of Finance, from the California Debt and Investment Advisory Commission Fund to the General Fund.....	(2,000,000)
Provisions:	
1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by June 30, 2011. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the	

Item	Amount
<p>California Debt and Investment Advisory Commission Fund the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment be made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the voting members of the California Debt and Investment Advisory Commission. It is also the intent of the Legislature that repayment be made so as to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Debt and Investment Advisory Commission, provide written notice to the Controller notifying the Controller of the amount to be transferred from the General Fund to the California Debt and Investment Advisory Commission Fund.</p>	
<p>0959-001-0169—For support of California Debt Limit Allocation Committee, payable from the California Debt Limit Allocation Committee Fund.....</p>	1,238,000
<p>Schedule:</p>	
<p>(1) 10-California Debt Limit Allocation Committee</p>	1,238,000
<p>Provisions:</p>	
<p>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Debt Limit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p>	
<p>0959-011-0169—For transfer by the Controller, upon order of the Director of Finance, from the California Debt Limit Allocation Committee Fund to the General Fund.....</p>	(2,000,000)
<p>Provisions:</p>	
<p>1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by June 30, 2011. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money In-</p>	

Item	Amount
<p>vestment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the California Debt Limit Allocation Committee Fund the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment be made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the voting members of the California Debt Limit Allocation Committee. It is also the intent of the Legislature that repayment be made so as to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Debt Limit Allocation Committee, provide written notice to the Controller notifying the Controller of the amount to be transferred from the General Fund to the California Debt Limit Allocation Committee Fund.</p>	
<p>0965-001-0215—For support of California Industrial Development Financing Advisory Commission, payable from the Industrial Development Fund.....</p>	256,000
<p>Schedule:</p>	
<p>(1) 10-Industrial Development Financing Advisory Commission</p>	331,000
<p>(2) Reimbursements.....</p>	-75,000
<p>Provisions:</p>	
<p>1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Industrial Development Financing Advisory Commission in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p>	
<p>0968-001-0448—For support of California Tax Credit Allocation Committee, payable from the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account.....</p>	2,507,000

Item	Amount
Schedule:	
(1) 10-California Tax Credit Allocation Committee	2,537,000
(2) Reimbursements	-30,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.	
0968-001-0457—For support of California Tax Credit Allocation Committee, payable from the Tax Credit Allocation Fee Account	1,852,000
Schedule:	
(1) 10-California Tax Credit Allocation Committee	1,882,000
(2) Reimbursements	-30,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.	
0968-001-3038—For support of California Tax Credit Allocation Committee, payable from the Community Revitalization Fee Fund	85,000
Schedule:	
(1) 20-Community Revitalization Program	85,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Tax Credit Allocation Committee in excess of the amount appropriated not	

Item	Amount
<p>sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the committee, or his or her designee, may in each instance determine.</p>	
<p>0968-011-0448—For transfer by the Controller, upon order of the Director of Finance, from the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account to the General Fund.....</p>	(10,000,000)
<p>Provisions:</p>	
<p>1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by June 30, 2011. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment be made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the voting members of the California Tax Credit Allocation Committee. It is also the intent of the Legislature that repayment be made so as to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Tax Credit Allocation Committee, provide written notification to the Controller of the amount to be transferred from the General Fund to the Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account.</p>	
<p>0968-011-0457—For transfer by the Controller, upon order of the Director of Finance, from the Tax Credit Allocation Fee Account to the General Fund</p>	(10,000,000)
<p>Provisions:</p>	
<p>1. The transfer made by this item is a loan to the General Fund that shall be fully repaid by June 30, 2011. This loan shall be repaid with interest cal-</p>	

Item

Amount

culated at the rate earned by the Pooled Money Investment Account at the time of the transfer. The Controller shall, within 15 working days of receipt of written notification from the Department of Finance, transfer from the General Fund to the Tax Credit Allocation Fee Account the full amount of the loan or increments thereof as requested by the Department of Finance. It is the intent of the Legislature that repayment be made so as to ensure that current and newly authorized programs supported by this fund are fully and timely implemented as approved by the voting members of the California Tax Credit Allocation Committee. It is also the intent of the Legislature that repayment be made so as to ensure compliance with federal and state statutes or requirements. Accordingly, the Department of Finance shall, within 30 days of receipt of written notification documenting the need of the loan repayment from the California Tax Credit Allocation Committee, provide written notification to the Controller notifying the Controller of the amount to be transferred from the General Fund to the Tax Credit Allocation Fee Account.

0971-001-0528—For support of California Alternative Energy and Advanced Transportation Financing Authority, payable from the California Alternative Energy Authority Fund

204,000

Schedule:

(1) 10-California Alternative Energy and Advanced Transportation Financing Authority 204,000

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the California Alternative Energy and Advanced Transportation Financing Authority in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

Item	Amount
0977-001-6046—For the support of California Health Facilities Financing Authority, payable from the Children's Hospital Fund	381,000
Schedule:	
(1) 30-Children's Hospital Program.....	381,000
0985-001-0890—For support of California School Finance Authority, payable from the Federal Trust Fund	125,000
Schedule:	
(1) 20-Charter School Facilities Program.....	125,000
0985-001-9734—For support of California School Finance Authority, payable from the Charter School Facilities Account, 2004 State School Facilities Fund Schedule:	594,000
(1) 20-Charter School Facilities Program.....	594,000
0985-001-9735—For support of California School Finance Authority, payable from the Charter School Facilities Account, 2006 State School Facilities Fund Schedule:	429,000
(1) 20-Charter School Facilities Program.....	429,000
0985-101-0890—For local assistance, California School Finance Authority, State Charter School Facilities Incentive Grant Program, payable from the Federal Trust Fund.....	9,725,000
Provisions:	
1. No charter school receiving funds under the program authorized under this provision shall receive funding in excess of 75 percent of annual lease costs through this program or in combination with any other source of funding provided in this or any other act.	

STATE AND CONSUMER SERVICES

1100-001-0001—For support of California Science Center	15,515,000
Schedule:	
(1) 10-Education.....	14,892,000
(2) 20-Exposition Park Management ...	5,055,000
(3) 30-California African American Museum	2,566,000
(4) 40.01-Administration.....	954,000
(5) 40.02-Distributed Administration ...	-954,000
(6) Reimbursements-Education.....	-1,213,000

Item	Amount
(7) Reimbursements-Exposition Park Management	-508,000
(8) Reimbursements-California African American Museum.....	-75,000
(9) Amount payable from the Exposition Park Improvement Fund (Item 1100-001-0267).....	-5,202,000
1100-001-0267—For support of California Science Center, for payment to Item 1100-001-0001, payable from the Exposition Park Improvement Fund	5,202,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1100-003-0001—For support of California Science Center, for rental payments on lease-revenue bonds.....	2,734,000
Schedule:	
(1) Base Rental and Fees	2,704,000
(2) Insurance	30,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1100-301-0001—For capital outlay, California Science Center	200,000
Schedule:	
(1) 90.05-California African American Museum: Renovation and Expansion Project—Working drawings ..	1,302,000
(2) Reimbursements.....	-1,102,000
1100-301-0267—For capital outlay, California Science Center, payable from the Exposition Park Improvement Fund.....	800,000
Schedule:	
(1) 90.05-California African American Museum: Renovation and Expansion Project—Working drawings ..	800,000

Item	Amount
1110-001-0024—For support of State Board of Guide Dogs for the Blind, Program 54, payable from the Guide Dogs for the Blind Fund.....	168,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0093—For support of Contractors' State License Board, for payment to Item 1110-001-0735, payable from the Construction Management Education Account.....	15,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0108—For support of Acupuncture Board, payable from the Acupuncture Fund.....	2,511,000
Schedule:	
(1) 56-Acupuncture Board	2,534,000
(2) Reimbursements.....	-23,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0175—For support of Medical Board of California, Registered Dispensing Opticians, for payment to Item 1110-001-0758, payable from the Dispensing Opticians Fund	290,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0205—For support of Board for Geologists and Geophysicists, Program 51, payable from the Geology and Geophysics Fund.....	1,366,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1110-001-0210—For support of Medical Board of California, Outpatient Setting, for payment to Item 1110-001-0758, payable from the Outpatient Setting Fund of the Medical Board of California	26,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0264—For support of Osteopathic Medical Board of California, payable from the Osteopathic Medical Board of California Contingent Fund	1,357,000
Schedule:	
(1) 70-Osteopathic Medical Board of California	1,407,000
(2) Reimbursements	-50,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0280—For support of Physician Assistant Committee, payable from the Physician Assistant Fund	1,184,000
Schedule:	
(1) 59-Physician Assistant Committee	1,209,000
(2) Reimbursements	-25,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0295—For support of California Board of Podiatric Medicine, payable from the Board of Podiatric Medicine Fund	1,307,000
Schedule:	
(1) 61-California Board of Podiatric Medicine	1,311,000
(2) Reimbursements	-4,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0310—For support of Board of Psychology, payable from the Psychology Fund	3,405,000

Item	Amount
Schedule:	
(1) 62-Board of Psychology.....	3,456,000
(2) Reimbursements.....	-51,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0319—For support of Respiratory Care Board of California, payable from the Respiratory Care Fund	2,882,000
Schedule:	
(1) 64-Respiratory Care Board of California	2,948,000
(2) Reimbursements.....	-66,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0326—For support of State Athletic Commission, payable from the Athletic Commission Fund..	1,877,000
Schedule:	
(1) 9-State Athletic Commission.....	2,099,000
(2) Amount payable from the Boxers' Pension Fund (Item 1110-002-9250).....	-102,000
(3) Amount payable from the State Athletic Commission Neurological Examination Account (Item 1110-001-0492).....	-120,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0380—For support of the Committee on Dental Auxiliaries, Dental Board of California, payable from the State Dental Auxiliary Fund.....	2,281,000
Schedule:	
(1) 36.20-Committee on Dental Auxiliaries	2,303,000
(2) Reimbursements.....	-22,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and	

Item	Amount
penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0399—For support of Structural Pest Control Board, for payment to Item 1110-001-0775, payable from the Structural Pest Control Education and Enforcement Fund	380,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0492—For support of State Athletic Commission, for payment to Item 1110-001-0326, payable from the State Athletic Commission Neurological Examination Account.....	120,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0704—For support of California Board of Accountancy, payable from the Accountancy Fund, Professions and Vocations Fund	12,410,000
Schedule:	
(1) 3-California Board of Accountancy. 12,706,000	
(2) Reimbursements.....	-296,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0706—For support of California Architects Board, payable from the California Architects Board Fund	3,222,000
Schedule:	
(1) 06.02.020-Distributed Cost-Architects/Landscape Architects ...	23,000
	-26,000
(2) 06.10.010-California Architects Board	3,260,000
	<u>3,253,000</u>
(3) Reimbursements.....	-5,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

Item	Amount
1110-001-0735—For support of Contractors' State License Board, payable from the Contractors' License Fund	59,624,000
Schedule:	
(1) 30-Contractors' State License Board	59,992,000
(2) Reimbursements.....	-353,000
(3) Amount payable from the Construction Management Education Account (Item 1110-001-0093).....	-15,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0757—For support of California Architects Board, Landscape Architect Technical Committee, Program 06.20, payable from California Architects Board-Landscape Architects Fund	1,149,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0758—For support of Medical Board of California, payable from the Contingent Fund of the Medical Board of California	51,248,000
Schedule:	
(1) 55.10.010-Medical Board of California	52,309,000
(2) 55.15-Registered Dispensing Opticians.....	290,000
(3) 55.17-Outpatient Setting.....	26,000
(4) 55.02.020-Distributed Medical Board of California.....	-677,000
(5) Reimbursements.....	-384,000
(6) Amount payable from the Dispensing Opticians Fund (Item 1110-001-0175).....	-290,000
(7) Amount payable from the Outpatient Setting Fund of the Medical Board of California (Item 1110-001-0210).....	-26,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and	

Item	Amount
penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0759—For support of Physical Therapy Board of California, payable from the Physical Therapy Fund	2,296,000
Schedule:	
(1) 58-Physical Therapy Board of California	2,395,000
(2) Reimbursements	-99,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0761—For support of Board of Registered Nursing, payable from the Board of Registered Nursing Fund, Professions and Vocations Fund.....	23,102,000
Schedule:	
(1) 78-Board of Registered Nursing	24,116,000
(2) Reimbursements.....	-1,014,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0763—For support of State Board of Optometry, payable from the Optometry Fund, Professions and Vocations Fund	1,492,000
Schedule:	
(1) 69-State Board of Optometry.....	1,498,000
(2) Reimbursements.....	-6,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0767—For support of California State Board of Pharmacy, payable from the Pharmacy Board Contingent Fund, Professions and Vocations Fund..	9,699,000
Schedule:	
(1) 72-California State Board of Pharmacy	9,950,000
(2) Reimbursements.....	-251,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and	

Item	Amount
penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0770—For support of Board for Professional Engineers and Land Surveyors, payable from the Professional Engineer's and Land Surveyor's Fund.	9,391,000
Schedule:	
(1) 75-Board for Professional Engineers and Land Surveyors.....	9,407,000
(2) Reimbursements.....	-16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0771—For support of Court Reporters Board of California, payable from the Court Reporters' Fund	909,000
Schedule:	
(1) 81-Court Reporters Board of California	927,000
(2) Reimbursements.....	-18,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0773—For support of Board of Behavioral Sciences, payable from the Behavioral Sciences Examiners Fund, Professions and Vocations Fund	6,008,000
Schedule:	
(1) 18-Board of Behavioral Sciences ...	6,357,000
(2) Reimbursements.....	-50,000
(3) Amount payable from the Mental Health Services Fund (Item 1110-001-3085).....	-299,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0775—For support of Structural Pest Control Board, payable from the Structural Pest Control Fund, Professions and Vocations Fund.....	4,176,000
Schedule:	
(1) 84-Structural Pest Control Board ...	4,558,000
(2) Reimbursements.....	-2,000

Item	Amount
(3) Amount payable from the Structural Pest Control Education and Enforcement Fund (Item 1110-001-0399).....	-380,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-0777—For support of Veterinary Medical Board, payable from the Veterinary Medical Board Contingent Fund.....	2,464,000
Schedule:	
(1) 90-Veterinary Medical Board.....	2,490,000
(2) Reimbursements.....	-26,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-3017—For support of California Board of Occupational Therapy, payable from the Occupational Therapy Fund.....	1,060,000
Schedule:	
(1) 67-California Board of Occupational Therapy.....	1,082,000
(2) Reimbursements.....	-22,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-001-3085—For support of Board of Behavioral Sciences, for payment to Item 1110-001-0773, payable from the Mental Health Services Fund.....	299,000
1110-002-9250—For support of State Athletic Commission, for payment to Item 1110-001-0326, payable from the Boxers' Pension Fund.....	102,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1110-011-0310—For transfer by the Controller, upon order of the Director of Finance, from the Psychology Fund to the General Fund.....	(2,500,000)

Item	Amount
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Psychology Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0704—For transfer by the Controller, upon order of the Director of Finance, from the Accountancy Fund, Professions and Vocations Fund, to the General Fund.....	(14,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Accountancy Fund, Professions and Vocations Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0735—For transfer by the Controller, upon order of the Director of Finance, from the Contractors' License Fund to the General Fund	(10,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Contractors' License Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0758—For transfer by the Controller, upon order of the Director of Finance, from the Contingent Fund of the Medical Board of California to the General Fund.....	(6,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the	

Item	Amount
transfer. Repayment shall be made so as to ensure that the programs supported by the Contingent Fund of the Medical Board of California are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0761—For transfer by the Controller, upon order of the Director of Finance, from the Board of Registered Nursing Fund, Professions and Vocations Fund, to the General Fund	(2,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Board of Registered Nursing Fund, Professions and Vocations Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0767—For transfer by the Controller, upon order of the Director of Finance, from the Pharmacy Board Contingent Fund, Professions and Vocations Fund, to the General Fund	(1,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Pharmacy Board Contingent Fund, Professions and Vocations Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0770—For transfer by the Controller, upon order of the Director of Finance, from the Professional Engineers' and Land Surveyors' Fund, to the General Fund	(2,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Professional	

Item	Amount
Engineers' and Land Surveyors' Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-011-0773—For transfer by the Controller, upon order of the Director of Finance, from the Behavioral Science Examiners Fund, Professions and Vocations Fund, to the General Fund	(3,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Behavioral Science Examiners, Professions and Vocations Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1110-401—Notwithstanding any other provision of law, upon the request of the Department of Consumer Affairs, the Department of Finance may augment the amount available for expenditure to pay iLicensing project costs. The augmentation may be made no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or no sooner than whatever lesser time the chairperson of the joint committee may in each instance determine. The amount of funds augmented pursuant to the authority of this provision shall be consistent with project cost increases approved by the office of the State Chief Information Officer based on its review and approval of the most recent iLicensing Special Project Report to be submitted at the conclusion of procurement activities. This provision shall apply to all Budget Act items for the Department of Consumer Affairs that have an appropriation for iLicensing.	
1111-001-0069—For support of the State Board of Barbering and Cosmetology, payable from the Barbering and Cosmetology Contingent Fund.....	18,538,000
Schedule:	
(1) 22-State Board of Barbering and Cosmetology.....	18,595,000
(2) Reimbursements.....	-57,000

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Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-001-0376—For support of the Speech-Language Pathology and Audiology Board, payable from the Speech-Language Pathology and Audiology Board Fund	786,000
Schedule:	
(1) 65-Speech-Language Pathology and Audiology Board	810,000
(2) Reimbursements	-24,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-001-0741—For support of Dental Board of California, payable from the State Dentistry Fund.....	9,899,000
Schedule:	
(1) 36.10-Dental Board of California...	10,069,000
(2) Reimbursements	-170,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-001-0779—For support of Board of Vocational Nursing and Psychiatric Technicians of the State of California, payable from the Vocational Nursing and Psychiatric Technicians Fund	6,996,000
Schedule:	
(1) 91.02.020-Distributed Vocational Nurses	-37,000
(2) 91.10.010-Vocational Nurses Program	7,385,000
(3) Reimbursements	-352,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	

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1111-001-0780—For support of Board of Vocational Nursing and Psychiatric Technicians of the State of California, payable from the Psychiatric Technician Examiners Account, Vocational Nursing and Psychiatric Technicians Fund	1,654,000
Schedule:	
(1) 91.20-Psychiatric Technician Program.....	1,676,000
(2) Reimbursements.....	-22,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0166—For support of Arbitration Certification Program, Department of Consumer Affairs, payable from the Consumer Affairs-Certification Account ...	1,126,000
Schedule:	
(1) 23-Arbitration Certification Program.....	1,126,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0208—For support of Hearing Aid Dispensers Bureau, Department of Consumer Affairs, payable from the Hearing Aid Dispensers Fund	761,000
Schedule:	
(1) 24-Hearing Aid Dispensers Bureau.	770,000
(2) Reimbursements.....	-9,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0239—For support of Bureau of Security and Investigative Services, Department of Consumer Affairs, payable from the Private Security Services Fund	10,197,000
Schedule:	
(1) 25.10.010-Bureau of Security and Investigative Services, Private Security Services Program	10,801,000
(2) 25.02.020-Distributed Private Security Services.....	-104,000
(3) Reimbursements.....	-500,000

Item	Amount
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0305—For support of Bureau for Private Postsecondary Education, Department of Consumer Affairs, payable from the Private Postsecondary Education and Vocational Administration Fund.....	4,793,000
Schedule:	
(1) 27.10.010-Bureau for Private Postsecondary Education	4,848,000
(2) 27.02.020-Distributed Private Postsecondary Education	-55,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. These funds shall only be available for expenditure if the proposed legislation to reform the Bureau for Private Postsecondary Education's operations and establish the Private Postsecondary Education Act is enacted.	
1111-002-0325—For support of Bureau of Electronic and Appliance Repair, Department of Consumer Affairs, payable from the Electronic and Appliance Repair Fund	2,403,000
Schedule:	
(1) 28-Bureau of Electronic and Appliance Repair.....	2,416,000
(2) Reimbursements.....	-13,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0421—For support of Bureau of Automotive Repair, Department of Consumer Affairs, payable from the Vehicle Inspection and Repair Fund	112,536,000
Schedule:	
(1) 31.10.016-Automotive Repair and Smog Check Programs.....	112,725,000
(2) 31.02.090-Distributed Automotive Repair and Smog Check Programs	-71,000
(3) Reimbursements.....	-118,000

Item	Amount
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0459—For support of Telephone Medical Advice Services Bureau, Department of Consumer Affairs, payable from the Telephone Medical Advice Services Fund.....	150,000
Schedule:	
(1) 37-Telephone Medical Advice Services Bureau.....	150,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0582—For support of Bureau of Automotive Repair, Department of Consumer Affairs, payable from the High Polluter Repair or Removal Account	71,283,000
Schedule:	
(1) 31.20.016-Vehicle Repair Assistance.....	17,034,000
(2) 31.20.030-Vehicle Retirement.....	41,664,000
(3) 31.20.040-Program Administration.....	12,585,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. Notwithstanding Section 26.00, the Department of Finance may authorize transfers among and between Schedules (1) and (2). Any transfer made pursuant to this provision shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date of the transfer.	
1111-002-0702—For support of Department of Consumer Affairs, payable from the Consumer Affairs Fund, Professions and Vocations Fund.....	0
Schedule:	
(1) 35.10.010-Administrative and Information Services Division.....	46,117,000
(2) 35.10.015-Public Affairs.....	1,081,000

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(3) 35.10.020-Consumer and Community Relations Division.....	11,369,000
(4) 35.10.025-Division of Investigation	8,711,000
(4.5) 35.10.030-DCA Workers' Compensation	3,350,000
(5) 35.02.010-Distributed Administrative and Information Services Division	-45,637,000
(6) 35.02.015-Distributed Public Affairs.....	-1,025,000
(7) 35.02.020-Distributed Consumer and Community Relations Division	-11,369,000
(8) 35.02.025-Distributed Division of Investigation.....	-8,711,000
(8.5) 35.02.030-Distributed DCA Workers' Compensation.....	-3,350,000
(9) Reimbursements.....	-536,000

Provisions:

1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.
2. The Department of Consumer Affairs shall report to the Department of Finance and the Joint Legislative Budget Committee at the conclusion of the project, but no later than September 1, 2010, on the status of the iLicensing project, including implementation by boards and bureaus, funding allocations, preliminary usage information among new and existing licensees, and a workload analysis for the positions established to support this project. The Department of Finance may eliminate any position established in the 2006--07, 2007-08, or 2008-09 Budget that supports the iLicensing project, if the workload cannot be justified by this report. In addition, in no case may a fee increase be imposed to support this project.
3. In recognition of operational efficiencies resulting from the implementation of the iLicensing information technology project by participating boards, bureaus, and divisions of the Department of Consumer Affairs, a departmentwide budget reduction of \$500,000 (special funds) will be effectuated in the 2010-11 fiscal year and ongoing fiscal years. However, to the extent that additional

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resources are needed to protect California consumers, boards, bureaus, and divisions of the department may pursue budget augmentations through the annual budget process.	
1111-002-0717—For support of Cemetery and Funeral Bureau, Department of Consumer Affairs, payable from the Cemetery Fund, Professions and Vocations Fund	2,382,000
Schedule:	
(1) 38.10.005-Cemetery Program	2,616,000
(2) 38.02.010-Distributed Cemetery Program.....	-115,000
(3) Reimbursements.....	-119,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0750—For support of Cemetery and Funeral Bureau, Department of Consumer Affairs, payable from the State Funeral Directors and Embalmers Fund, Professions and Vocations Fund.....	1,671,000
Schedule:	
(1) 38.20-Funeral Directors and Embalmers Program.....	1,683,000
(2) Reimbursements.....	-12,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0752—For support of Bureau of Home Furnishings and Thermal Insulation, Department of Consumer Affairs, payable from the Bureau of Home Furnishings and Thermal Insulation Fund.....	4,788,000
Schedule:	
(1) 34-Bureau of Home Furnishings and Thermal Insulation	4,793,000
(2) Reimbursements.....	-5,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0769—For support of Bureau of Security and Investigative Services, Department of Consumer Affairs, payable from the Private Investigator Fund....	1,081,000

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Schedule:	
(1) 25.20-Private Investigators Program.....	1,097,000
(2) Reimbursements.....	-16,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-0890—For support of Bureau for Private Postsecondary Education, Department of Consumer Affairs, payable from the Federal Trust Fund	1,514,000
Schedule:	
(1) 27.20-Federal Trust Program	1,514,000
Provisions:	
1. Notwithstanding any other provision of law, the Federal Trust Fund Account of the Bureau for Private Postsecondary Education may borrow from the Private Postsecondary and Vocational Education Administration Fund an amount not to exceed a cumulative total of \$500,000 for the purpose of meeting cashflow needs for the purposes funded in this item due to delays in collecting federal funds. Any loan made pursuant to this provision shall be made only upon approval of the Department of Finance, and only if the bureau demonstrates and certifies that a sufficient surplus exists in the Private Postsecondary and Vocational Education Administration Fund to support the amount of the loan, and that funds will be available from the federal government to repay the loan. All moneys transferred shall be repaid to the fund as soon as possible, but not later than one year from the date of the loan.	
2. To the extent legislation is not enacted to reform the Bureau for Private Postsecondary Education's operations, this Title 38 program will be administered by the Department of Consumer Affairs in support of the federal contract.	
1111-002-0960—For support of Bureau for Private Postsecondary Education, Department of Consumer Affairs, payable from the Student Tuition Recovery Fund	337,000
Schedule:	
(1) 27.30-Student Tuition Recovery Program.....	337,000

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Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2. These funds shall only be available for expenditure if the proposed legislation to reform the Bureau for Private Postsecondary Education's operations and establish the Private Postsecondary Education Act is enacted.	
1111-002-3069—For support of Bureau of Naturopathic Medicine, Department of Consumer Affairs, payable from the Naturopathic Doctor's Fund.....	125,000
Schedule:	
(1) 39-Bureau of Naturopathic Medicine	128,000
(2) Reimbursements.....	-3,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-002-3108—For support of Professional Fiduciaries Bureau, Department of Consumer Affairs, payable from the Professional Fiduciary Fund.....	609,000
Schedule:	
(1) 89-Professional Fiduciaries Bureau.	609,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
1111-011-0069—For transfer by the Controller, upon order of the Director of Finance, from the Barbering and Cosmetology Contingent Fund, to the General Fund	(10,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Barbering and Cosmetology Contingent Fund are not adversely affected by the loan through reduction in services or through increased fees.	

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1111-011-0421—For transfer by the Controller, upon order of the Director of Finance, from the Vehicle Inspection and Repair Fund, to the General Fund	(25,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Vehicle Inspection and Repair Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1111-011-0582—For transfer by the Controller, upon order of the Director of Finance, from the High Polluter Repair or Removal Account, to the General Fund	(20,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the High Polluter Repair or Removal Account are not adversely affected by the loan through reduction in services or through increased fees.	
3. No funds shall be redirected or loaned from the Enhanced Fleet Modernization Subaccount created pursuant to Chapter 705 of the Statutes of 2007.	
1111-011-0779—For transfer by the Controller, upon order of the Director of Finance, from the Vocational Nursing and Psychiatric Technicians Fund, to the General Fund.....	(1,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Vocational Nursing and Psychiatric Technicians Fund are not adversely affected by the loan through reduction in services or through increased fees.	

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1111-401—Notwithstanding any other provision of law, upon the request of the Department of Consumer Affairs, the Department of Finance may augment the amount available for expenditure to pay iLicensing project costs. The augmentation may be made no sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or no sooner than whatever lesser time the chairperson of the joint committee may in each instance determine. The amount of funds augmented pursuant to the authority of this provision shall be consistent with project cost increases approved by the office of the State Chief Information Officer based on its review and approval of the most recent iLicensing Special Project Report to be submitted at the conclusion of procurement activities. This provision shall apply to all Budget Act items for the Department of Consumer Affairs that have an appropriation for iLicensing.	
1690-001-0217—For support of Alfred E. Alquist Seismic Safety Commission, payable from the Insurance Fund	1,312,000
Schedule:	
(1) 10-Alfred E. Alquist Seismic Safety Commission.....	1,391,000
(2) Reimbursements.....	-79,000
1700-001-0001—For support of Department of Fair Employment and Housing	17,813,000 16,869,000
Schedule:	
(1) 50-Administration of Civil Rights Law.....	23,668,000 22,624,000
(2) Amount payable from the Federal Trust Fund (Item 1700-001-0890).	-5,855,000 -5,755,000
1700-001-0890—For support of Department of Fair Employment and Housing, for payment to Item 1700-001-0001, payable from the Federal Trust Fund.....	5,855,000 5,755,000
1705-001-0001—For support of Fair Employment and Housing Commission.....	1,053,000

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Schedule:	
(1) 10-Fair Employment and Housing Commission.....	1,221,000
(2) Reimbursements.....	-168,000
1730-001-0001—For support of Franchise Tax Board ...	509,868,000
Schedule:	
(1) 10-Tax Programs.....	504,990,000
(2) 20-Homeowners and Renters Assistance.....	6,386,000
(3) 30-Political Reform Audit (1,572,000).....	0
(4) 45-Child Support Automation.....	12,342,000
(5) 50-DMV Collections.....	8,186,000
(6) 60-Court Collections.....	15,206,000
(7) 70-Contract Work.....	14,034,000
(8) 80.01-Administration.....	28,810,000
(9) 80.02-Distributed Administration ...	-28,810,000
(10) Reimbursements.....	-15,032,000
(11) Reimbursements-Child Support Automation.....	-12,341,000
(12) Amount payable from the Motor Vehicle Account, State Transportation Fund (Item 1730-001-0044)...	-2,844,000
(13) Amount payable from the Motor Vehicle License Fee Account, Transportation Tax Fund (Item 1730-001-0064).....	-5,342,000
(14) Amount payable from the Emergency Food Assistance Program Fund (Item 1730-001-0122).....	-6,000
(15) Amount payable from the Delinquent Tax Collection Fund (Section 19378 of the Revenue and Taxation Code).....	-404,000
(16) Amount payable from the Fish and Game Preservation Fund (Endangered and Rare Fish, Wildlife, and Plant Species Conservation and Enhancement Account) (Item 1730-001-0200).....	-13,000
(17) Amount payable from the Court Collection Account (Item 1730-001-0242).....	-15,206,000
(18) Amount payable from the State Children's Trust Fund (Item 1730-001-0803).....	-11,000

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(19) Amount payable from the California Alzheimer's Disease and Related Disorders Research Fund (Item 1730-001-0823)	-11,000
(20) Amount payable from the California Seniors Special Fund (Item 1730-001-0886)	-4,000
(21) Amount payable from the California Breast Cancer Research Fund (Item 1730-001-0945)	-7,000
(22) Amount payable from the California Peace Officer Memorial Foundation Fund (Item 1730-001-0974)	-5,000
(23) Amount payable from the California Firefighters' Memorial Fund (Item 1730-001-0979)	-7,000
(24) Amount payable from the California Fund for Senior Citizens (Item 1730-001-0983)	-7,000
(25) Amount payable from the California Military Family Relief Fund (Item 1730-001-8022)	-6,000
(26) Amount payable from the California Prostate Cancer Research Fund (Item 1730-001-8025)	-6,000
(27) Amount payable from the California Sexual Violence Victim Services Fund (Item 1730-001-8035)	-6,000
(28) Amount payable from the California Colorectal Cancer Prevention Fund (Item 1730-001-8036)	-6,000
(29) Amount payable from the Veterans' Quality of Life Fund (Item 1730-001-8037)	-6,000
(30) Amount payable from the California Sea Otter Fund (Item 1730-001-8047)	-6,000

Provisions:

1. It is the intent of the Legislature that all funds appropriated to the Franchise Tax Board for processing tax returns, auditing, and collecting owed tax amounts shall be used in a manner consistent with both its authorized budget and with the documents that were presented to the Legislature for its review in support of that budget. The Franchise Tax Board shall not reduce expenditures or redirect either funding or personnel resources away from di-

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- rect auditing or collection activities without prior approval of the Director of Finance. The director shall not approve any such reduction or redirection sooner than 30 days after providing notification to the Joint Legislative Budget Committee. No such position may be transferred from the organizational unit to which it was assigned in the 2008–09 Governor’s Budget and the Salaries and Wages Supplement as revised by legislative actions without the approval of the Department of Finance. Furthermore, the board shall expeditiously fill budgeted positions consistent with the funding provided in this act.
2. It is the intent of the Legislature that the Franchise Tax Board resolve tax controversies, without litigation, on a basis that is fair to both the state and the taxpayer and in a manner that will enhance voluntary compliance and public confidence in the integrity and efficiency of the board.
 3. During the 2008–09 fiscal year, the collection cost recovery fee for purposes of subparagraph (A) of paragraph (1) of subdivision (a) of Section 19254 of the Revenue and Taxation Code shall be \$187, and the filing enforcement cost recovery fee for purposes of subparagraph (A) of paragraph (2) of that subdivision shall be \$119.
 4. During the 2008–09 fiscal year, the collection cost recovery fee for purposes of subparagraph (B) of paragraph (1) of subdivision (a) of Section 19254 of the Revenue and Taxation Code shall be \$352, and the filing enforcement cost recovery fee for purposes of subparagraph (B) of paragraph (2) of that subdivision shall be \$203.
 5. Of the amounts appropriated in this item, the amounts provided in Schedule (4) and Schedule (1.1), Reimbursements—Child Support Automation, are, pursuant to Section 5 of Chapter 479 of the Statutes of 1999, available for the 2008–09 and 2009–10 fiscal years.
 6. It is the intent of the Legislature that the California Child Support Automation System project shall receive the highest commitment and priority of all of the state’s child support automation activities.
 7. The Legislature intends that the California Child Support Automation System project shall support

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all child support collections activities in compliance with federal certification requirements.	
8. Notwithstanding any other provision of law, upon request of the Franchise Tax Board, the Department of Finance may transfer any amounts not fully expended in Schedule (4)—Child Support Automation to the Department of Child Support Services to provide for unanticipated costs associated with the California Child Support Automation System project. This provision may become effective no sooner than 30 days after providing notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.	
9. Notwithstanding subdivision (b) of Section 19282 of the Revenue and Taxation Code, the combined costs to administer the Court-Ordered Debt Collection Program and to fund the Court-Ordered Debt Expansion Project may be funded from the Court Collection Account in an amount that may exceed 15 percent of annual collections.	
1730-001-0044—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Motor Vehicle Account, State Transportation Fund..	2,991,000 2,844,000
1730-001-0064—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Motor Vehicle License Fee Account, Transportation Tax Fund.....	5,615,000 5,342,000
1730-001-0122—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Emergency Food Assistance Program Fund	6,000
1730-001-0200—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Fish and Game Preservation Fund (Endangered and Rare Fish, Wildlife, and Plant Species Conservation and Enhancement Account).....	13,000
1730-001-0242—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Court Collection Account.....	15,206,000
1730-001-0803—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the State Children's Trust Fund.....	11,000

Item	Amount
1730-001-0823—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Alzheimer's Disease and Related Disorders Research Fund	11,000
1730-001-0886—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Seniors Special Fund	4,000
1730-001-0945—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Breast Cancer Research Fund	7,000
1730-001-0974—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Peace Officer Memorial Foundation Fund	5,000
1730-001-0979—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Firefighters' Memorial Fund	7,000
1730-001-0983—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Fund for Senior Citizens.....	7,000
1730-001-8022—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Military Family Relief Fund	6,000
1730-001-8025—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Prostate Cancer Research Fund.....	6,000
1730-001-8035—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Sexual Violence Victim Services Fund ...	6,000
1730-001-8036—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Colorectal Cancer Prevention Fund	6,000
1730-001-8037—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the Veterans' Quality of Life Fund.....	6,000
1730-001-8047—For support of Franchise Tax Board, for payment to Item 1730-001-0001, payable from the California Sea Otter Fund.....	6,000
1730-002-0001—For support of Franchise Tax Board, for rental payments on lease-revenue bonds	2,824,000

Schedule:

(1) Central Office—Buildings 1 and 2.	3,084,000
(2) Insurance	29,000
(3) Reimbursements	-289,000

Provisions:

1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule

Item	Amount
<p>shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.</p> <p>2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.</p>	
<p>1760-001-0001—For support of Department of General Services, for payment to Item 1760-001-0666</p>	9,833,000
<p>Provisions:</p> <p>1. Of the amount appropriated in this item, \$6,583,000 is for State Capitol repairs.</p> <p>2. Of the amount appropriated in this item, \$3,250,000 is to repay the federal funds collected by the Department of General Services, through prior-year rates, for disallowed general government costs plus interest. Any funds not expended for this specific purpose as of June 30, 2009, shall revert to the General Fund.</p>	
<p>1760-001-0002—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Property Acquisition Law Money Account.....</p>	3,247,000
<p>Provisions:</p> <p>1. Of the amount appropriated in this item, \$2,010,000 is a loan from the General Fund, provided for the purposes of supporting the management of the state's real property assets.</p> <p>2. Repayment of loans provided for the purposes of supporting the management of the state's real property assets shall be repaid within 60 days of the close of escrow from the sale of surplus property, pursuant to Section 11011 of the Government Code.</p> <p>3. To the extent that the annual surplus property listing enacted in separate legislation changes the workload related to the management of the state's real property assets, the Director of Finance may adjust the amount of the General Fund loan and the total amount appropriated in this item not sooner than 30 days after notifying the Joint Legislative Budget Committee.</p> <p>4. Notwithstanding any other provision of law, 2008-09 revenues from Third Party Cogeneration Projects previously shared between state agencies</p>	

Item	Amount
and the Energy Resources Fund shall be deposited in the General Fund.	
1760-001-0003—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Motor Vehicle Parking Facilities Moneys Account.....	2,404,000
1760-001-0022—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State Emergency Telephone Number Account.....	2,471,000
1760-001-0026—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State Motor Vehicle Insurance Account Provisions:	6,066,000
1. Notwithstanding any other provision of law, Section 16379 of the Government Code shall govern the payment of claims for the purposes of this item.	
1760-001-0450—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Seismic Gas Valve Certification Fee Account.....	75,000
1760-001-0465—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Energy Resources Programs Account.....	1,659,000
1760-001-0602—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the Architecture Revolving Fund.....	43,632,000
*1760-001-0666—For support of Department of General Services, payable from the Service Revolving Fund Schedule:	501,882,000
(1) Program support.....	1,085,822,000
(2) Distributed services.....	-11,145,000
(3) Reimbursements—Lease revenue...	-43,000
(4) Reimbursements—FISCAL.....	-2,380,000
(5) Amount payable from the General Fund (Item 1760-001-0001).....	-9,833,000
(6) Amount payable from the General Fund (Item 1760-002-0001).....	-346,000
(7) Amount payable from the Property Acquisition Law Money Account (Item 1760-001-0002).....	-3,247,000
(8) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-001-0003).....	-2,404,000

Item	Amount
(9) Amount payable from the State Emergency Telephone Number Ac- count (Item 1760-001-0022).....	-2,471,000
(10) Amount payable from the State Motor Vehicle Insurance Account (Item 1760-001-0026)	-6,066,000
(11) Amount payable from the Seismic Gas Valve Certification Fee Ac- count (Item 1760-001-0450).....	-75,000
(12) Amount payable from the Energy Resources Programs Account (Item 1760-001-0465)	-1,659,000
(13) Amount payable from the Archi- tecture Revolving Fund (Item 1760-001-0602)	-43,632,000
(14) Amount payable from the State School Building Aid Fund (Item 1760-001-0739)	-297,000
(15) Amount payable from the State School Deferred Maintenance Fund (Item 1760-001-0961).....	-159,000
(16) Amount payable from the 2006 State School Facilities Fund (Item 1760-001-6057)	-14,253,000
(17) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-002-0003).....	-1,102,000
(18) Amount payable from the Service Revolving Fund (Item 1760-002- 0666)	-156,455,000
(19) Amount payable from the Service Revolving Fund (Item 1760-003- 0666).....	-14,498,000
(20) Amount payable from the Service Revolving Fund (Item 1760-004- 0666)	-313,875,000

Provisions:

1. Notwithstanding any other provision of law, revenues from the sale of legislative bills and publications received by the Legislative Bill Room shall be deposited in the Service Revolving Fund.
2. Notwithstanding any other provision of law, if the Director of General Services determines in writing that there is insufficient cash in a special fund under his or her authority to make one or more payments currently due and payable, he or she may order the transfer of moneys to that special

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fund in the amount necessary to make payment or payments, as a loan from the Service Revolving Fund. That loan shall be subject to all of the following conditions:

- (a) No loan shall be made that would interfere with carrying out the object for which the Service Revolving Fund was created.
 - (b) The loan shall be repaid as soon as there are sufficient moneys in the recipient fund to repay the amount loaned, but no later than 18 months after the date of the loan. The amount loaned shall not exceed the amount that the fund or program is authorized at the time of the loan to expend during the 2008-09 fiscal year from the recipient fund except as otherwise provided in Provisions 4, 5, and 6.
 - (c) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.
3. The Director of General Services may augment this item or any of Items 1760-001-0002, 1760-001-0003, 1760-001-0026, and 1760-001-0602, by up to an aggregate of 10 percent in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in this item or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. If the Director of General Services augments this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602, the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the program augmented. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services or the purchase of goods without the prior written consent of the Department of Finance. The Director of General Services shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003,

Item	Amount
<p>1760-001-0026, or 1760-001-0602 for costs that the Department of General Services had knowledge of in time to include in the May Revision.</p> <p>4. If this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 is augmented pursuant to Provision 3 by the maximum allowed under that provision, the Director of Finance may further augment the item or items in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in these items, or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. The Director of Finance shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Departments of Finance or General Services had knowledge of in time to include in the May Revision.</p> <p>5. The Director of General Services may augment this item and Items 1760-001-0003 and 1760-001-0026 to increase authorized expenditures by the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public Safety Radio Services. The augmentation shall be for the specific purpose of enabling the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Energy Services Program, and the Office of Public Safety Radio Services to provide competitive services to their customers (including local government entities or the federal government) and may be made only if the office has sufficient operating reserves available to fund the augmentation. If the Director of General Services proposes to augment either of the items in this provision, the director shall notify the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee 30 days prior to</p>	

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making the augmentation, including the amount, justification, and the office augmented. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.

6. Any augmentation made pursuant to Provisions 3 and 4 shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved. This notification shall be provided in a format consistent with normal budget change requests, including identification of the amount of, and justification for, the augmentation, and the program that has been augmented. Copies of the notification shall be provided to the Department of Finance.
7. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to approve Budget Revision, Standard Form 26, subject to a copy being provided to the Department of Finance.
8. Notwithstanding any other provision of law, due to the inability to issue energy efficiency revenue bonds pursuant to Chapter 2.7 (commencing with Section 15814.10) of Part 10b of Division 3 of Title 2 of the Government Code, in order to repay the General Fund for the cost of completing energy efficiency projects on specified buildings, the Department of General Services shall, within 10 fiscal years, recover an amount sufficient to repay the costs associated with completed energy efficiency projects plus 5-percent interest, through utility rates charged to tenants. On August 1 of each fiscal year beginning with the 2005-06 fiscal year, the Department of General Services shall transfer that amount to the General Fund. Once the General Fund has been fully repaid, the Department of General Services shall adjust utility rates for all tenants to accurately reflect the current rates.
9. The Director of Finance is authorized to increase this item for purposes of funding tenant improvement projects to facilitate the backfill of vacant space within stand-alone Department of General Services (DGS) bond-funded office buildings.

Item	Amount
<p>This provision shall only be used to augment expenditure authority for DGS stand-alone individual rate office buildings where a \$0.03 tenant improvement surcharge has been approved by the Department of Finance and is included in the monthly rental rate. Department of Finance approval is contingent upon justification for the proposed tenant improvement projects to be provided by the DGS including an analysis of cost impacts and how the tenant improvements will improve the state's utilization of the facility. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services without the prior written consent of the Department of Finance. Any augmentation made pursuant to this provision may be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.</p>	
<p>10. Notwithstanding subdivision (c) of Section 34 of Chapter 127 of the Statutes of 2000, the Department of General Services is authorized to pay Hearn Construction Company of Vacaville, California, up to \$498,000 for claims arising from the renovation of the Lincoln Theater in Yountville, California.</p>	
1760-001-0739—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State School Building Aid Fund	297,000
1760-001-0961—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the State School Deferred Maintenance Fund	159,000
1760-001-6057—For support of Department of General Services, for payment to Item 1760-001-0666, payable from the 2006 State School Facilities Fund	14,253,000
1760-002-0001—For support of Department of General Services, for payment to Item 1760-001-0666	346,000
1760-002-0003—For support of Department of General Services, for rental payments on lease-revenue bonds, for payment to Item 1760-001-0666, payable from the Motor Vehicle Parking Facilities Moneys Account	1,102,000

Item	Amount
Provisions:	
1. The funds appropriated in this item are for the following:	
(a) Base Rental and Fees.....	1,090,000
(b) Insurance.....	12,000
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1760-002-0666—For support of Department of General Services, for rental payments on lease-revenue bonds, for payment to Item 1760-001-0666, payable from the Service Revolving Fund.....	156,455,000
Provisions:	
1. The funds appropriated in this item are for the following:	
(a) Base Rental and Fees.....	155,630,000
(1) Capitol Area Development Authority, Sacramento.....	704,000
(2) State Office Building, Riverside.....	2,127,000
(3) Department of Justice Building, Sacramento.....	4,734,000
(4) San Francisco Civic Center Building.....	23,757,000
(5) Ronald Reagan Building, Los Angeles.....	18,042,000
(6) Elihu M. Harris Building, Oakland.....	9,633,000
(7) Los Angeles Junipero Serra II.....	4,763,000
(8) State Office Building, San Diego (Suburban).....	2,886,000
(9) Capitol East End Garage.....	975,000
(10) Stephen P. Teale Data Center.....	3,500,000
(11) Capitol Area East End Complex.....	32,753,000
(12) Butterfield Warehouse Plant.....	2,498,000

Item	Amount
(13) Food and Agriculture	1,340,000
(14) Butterfield Office Building.	16,172,000
(15) Caltrans San Diego Office Building	5,799,000
(16) Board of Equalization Building Acquisition	5,961,000
(17) Office Building #10	1,879,000
(18) State Archives.....	12,312,000
(19) Office Building #8	5,795,000
(b) Insurance.....	868,000
(c) Reimbursements	-43,000
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board monthly or as otherwise needed to ensure debt requirements are met.	
3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1760-003-0666—For support of Department of General Services, for rental payments on California Environmental Protection Agency building, for payment to Item 1760-001-0666, payable from the Service Revolving Fund.....	14,498,000
Provisions:	
1. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
2. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
1760-004-0666—For support of Department of General Services, for payments for natural gas purchases, for payment to Item 1760-001-0666, payable from the Service Revolving Fund.....	313,875,000
Provisions:	
1. Provisions 3, 4, and 6 of Item 1760-001-0666 also apply to this item.	

Item	Amount
1760-011-0328—For transfer by the Controller, upon order of the Director of Finance, from the Public School Planning, Design, and Construction Review Revolving Fund, to the General Fund.....	(60,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. Repayment shall be made so as to ensure that the programs supported by the Public School Planning, Design, and Construction Review Revolving Fund are not adversely affected by the loan through reduction in services or through increased fees.	
1760-101-0022—For local assistance, Department of General Services, for reimbursement of local agencies and service suppliers or communications equipment companies for costs incurred pursuant to Sections 41137, 41137.1, 41138, and 41140 of the Revenue and Taxation Code, payable from the State Emergency Telephone Number Account	152,270,000
Schedule:	
(1) 911 Emergency Telephone Number System	
	104,523,000
(2) Enhanced Wireless Services.....	
	47,747,000
1760-301-0001—For capital outlay, Department of General Services.....	0
Schedule:	
(1) 50.10.250—Sacramento Public Safety Communications Decentralization, Resources—Preliminary plans.....	
	24,000
(2) Reimbursements.....	
	-24,000
Provisions:	
1. Notwithstanding any other provision of law, the funds appropriated in this item shall be reimbursed from the Department of Water Resources.	
1760-301-0042—For capital outlay, Department of General Services, payable from the State Highway Account, State Transportation Fund.....	140,000
Schedule:	
(1) 50.10.250—Sacramento Public Safety Communications Decentralization, Resources—Preliminary plans.....	
	140,000

Item	Amount
1760-301-0044—For capital outlay, Department of General Services, payable from the Motor Vehicle Account, State Transportation Fund.....	356,000
Schedule:	
(1) 50.10.250—Sacramento Public Safety Communications Decentralization, Resources—Preliminary plans.....	356,000
1760-301-0200—For capital outlay, Department of General Services, payable from the Fish and Game Preservation Fund	32,000
Schedule:	
(1) 50.10.250—Sacramento Public Safety Communications Decentralization, Resources—Preliminary plans.....	32,000
1760-301-0660—For capital outlay, Department of General Services, payable from the Public Buildings Construction Fund	15,958,000
Schedule:	
(1) 50.10.151—Library and Courts Building Renovation—Construction.....	15,958,000
Provisions:	
1. The State Public Works Board may issue lease-revenue bonds, notes, or bond anticipation notes pursuant to Chapter 5 (commencing with Section 15830) of Part 10b of Division 3 of Title 2 of the Government Code to finance the construction of the project authorized by this item.	
2. The Department of General Services and the State Public Works Board are authorized and directed to execute and deliver any and all leases, contracts, agreements, or other documents necessary or advisable to consummate the sale of bonds or otherwise effectuate the financing of the scheduled projects.	
3. The State Public Works Board shall not itself be deemed a lead or responsible agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) for any activities under the State Building Construction Act of 1955 (Part 10b (commencing with Section 15800) of Division 3 of Title 2 of the Government Code).	

Item	Amount
<p>This provision does not exempt the Department of General Services from the requirements of the California Environmental Quality Act. This provision is intended to be declarative of existing law.</p>	
1760-301-0768—For capital outlay, Department of General Services, payable from the Earthquake Safety and Public Buildings Rehabilitation Fund of 1990..	1,209,000
Schedule:	
(0.5) 50.10.250—Sacramento Public Safety Communications Decentralization, Resources—Preliminary plans.....	260,000
(1) 50.99.050—State Department of Mental Health, Metro State Hospital, Norwalk: Library, Structural Retrofit—Preliminary plans.....	334,000
(2) 50.99.407—State Department of Mental Health, Metro State Hospital, Norwalk: Vocational Building, Structural Retrofit—Preliminary plans.....	361,000
(3) 50.99.417—Military Department Stockton Armory: Structural Retrofit—Working drawings.....	254,000
<p>1760-401—Notwithstanding Provision 1 of Item 1760-011-0666 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006), the \$1,772,000 loan authorized shall be fully repaid to the Service Revolving Fund as soon as there are sufficient moneys in the Motor Vehicle Parking Facilities Moneys Account, but no later than June 30, 2013.</p>	
<p>1760-490—Reappropriation, Department of General Services. The balance of the appropriations provided for in the following citations is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided in the appropriations and shall be available for encumbrance or expenditure until June 30, 2011:</p>	
0660—Public Buildings Construction Fund	
(1) Item 1760-301-0660, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)	
(1) 50.10.151—Library and Courts Renovation—Construction	

Item	Amount
1760-491—Reappropriation, Department of General Services. The balance of the appropriation provided for in the following citations is reappropriated for the purposes and subject to the limitations, unless otherwise specified, provided in the appropriations and shall be available for encumbrance or expenditure until June 30, 2009:	
0768—Earthquake Safety and Public Buildings Rehabilitation Fund of 1990	
(1) Item 1760-301-0768, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)	
(8) 50.99.426-State Department of Mental Health, Patton State Hospital: Renovate H and J Buildings—Working drawings	
1760-493—Reappropriation, Department of General Services. Notwithstanding any other provision of law, the amounts specified in the following citations are reappropriated for the purposes provided in those appropriations and shall be available for expenditure until June 30, 2009:	
0002—Property Acquisition Law Account	
(1) Up to \$500,000 for the Los Angeles Civic Center and \$300,000 for the Lanterman Development Center value enhancement projects provided in Item 1760-001-0002 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)	
1870-001-0001—For support of California Victim Compensation and Government Claims Board.....	0
Schedule:	
(1) 11-Citizens Indemnification.....	70,163,000
(2) 12-Quality Assurance and Revenue Recovery Division	9,332,000
(3) 31-Civil Claims Against the State..	1,373,000
(4) 41-Citizens Benefiting the Public...	20,000
(5) 51.01-Administration.....	9,688,000
(6) 51.02-Distributed Administration Executive Office	-10,223,000
(7) 51.03-Executive Office Administration.....	535,000
(8) Reimbursements.....	-1,373,000
(9) Amount payable from the Restitution Fund (Item 1870-001-0214)...	-47,308,000
(10) Amount payable from the Federal Trust Fund (Item 1870-001-0890)...	-32,187,000
(11) Amount payable from the Restitution Fund (Item 1870-002-0214)...	-20,000

Item	Amount
Provisions:	
1. The California Victim Compensation and Government Claims Board shall not routinely notify all local agencies and school districts regarding its proceedings. However, for each of its meetings, the board shall notify all parties whose claims or proposals are scheduled for consideration and any party requesting notice of the proceedings.	
1870-001-0214—For support of California Victim Compensation and Government Claims Board, for support services pursuant to Chapter 5 (commencing with Section 13950) of Part 4 of Division 3 of Title 2 of the Government Code, for payment to Item 1870-001-0001, payable from the Restitution Fund.	47,308,000
1870-001-0890—For support of California Victim Compensation and Government Claims Board, for payment to Item 1870-001-0001, payable from the Federal Trust Fund.....	32,187,000
1870-002-0214—For support of California Victim Compensation and Government Claims Board, for support services pursuant to subdivision (c) of Section 13973 of the Government Code, for payment to Item 1870-001-0001, payable from the Restitution Fund.	20,000
1870-011-0214—For transfer by the Controller from the Restitution Fund to the Equality in Prevention and Services for Domestic Abuse Fund.....	(400,000)
1870-012-0214—For transfer by the Controller, upon order of the Director of Finance, from the Restitution Fund to the General Fund.....	(50,000,000)
*1880-001-0001—For support of State Personnel Board	1,936,000
Schedule:	
(1) 10-Merit System Administration	20,365,000
(2) 40-Local Government Services	2,937,000
(3) 50.01-Administration Services	4,042,298
(4) 50.02-Distributed Administration Services.....	-1,959,298
(5) Reimbursements.....	-20,064,000
(6) Amount payable from the Central Service Cost Recovery Fund (Item 1880-001-9740)	-3,385,000
Provisions:	
1. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item to the State Personnel Board, provided that:	

Item	Amount
(a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.	
(b) The loan is for a short term and shall be repaid by September 30, 2009.	
(c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.	
(d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee, or his or her designee, may determine.	
1880-001-9740—For support of State Personnel Board, for payment to Item 1880-001-0001, payable from the Central Service Cost Recovery Fund	3,385,000
1900-001-0950—For support of Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Contingency Reserve Fund	29,725,000
Provisions:	
1. The appropriation made in this item is for support of the Board of Administration of the Public Employees' Retirement System pursuant to Section 22910 of the Government Code.	
2. In addition to the purpose specified in Provision 1, funds appropriated in this item shall be used by the Public Employees' Retirement System (PERS) to process Medicare Part D eligibility files, reconciliation files, and subsidy requests. PERS may use funds of the Account for Retiree Drug Subsidy Payments in the Public Employees' Contingency Reserve Fund to fund a portion of these eligible costs, provided that this account supports only the portion of eligible expenses attributable to Medicare Part D retiree drug subsidy work related to state government, public agency, and California State University members of PERS. PERS shall continue to apply directly for	

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the maximum possible amount of Medicare Part D retiree drug subsidies in the 2008 and 2009 calendar years.	
3. Notwithstanding the requirements of Provision 2, the Public Employees' Retirement System (PERS) may choose not to apply for subsidies related to plans for which it is not eligible to act as the sponsor and receive Medicare Part D subsidies related to their enrollees or with respect to persons enrolled in a board-approved Medicare Advantage prescription drug health benefit plan, consistent with actions of PERS for the 2008 calendar year. If PERS chooses not to apply for subsidies pursuant to this provision, PERS shall notify the Department of Finance, the chairpersons of the committees and the appropriate subcommittees in each house of the Legislature that consider the budget, the Chairperson of the Joint Legislative Budget Committee, and the Legislative Analyst's Office, and PERS shall explain the facts and circumstances underlying that choice.	
4. Notwithstanding the requirements of Provisions 2 and 3, the Public Employees' Retirement System (PERS) may choose not to apply in the 2009 calendar year for subsidies related to one or more employee association health benefit plans upon PERS' certification to the Department of Finance that the estimated state share of Medicare Part D retiree drug subsidy funds for those plans for the 2007 calendar year did not exceed \$500,000 on a combined basis.	
1900-003-0830—For support of Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Retirement Fund.....	(963,170,000)
Provisions:	
1. The amount displayed in this item is based on the estimate by the Public Employees' Retirement System of expenditures for external investment advisers and other investment-related expenses to be made during the 2008-09 fiscal year pursuant to Sections 20172, 20208, and 20210 of the Government Code. The Board of Administration of the Public Employees' Retirement System shall report to the fiscal committees of the Legislature and the Joint Legislative Budget Committee on or before January 10, 2009, regarding any revision	

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<p>of this estimate, including an accounting and explanation of changes, and the amount of, and basis for, investment adviser expenditures proposed for the 2009–10 fiscal year. The Board of Administration of the Public Employees' Retirement System shall report on or before January 10, 2010, on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.</p> <p>2. Each of the two reports described in Provision 1 also shall include all of the following:</p> <p>(a) A summary and comparison of the externally managed portfolios, the internally managed portfolios, and the total fund. This information shall include the value of the assets, the gross and net returns, the benchmark returns, and the costs, by dollars and basis points, for these portfolios.</p> <p>(b) A description of the actions the Public Employees' Retirement System will take to ensure that any future expenditures for outside advisers will result in a greater return on investments, including costs for these advisers, than if in-house advisers were used.</p> <p>(c) Separate listings of adviser contracts in effect, and approved, during the 2007–08 and 2008–09 fiscal years, with (1) amounts (total contract and annual basis) for each contract for base fees and performance-based fees, and (2) summary statements of the purposes of each contract.</p>	
<p>1900-015-0815—For support of Board of Administration of the Public Employees' Retirement System, payable from the Judges' Retirement Fund</p>	(1,134,000)
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature, all of the following:</p> <p>(a) Not later than May 15, 2009, a copy of the proposed budget for PERS for the 2009–10 fiscal year as approved by the Board of Administration.</p>	

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(b) The revisions to the proposed budget for PERS for the 2008–09 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the Board of Administration.	
(c) Commencing October 1, 2008, all expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees' Retirement System expenditures.	
1900-015-0820—For support of Board of Administration of the Public Employees' Retirement System, payable from the Legislators' Retirement Fund	(454,000)
Provisions:	
1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System, in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature all of the following:	
(a) Not later than May 15, 2009, a copy of the proposed budget for the Public Employees' Retirement System for the 2009–10 fiscal year as approved by the Board of Administration.	
(b) The revisions to the proposed budget for the Public Employees' Retirement System for the 2008–09 fiscal year, as recommended by the Public Employees' Retirement System Finance Committee, at least 30 days prior to consideration of those revisions by the Board of Administration.	
(c) Commencing October 1, 2008, all expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information shall be submitted to the Joint Legislative Budget Committee and the fiscal com-	

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<p>mittees of each house of the Legislature in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.</p> <p>1900-015-0822—For support of the Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Health Care Fund</p>	(17,601,000)

Provisions:

1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature all of the following:
 - (a) No later than May 15, 2009, a copy of the proposed budget for PERS for the 2009-10 fiscal year as approved by the Board of Administration.
 - (b) The revisions to the proposed budget for PERS for the 2008-09 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the Board of Administration.
 - (c) Commencing October 1, 2008, all expenditures and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and fiscal committees of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees' Retirement System expenditures.
2. The Legislature finds and declares that the Public Employees' Retirement System (PERS) is accountable to members, governmental entities, and taxpayers with respect to the annual health premium increases that its board of administration adopts. The Board of Administration is encouraged to use the means at its disposal under law, consistent with requirements to provide benefits

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to public employees and others, to achieve low annual premium increases. To facilitate legislative oversight, the Board of Administration shall submit an annual report within 100 days of its adoption of annual health premium increases or decreases that describes the methods it employed to moderate annual increases in premiums when taking that action. In years when the Board of Administration adopts health premium increases in excess of those assumed in the most recent state retiree health program actuarial valuation, the report shall include a discussion of actions that the Board of Administration plans to take, if any, to attempt to reduce the rate of annual premium growth to levels below those assumed in this valuation for the next three years. This reporting requirement applies to the Board of Administration's action in 2008 to adopt premium rates for 2009 and all Board of Administration actions to increase or decrease annual health premiums adopted thereafter. This reporting requirement does not obligate the Board of Administration to adopt any specific level of premium for any given year or to change any action it otherwise determines is necessary under state law. The Board of Administration may state in the report that it is unable to commit to specific actions to reduce the rate of health premium growth or does not know if future reductions in the rate of health premium growth can be achieved. PERS is requested to complete these reports with existing budgetary and staffing resources. The report shall be submitted to the Chairperson of the Joint Legislative Budget Committee, the chairpersons of the committees and subcommittees in each house of the Legislature that consider PERS' budget and activities, the Controller, the Director of Finance, and the Legislative Analyst.

1900-015-0830—For support of Board of Administration of the Public Employees' Retirement System, payable from the Public Employees' Retirement Fund.....(277,215,000)

Provisions:

1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System, in accordance with all applicable provisions of the California Constitu-

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<p>tion, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of the Legislature, all of the following:</p> <p>(a) No later than May 15, 2009, a copy of the proposed budget for the Public Employees' Retirement System for the 2009-10 fiscal year as approved by the Board of Administration.</p> <p>(b) The revisions to the proposed budget for the Public Employees' Retirement System for the 2008-09 fiscal year, as recommended by the Public Employees' Retirement System Finance Committee, at least 30 days prior to consideration of those revisions by the Board of Administration.</p> <p>(c) Commencing October 1, 2008, all expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information shall be submitted to the Joint Legislative Budget Committee and the fiscal committees of the Legislature in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the expenditures of the Public Employees' Retirement System.</p> <p>2. Commencing July 1, 2008, reports on information technology projects that are submitted to the Board of Administration of the Public Employees' Retirement System shall be submitted to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, and the Department of Finance on an informational basis. The quarterly update information submitted to the Department of Finance shall be in sufficient detail to be useful for Department of Finance informational project status reporting purposes.</p>	
<p>1900-015-0833—For support of Board of Administration of the Public Employees' Retirement System, payable from the Annuitants' Health Care Coverage Fund</p>	(552,000)
<p>Provisions:</p> <p>1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the</p>	

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<p>Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature, all of the following:</p> <ul style="list-style-type: none"> (a) No later than May 15, 2009, a copy of the proposed budget for PERS for the 2009–10 fiscal year as approved by the Board of Administration. (b) The revisions to the proposed budget for PERS for the 2008–09 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to consideration of those revisions by the Board of Administration. (c) Commencing October 1, 2008, all expenditure and performance workload data provided to the Board of Administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of the PERS expenditures. 	
<p>1900-015-0884—For support of Board of Administration of the Public Employees' Retirement System, payable from the Judges' Retirement System II Fund...</p>	(685,000)
<p>Provisions:</p> <ul style="list-style-type: none"> 1. Notwithstanding any other provision of law, the Board of Administration of the Public Employees' Retirement System (PERS), in accordance with all applicable provisions of the California Constitution, shall submit to the Controller, the Department of Finance, the Joint Legislative Budget Committee, and the fiscal committees of each house of the Legislature, all of the following: <ul style="list-style-type: none"> (a) No later than May 15, 2009, a copy of the proposed budget for PERS for the 2009–10 fiscal year as approved by the Board of Administration. (b) The revisions to the proposed budget for PERS for the 2008–09 fiscal year, as recommended by the PERS Finance Committee, at least 30 days prior to the consideration of those revisions by the Board of Administration. (c) Commencing October 1, 2008, all expenditure and performance workload data provided 	

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<p>to the Board of Administration, as updated on a quarterly basis. This quarterly update information is to be submitted to the Joint Legislative Budget Committee and the fiscal committees of each house of the Legislature, and shall be in sufficient detail to be useful for legislative oversight purposes and to sustain a thorough ongoing review of Public Employees' Retirement System expenditures.</p>	
<p>1900-017-0950—For support of Public Employees' Retirement System, payable from the Public Employees' Contingency Reserve Fund.....</p>	247,000
<p>Provisions:</p>	
<p>1. The funding appropriated in this item is limited to the amount specified in Section 17.00. These funds are to be used in support of compliance activities related to the federal Health Insurance Portability and Accountability Act (HIPAA) of 1996.</p>	
<p>1900-490—Reappropriation, Public Employees' Retirement System. Notwithstanding any other provision of law, \$3,140,000 of the balance of the appropriation provided in the following citation is reappropriated for purposes provided in that appropriation and shall be available for encumbrance or expenditure until June 30, 2009:</p>	
<p>0950—Public Employees' Contingency Reserve Fund</p>	
<p>(1) Item 1900-001-0950 of the Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)</p>	
<p>1920-001-0835—For support of State Teachers' Retirement System, payable from the Teachers' Retirement Fund</p>	168,840,000
<p>Schedule:</p>	
<p>(1) 10-Services to Members and Employers</p>	169,242,000
<p>(2) Reimbursements.....</p>	-339,000
<p>(3) Amount payable from the Supplemental Benefit Maintenance Account in the Teachers' Retirement Fund pursuant to Section 22954 of the Education Code.....</p>	-63,000
<p>Provisions:</p>	
<p>1. This item shall not be subject to the requirements of subdivision (b), (c), (d), or (e) of Section 31.00. Nothing in this provision shall be construed as exempting this item from requirements of the State</p>	

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Civil Service Act or from requirements of laws, rules, and regulations administered by the Department of Personnel Administration.	
2. Commencing July 1, 2006, reports on information technology projects that are submitted to the Teachers' Retirement Board shall be submitted to the Joint Legislative Budget Committee, the fiscal committees of the Legislature, and the State Chief Information Officer on an informational basis. The information submitted to the State Chief Information Officer shall be in sufficient detail to be useful for the State Chief Information Officer informational project status reporting purposes.	
1920-002-0835—For support of State Teachers' Retirement System (external investment advisers), payable from the Teachers' Retirement Fund	(172,113,000)
Provisions:	
1. The amount displayed in this item is for informational purposes only, and is based on the current estimate by the State Teachers' Retirement System (STRS) of expenditures for external investment advisers to be made during the 2008-09 fiscal year pursuant to Section 22353 of the Education Code. STRS shall report to the fiscal committees of each house of the Legislature and the Joint Legislative Budget Committee no later than January 10, 2009, regarding any revision of this estimate, including an accounting and explanation of the changes, and regarding the amount of, and basis for, investment adviser expenditures proposed for the 2009-10 fiscal year. STRS shall report on or before January 10, 2010, on the final expenditures under this item, including an accounting and explanation of changes from estimates previously reported to the Legislature.	
2. Each of the two reports described in Provision 1 also shall include all of the following:	
(a) A summary and comparison of the externally managed portfolios, the internally managed portfolios, and the total fund. This information shall include the value of the assets, the gross and net returns, the benchmark returns, and the costs by dollars and basis points for these portfolios.	
(b) A description of the actions the State Teachers' Retirement System will take to ensure that any future expenditures for outside advis-	

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ers will result in a greater return on investments, including costs for these advisers, than if in-house advisers were used.	
(c) Separate listings of adviser contracts in effect, and approved, during the 2007-08 and 2008-09 fiscal years, with (1) amounts (total contract and annual basis) for each contract for base fees and performance-based fees and (2) summary statements of the purposes of each contract.	
1920-011-0001—For transfer by the Controller to the Teachers' Retirement Fund.....	(1,133,077,000)
Schedule:	
(1) Supplemental Benefit Maintenance	
Account (SBMA)	(597,474,000)
(2) Benefits Funding	(535,603,000)
Provisions:	
1. The estimated amount referenced in Schedule (1) is the state's contribution required by Section 22954 of the Education Code.	
2. The estimated amount referenced in Schedule (2) is the state's contribution required by subdivisions (a) and (b) of Section 22955 of the Education Code.	
1920-490—Reappropriation, State Teachers' Retirement System (STRS). Up to \$4,024,000 of the balance as of June 30, 2008, of the appropriation identified in the following citation is reappropriated, subject to the limitations set forth in Provision 1, and shall be available for encumbrance or expenditure until June 30, 2009. Any amount of this reappropriation that is not expended in the 2008-09 fiscal year shall be carried over to the 2009-10 fiscal year and is hereby reappropriated. In no event shall the total amounts reappropriated for the 2009-10 Budget exceed 3 percent of the STRS 2008-09 appropriation for Item 1920-001-0835.	
0835—Teachers' Retirement Fund	
(1) Item 1920-001-0835, Budget Act of 2007 (Chs. 171 and 172, Stats. 2007)	
Provisions:	
1. The funds reappropriated in this item shall be available for expenditure by the State Teachers' Retirement System for the purposes of meeting unanticipated system costs and promoting better service to the system's membership. The funds may not be encumbered without advance ap-	

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proval of the Teachers' Retirement Board. The board shall report to the Legislature on a quarterly basis throughout the 2008-09 fiscal year on expenditures made pursuant to this item.	
*1955-001-9730—For support of Department of Technology Services, payable from the Department of Technology Services Revolving Fund.....	278,223,000

Schedule:

- (1) 10-Administration of Technology Services.....278,582,000
- (2) Reimbursements..... -359,000

Provisions:

1. Notwithstanding any other provision of law, the Director of Finance may authorize expenditures for the Department of Technology Services in excess of the amount appropriated not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees in each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.
2. Expenditure authority provided in this item to support data center infrastructure projects may not be utilized for items outside the approved project scope. In addition, the Department of Technology Services shall report to the office of the State Chief Information Officer actual expenditures associated with the projects when purchase agreements have been executed. Changes in project scope must receive approval using the established administrative and legislative reporting requirements.
3. The Department of General Services, with the consent of the Department of Technology Services, may enter into a lease, lease-purchase agreement, or lease with an option to purchase for a build-to-suit facility to develop a data center in the central valley, subject to Department of Finance approval of the terms and conditions of the agreement. At least 30 days prior to entering into any agreement, the Department of General Services shall notify the chairpersons of the committees in each house of the Legislature that consider appropriations and the Joint Legislative Budget Committee of the terms and conditions of the

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agreement. This notification shall include an analysis of the associated rate impact to customer department invoices. If the Joint Legislative Budget Committee does not express any opposition, the Department of General Services may proceed with the agreement after 30 days from when the Department of General Services gave notice to the chairpersons.

BUSINESS, TRANSPORTATION AND HOUSING

2100-001-0890—For support of Alcoholic Beverage Control, Program 10.20-Compliance, payable from the Federal Trust Fund, for the administration of Enforcing the Underage Drinking Law (EUDL) federal grants received from the United States Department of Justice..... 1,300,000

2100-001-3036—For support of Department of Alcoholic Beverage Control, payable from the Alcohol Beverage Control Fund..... 51,688,000

Schedule:

- (1) 10.10-Licensing..... 28,640,060
- (2) 10.20-Compliance 24,094,940
- (3) 10.30.010-Administration 4,147,120
- (4) 10.30.020-Distributed Administration..... -4,147,120
- (5) Reimbursements..... -1,047,000

2100-101-3036—For local assistance, Department of Alcoholic Beverage Control, Program 10.20-Compliance, for grants to local law enforcement agencies, payable from the Alcohol Beverage Control Fund .. 3,000,000

Provisions:

1. Notwithstanding any other provision of law, the Department of Alcoholic Beverage Control is authorized to grant funds to local law enforcement agencies for the purpose of enhancing enforcement of alcoholic beverage control laws in the local jurisdiction.
2. Notwithstanding any other provision of law, at the discretion of the Director of Alcoholic Beverage Control, the Department of Alcoholic Beverage Control may advance grant funds to local law enforcement agencies.
3. Notwithstanding any other provision of law, at the discretion of the Director of Alcoholic Beverage Control, title to any authorized equipment purchased by the local law enforcement agency pur-

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2180-001-0067—For support of Department of Corporations, payable from the State Corporations Fund.....	39,948,000
Schedule:	
(1) 10-Investment Program	21,096,000
(2) 20-Lender-Fiduciary Program	19,002,000
(3) 50.01-Administration.....	6,221,000
(4) 50.02-Distributed Administration ...	-6,221,000
(5) Reimbursements.....	-150,000
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2240-001-0001—For support of Department of Housing and Community Development.....	4,784,000 4,023,000
Schedule:	
(1) 10-Codes and Standards Program ..	29,964,000 29,118,000
(2) 20-Financial Assistance Program ...	21,884,000
(3) 30-Housing Policy Development Program.....	2,939,000
(4) 50.01-Administration.....	12,101,000
(5) 50.02-Distributed Administration ...	-12,181,000
(6) 50.03-Distributed Administration of the Housing Policy Development Program.....	-135,000
(7) Reimbursements.....	-1,132,000 -1,047,000
(8) Amount payable from the Mobile-home Park Revolving Fund (Item 2240-001-0245)	-6,464,000
(9) Amount payable from the Mobile-home Park Purchase Fund (Item 2240-001-0530)	-562,000
(10) Amount payable from the Mobile-home-Manufactured Home Revolving Fund (Item 2240-001-0648).....	-21,457,000
(11) Amount payable from the Self-Help Housing Fund (Item 2240-001-0813).....	-128,000
(12) Amount payable from the Federal Trust Fund (Item 2240-001-0890).....	-10,067,000
(13) Amount payable from the Housing Rehabilitation Loan Fund (Item 2240-001-0929)	-2,683,000

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(14) Amount payable from the Rental Housing Construction Fund (Item 2240-001-0938)	-798,000
(15) Amount payable from the Predevelopment Loan Fund (Item 2240-001-0980)	-300,000
(16) Amount payable from the Emergency Housing and Assistance Fund (Item 2240-001-0985).....	-489,000
(17) Amount payable from the Jobs-Housing Balance Improvement Account (Item 2240-001-3006).....	-599,000
(18) Amount payable from the Building Equity and Growth in Neighborhoods Fund (Item 2240-001-6038)	-322,000
(19) Amount payable from the Building Equity and Growth in Neighborhoods Fund (Item 2240-002-6038)	-873,000
(21) Amount payable from the Regional Planning, Housing and Infill Incentive Account, Housing and Emergency Shelter Trust Fund of 2006 (Item 2240-001-6069).....	-2,550,000
(23) Amount payable from the Transit-Oriented Development Implementation Fund (Item 2240-001-9736).	-1,364,000

Provisions:

1. Of the amount appropriated in this item, \$158,000 shall be used to continue oversight by the Department of Housing and Community Development of redevelopment agencies and to provide technical assistance, in accordance with the department's Housing Preservation Plan.
2. It is the intent of the Legislature that \$85,000 of the funds appropriated in Schedule (7) shall be new revenues for the Employee Housing Program resulting from fee increases that take effect on or after July 1, 2008. In order to implement this provision, the Department of Housing and Community Development is authorized to adopt regulations, which shall be adopted as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and for the purposes of that chapter, including Section 11349.6, the adoption of these regulations is an emergency and shall be considered by the Office

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<p>of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, including subdivision (c) of Section 11346.1; any emergency regulations adopted pursuant to this provision shall be filed with, but not be repealed by, the Office of Administrative Law and shall remain in effect until revised by the department. The fee increase adopted by these emergency regulations shall not exceed the amount needed to generate \$85,000 in annual revenue, based on the department's most recent permits to operate issued in the Employee Housing Program.</p>	
<p>2240-001-0245—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome Park Revolving Fund.....</p>	6,464,000
<p>Provisions:</p> <p>1. Of the amount appropriated in this item, \$417,000 shall be available to the Department of Housing and Community Development upon receipt of written notice by a local enforcement agency pursuant to Sections 18300 and 18865 of the Health and Safety Code and paragraph (1) of subdivision (b) of Section 1005 of Title 25 of the California Code of Regulations that the department shall assume responsibility for enforcement of the Mobilehome Parks Act and the Special Occupancy Parks Act pursuant to Sections 18300 and 18865 of the Health and Safety Code.</p>	
<p>2240-001-0530—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome Park Purchase Fund.....</p>	562,000
<p>2240-001-0648—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Mobilehome-Manufactured Home Revolving Fund.....</p>	21,457,000
<p>Provisions:</p> <p>1. Notwithstanding Section 18077 of the Health and Safety Code, or any other provision of law, the first \$2,388,000 in revenues collected by the Department of Housing and Community Development from manufactured home license fees shall be deposited in the Mobilehome-Manufactured</p>	

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Home Revolving Fund, and shall be available to the department for the support, collection, administration, and enforcement of manufactured home license fees.	
2. Notwithstanding Section 18077.5 of the Health and Safety Code, or any other provision of law, the Department of Housing and Community Development is not required to comply with the reporting requirement of Section 18077.5 of the Health and Safety Code.	
3. Of the amount appropriated in this item, \$104,000 shall be available to the Department of Housing and Community Development upon receipt of written notice by a local enforcement agency pursuant to Sections 18300 and 18865 of the Health and Safety Code and paragraph (1) of subdivision (b) of Section 1005 of Title 25 of the California Code of Regulations that the department shall assume responsibility for enforcement of the Mobilehome Parks Act and the Special Occupancy Parks Act pursuant to Sections 18300 and 18865 of the Health and Safety Code.	
2240-001-0813—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Self-Help Housing Fund	128,000
2240-001-0890—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Federal Trust Fund	10,067,000
2240-001-0929—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Housing Rehabilitation Loan Fund	2,683,000
2240-001-0938—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Rental Housing Construction Fund	798,000
2240-001-0980—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Predevelopment Loan Fund.....	300,000
2240-001-0985—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Emergency Housing and Assistance Fund	489,000

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2240-001-3006—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Jobs-Housing Balance Improvement Account.....	599,000
2240-001-6038—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Building Equity and Growth in Neighborhoods Fund.....	322,000
2240-001-6069—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Regional Planning, Housing and Infill Incentive Account, Housing and Emergency Shelter Trust Fund of 2006.....	2,550,000
2240-001-9736—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Transit-Oriented Development Implementation Fund.....	1,364,000
2240-002-6038—For support of Department of Housing and Community Development, for payment to Item 2240-001-0001, payable from the Building Equity and Growth in Neighborhoods Fund.....	873,000
2240-011-0245—For transfer by the Controller, upon order of the Director of Finance, from the Mobilehome Parks and Special Occupancy Parks Revolving Fund, to the General Fund	(1,500,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Mobilehome Parks and Special Occupancy Parks Revolving Fund are not adversely affected by the loan.	
2240-011-0927—For transfer by the Controller, upon order of the Director of Finance, from the Joe Serna, Jr. Farmworker Housing Grant Fund, to the General Fund	(1,500,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Joe Serna, Jr. Farmworker Housing Grant Fund are not adversely affected by the loan.	
2240-011-0929—For transfer by the Controller, upon order of the Director of Finance, from the Housing Rehabilitation Loan Fund, to the General Fund	(16,400,000)

Item	Amount
Provisions:	
1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Housing Rehabilitation Loan Fund are not adversely affected by the loan.	
2240-101-0001—For local assistance, Department of Housing and Community Development	6,316,000
	5,973,000

Schedule:

- (1) 20-Financial Assistance Program ... ~~173,116,000~~
172,773,000
- (2) Amount payable from the Federal Trust Fund (Item 2240-101-0890) -166,800,000

Provisions:

- 1. Notwithstanding any other provision of law, upon receipt of federal funds for the rehabilitation of migrant farmworker housing, the Director of Finance may reduce funding in this item for the Office of Migrant Services by an amount not to exceed \$343,000 or the level of federal funding awarded, whichever is less, not sooner than 30 days after notification in writing of the necessity therefor is provided to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time the chairperson of the joint committee, or his or her designee, may in each instance determine.

2240-101-0890—For local assistance, Department of Housing and Community Development, for payment to Item 2240-101-0001, payable from the Federal Trust Fund.....	166,800,000
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Provisions:

- 1. Notwithstanding any other provision of law, federal funds appropriated by this item but not encumbered or expended by June 30, 2009, may be expended in the subsequent fiscal year.
- 2. Of the amount appropriated in this item, \$1,800,000 shall be available upon receipt of a federal grant for support of the Office of Migrant Services program.

Item	Amount
2240-101-3006—For local assistance, Department of Housing and Community Development, payable from the Jobs-Housing Balance Improvement Account.....	23,000,000
2240-101-6069—For local assistance, Department of Housing and Community Development, payable from the Regional Planning, Housing and Infill Incentive Account, Housing and Emergency Shelter Trust Fund of 2006.....	200,000,000
Provisions:	
1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2013.	
2. It is the intent of the Legislature that funding for this item in future years be subject to legislative review and approval of a request submitted by the Department of Housing and Community Development.	
2240-101-9736—For local assistance, Department of Housing and Community Development, payable from the Transit-Oriented Development Implementation Fund.....	95,000,000
Provisions:	
1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2013.	
2. It is the intent of the Legislature that funding for this item in future years be subject to legislative review and approval of a request submitted by the Department of Housing and Community Development.	
2240-102-6038—For local assistance, Department of Housing and Community Development, payable from the Building Equity and Growth in Neighborhoods Fund	40,000,000
Provisions:	
1. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in this item shall be available for liquidation of encumbrances until June 30, 2013.	
2. It is the intent of the Legislature that funding for this item in future years be subject to legislative review and approval of a request submitted by the Department of Housing and Community Development.	

Item	Amount
2240-105-0001—For transfer, as an expenditure, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund.....	4,000,000
Provisions:	
1- The amount transferred in this item to the Emergency Housing and Assistance Fund shall be distributed pursuant to Chapter 11.5 (commencing with Section 50800) of Part 2 of Division 31 of the Health and Safety Code for operating facilities and capital development grants:	
2- Grants shall not be used to supplant existing emergency shelter or transitional housing funding. Notwithstanding any regulatory provision to the contrary, operating facilities grants shall not exceed \$100,000 nor be less than \$30,000. For counties with an allocation of greater than \$30,000, one grant of less than \$30,000 may be awarded if necessary to fully utilize the county's allocation. For counties with an allocation of up to or equal to \$30,000, up to two grants of less than \$30,000 may be awarded:	
2240-490—Extension of Liquidation Period, Department of Housing and Community Development. Notwithstanding Section 16304.1 of the Government Code, funds appropriated in the following citations shall be made available for liquidation of encumbrances until June 30, 2011:	
(1) Item 2240-101-6038, Budget Act of 2005 (Chs. 38 and 39, Stats. 2005)	
(2) Item 2240-101-6038, Budget Act of 2006 (Chs. 47 and 48, Stats. 2006)	
2310-001-0400—For support of Office of Real Estate Appraisers, payable from the Real Estate Appraisers Regulation Fund	4,115,000
Schedule:	
(1) 10-Administration of Real Estate Appraisers Program..... 4,195,000	
(2) Reimbursements..... -80,000	
2310-011-0400—For transfer by the Controller, upon order of the Director of Finance, from the Real Estate Appraisers Regulation Fund, to the General Fund... (16,600,000)	
Provisions:	
1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Real Estate Appraisers Regulation Fund are not adversely	

Item	Amount
affected by the loan. This loan shall be repaid with interest calculated at the rate earned in the Pooled Money Investment Account at the time of the transfer.	
2320-001-0317—For support of Department of Real Estate, payable from the Real Estate Fund.....	44,306,000
Schedule:	
(1) 10-Licensing and Education.....	9,381,000
(2) 20-Enforcement and Recovery.....	28,217,000
(3) 30-Subdivisions.....	7,050,000
(4) 40.10-Administration.....	7,594,000
(5) 40.20-Distributed Administration ...	-7,501,000
(6) Reimbursements.....	-435,000
Provisions:	
1. Of the amount appropriated in this item, \$500,000 shall be used only for the purposes of the Real Estate Recovery Account.	
2. The Department of Real Estate shall, by January 10, 2009, report to the chairperson of the budget committee of each house of the Legislature and to the Legislative Analyst's Office all of the following: (a) actual workload data for the 2006-07 and 2007-08 fiscal years compared to the workload projected by the department in February 2006; (b) service levels of the enforcement program for the 2006-07 and 2007-08 fiscal years compared to the service levels projected by the department in February 2006, measured by the average number of days taken to process a case through the complaint, audit, legal, and flag process; (c) projected workload and enforcement data for the 2008-09 and 2009-10 fiscal years; and (d) any staffing and funding changes requested based on (a) to (c), inclusive. Workload data shall include, at a minimum, the total number of licensees; the number of onsite and offsite exams scheduled; the number of licenses issued; the number of enforcement cases assigned; the number of audits performed; the number of Subdivision Program filings; and the number of legal actions filed.	
2400-001-0933—For support of Department of Managed Health Care, payable from the Managed Care Fund.....	41,588,000
Schedule:	
(1) 30-Health Plan Program.....	41,797,000
(2) 50.01-Administration.....	10,154,000
(3) 50.02-Distributed Administration ...	-10,154,000
(4) Reimbursements.....	-209,000

Item	Amount
Provisions:	
1. The amount appropriated in this item may include revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.	
2400-002-0933—For support of Department of Managed Health Care, for the Office of Patient Advocate, payable from the Managed Care Fund.....	2,456,000
2600-001-0042—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the State Highway Account, State Transportation Fund.....	872,000
Provisions:	
i. Of the funds appropriated in this item, \$100,000 shall be used only to contract for consulting services to assist in the financial review of high-occupancy toll lane applications pursuant to the requirements of Chapter 32 of the Statutes of 2006.	
2600-001-0046—For support of California Transportation Commission, payable from the Public Transportation Account, State Transportation Fund.....	1,366,000
Schedule:	
(1) 10-Administration of California Transportation Commission.....	3,609,000
(2) Reimbursements.....	-506,000
(3) Amount payable from the State Highway Account, State Transportation Fund (Item 2600-001-0042).	-872,000
(4) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6055).....	-208,000
(5) Amount payable from the Trade Corridors Improvement Fund (Item 2600-001-6056).....	-203,000
(6) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6058).....	-180,000

Item	Amount
(7) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6059)	-53,000
(8) Amount payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6060)	-93,000
(9) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6062).....	-10,000
(10) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6063).....	-34,000
(11) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2600-001-6064).....	-84,000
Provisions:	
1. Upon order of the Director of Finance, funds may be transferred between Items 2600-001-6055, 2600-001-6056, 2600-001-6058, 2600-001-6059, 2600-001-6060, 2600-001-6062, 2600-001-6063, and 2600-001-6064 in order to meet program oversight needs as programs proceed through the implementation process.	
2600-001-6055—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	208,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	

Item	Amount
2600-001-6056—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Trade Corridors Improvement Fund.....	203,000
Provisions: 1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6058—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	180,000
Provisions: 1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6059—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	53,000
Provisions: 1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6060—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	93,000
Provisions: 1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6062—For support of California Transportation Commission, for payment to Item 2600-001-0046, from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	10,000
Provisions: 1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6063—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	34,000

Item	Amount
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-001-6064—For support of California Transportation Commission, for payment to Item 2600-001-0046, payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	84,000
Provisions:	
1. Provision 1 of Item 2600-001-0046 also applies to this item.	
2600-402—Before allocating projects in the 2008–09 fiscal year that would result in the issuance of notes pursuant to Section 14553 of the Government Code exceeding \$800,000,000, the California Transportation Commission shall consult with the Business, Transportation and Housing Agency, the Department of Transportation, and the Department of Finance pursuant to Section 14553.8 of the Government Code to consider and determine the appropriateness of the mechanism authorized by Section 14553 of the Government Code in comparison to other funding mechanisms, and to determine and report to the Governor and the Legislature the effect of issuance of the notes on future federal funding commitments. Allocations exceeding \$800,000,000 shall not be made prior to providing 60 days' notice to the chairpersons of the transportation committees of each house and the Chairperson of the Joint Legislative Budget Committee.	
*2640-101-0046—For local assistance, State Transit Assistance, for allocation by the Controller pursuant to Section 99312 of the Public Utilities Code, payable from the Public Transportation Account, State Transportation Fund.....	406,434,000 306,434,000
Provisions:	
1. Notwithstanding Sections 99313 and 99314 of the Public Utilities Code, not more than \$60,397 of the amount appropriated in this item shall be used to reimburse the Controller for expenditures of administration of State Transit Assistance funds.	

Item	Amount
2640-104-6059—For local assistance, State Transit Assistance, for allocation by the Controller pursuant to Sections 99313 and 99314 of the Public Utilities Code, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	350,000,000
Provisions:	
1. Notwithstanding Sections 99313 and 99314 of the Public Utilities Code, not more than \$81,932 of the amount appropriated in this item shall reimburse the Controller for expenditures for administration of local transit assistance funds.	
2. Projects eligible for funding from this item shall be allocated by the Controller and shall be available for allocation until June 30, 2010, and available for encumbrance and liquidation until June 30, 2014.	
2660-001-0041—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Aeronautics Account, State Transportation Fund	3,596,000
*2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund.....	2,545,975,000
Schedule:	
(1) 10-Aeronautics.....	3,636,000
(2) 20.10-Highway Transportation— Capital Outlay Support.....	1,657,615,000
(3) 20.30-Highway Transportation— Local Assistance.....	43,964,000
(4) 20.40-Highway Transportation— Program Development.....	76,077,000
(5) 20.65-Highway Transportation— Legal.....	79,744,000
(6) 20.70-Highway Transportation— Operations	200,891,000
(7) 20.80-Highway Transportation— Maintenance.....	1,194,216,000
(8) 30-Mass Transportation	130,033,000
(9) 40-Transportation Planning.....	110,543,000
(10) 50.00-Administration.....	421,974,000
(11) 60.10-Equipment Service Program Costs	215,429,000
(11.5) 60.20-Distributed Equipment Service Program Costs.....	-215,429,000
(12) Reimbursements.....	-341,778,000

Item	Amount
(13) Amount payable from the Aeronautics Account, State Transportation Fund (Item 2660-001-0041)...	-3,596,000
(14) Amount payable from the Bicycle Transportation Account, State Transportation Fund (Item 2660-001-0045).....	-10,000
(15) Amount payable from the Public Transportation Account, State Transportation Fund (Item 2660-001-0046)	-149,775,000
(16) Amount payable from the Historic Property Maintenance Fund (Item 2660-001-0365)	-1,590,000
(16.5) Amount payable from the Seismic Retrofit Bond Fund of 1996 (Section 8879.3 of the Government Code)	-5,331,000
(17) Amount payable from the Federal Trust Fund (Item 2660-001-0890)	-524,280,000
(18) Amount payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund (Item 2660-001-6801).....	-784,000
(18.5) Amount payable from the Transportation Investment Fund (Item 2660-002-3008)	-236,007,000
(19) Amount payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6072).....	-4,487,000
(21) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6055).....	-23,190,000
(22) Amount payable from the Trade Corridors Improvement Fund (Item 2660-004-6056)	-3,511,000

Item	Amount
(23) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6058).....	-55,726,000
(24) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6059)	-1,303,000
(24.5) Amount payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6060)	-496,000
(26) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6062).....	-91,000
(27) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6063)	-621,000
(28) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6064).....	-20,142,000

Provisions:

1. Notwithstanding any other provision of law, funds appropriated in this item from the State Highway Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the

Item	Amount
<p>chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.</p> <p>2. Notwithstanding any other provision of law, funding appropriated in this item may be transferred to Item 2660-005-0042 to pay for any necessary insurance, debt service, and other financing-related expenditures for Department of Transportation-owned office buildings. Any transfer will require the prior approval of the Department of Finance.</p> <p>3. The funds appropriated in Schedule (2) for external consultant and professional services related to project delivery (also known as 232 contracts) that are unencumbered or encumbered but unexpended related to work that will not be performed during the fiscal year shall revert to the fund from which they were appropriated.</p> <p>4. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior fiscal year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process pursuant to Sections 11251 and 16365 of the Government Code.</p> <p>5. Notwithstanding any other provision of law, funds appropriated in Item 2660-001-0042, 50.00-Administration from the State Highway Account, may be reduced and replaced by an equivalent amount of reimbursements determined by the Department of Transportation to be available and necessary to comply with Section 28.50 and the most effective management of state transportation resources. The reimbursements may also be reduced and replaced by an equivalent amount of funds from the State Highway Account. Not more than 30 days after replacing the State Highway Account funds with reimbursements and vice versa, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.</p>	

Item	Amount
6. Not more than \$1,400,000 appropriated in this item is available for support of the Department of Transportation's Owner Controlled Insurance Program to administer insurance coverage for contractors on projects with combined total costs not to exceed \$750,000,000.	
7. Of the funds appropriated in this item, \$214,000,000 is for major maintenance contracts for the preservation of highway pavement, and shall not be used to supplant any other funding that would have been used for major pavement maintenance.	
8. Of the funds appropriated in Schedule (5), \$48,556,000 is for the payment of tort lawsuit claims and awards. Any funds for that purpose that are unencumbered as of April 1, 2009, may be transferred to Item 2660-302-0042. Any transfer shall require the prior approval of the Department of Finance.	
9. Of the funds appropriated in this item, transfers shall be available to Items 2660-004-6055, 2660-004-6056, 2660-004-6058, 2660-004-6059, 2660-004-6060, 2660-004-6062, 2660-004-6063, 2660-004-6064, and 2660-004-6072. The Department of Finance shall authorize the transfer not sooner than 30 days after notification in writing to the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee.	
10. Of the funds appropriated in Schedule (7), \$5,000,000 shall be used to implement a parolee employment program to pick up and remove litter along state highways. The Department of Transportation will evaluate the effectiveness of the parolee program and present its findings to the Joint Legislative Budget Committee by July 1, 2010. The report shall also include a summary and evaluation of the overall litter program, including information and enforcement activities, which the Department of Transportation shall compile in coordination with the Department of the California Highway Patrol.	
11. Of the funds appropriated in Schedule (7), \$2,301,000 shall be used to purchase three Balsi Beam systems and three barrier guard systems to increase worker safety.	

Item	Amount
12. Of the funds appropriated in Schedule (7), \$809,000 shall be used for traffic control operations for the opening of the first segment of the managed lanes project on I-15 in San Diego County.	
2660-001-0045—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Bicycle Transportation Account, State Transportation Fund.....	10,000
2660-001-0046—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Public Transportation Account, State Transportation Fund.....	149,775,000
Provisions:	
1. For Program 30—Mass Transportation, \$86,338,027 appropriated in this item is available for intercity rail contracts.	
2. Notwithstanding any other provision of law, funds appropriated in this item from the Public Transportation Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.	
2660-001-0365—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Historic Property Maintenance Fund.....	1,590,000
2660-001-0890—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Federal Trust Fund	524,280,000
Provisions:	
1. For Program 20—Highway Transportation. For purposes of Section 163 of the Streets and Highways Code, all expenditures from this item shall be deemed to be expenditures from the State Highway Account, State Transportation Fund.	
2. For Program 20—Highway Transportation. Federal funds may be received from any federal source, and shall be deposited in the Federal Trust Fund. Any federal reimbursements shall be cred-	

Item	Amount
ited to the account from which the expenditures were originally made.	
3. Notwithstanding any other provision of law, the Director of Finance may augment this item with additional federal funds in conjunction with an equivalent offsetting reduction in State Highway Account funds in Item 2660-001-0042, pursuant to Provision 1 of that item or Public Transportation Account funds in Item 2660-001-0046, pursuant to Provision 2 of that item.	
2660-001-6801—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund	784,000
2660-002-0041—For support of Department of Transportation, to fund loan, debt service, or other financing related costs for the replacement of aircraft.....	1,560,000
Provisions:	
1. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for encumbrance or expenditure until expended.	
2660-002-0042—For support of Department of Transportation, payable from the State Highway Account to fund ongoing administrative costs for Grant Anticipation Revenue Vehicles	600,000
2660-002-0890—For support of Department of Transportation, for debt service requirements and other financing related costs for federal Grant Anticipation Revenue Vehicles (GARVEE) issued in the 2008–09 fiscal year, payable from the Federal Trust Fund	181,200,000
Provisions:	
1. Notwithstanding any other provision of law, the funds appropriated in this item shall be available for encumbrance or expenditure until expended.	
2. Notwithstanding Section 28.00, upon approval of the Department of Finance, this item may be augmented if additional funds are necessary to meet debt service and other requirements related to the fiscal year 2008–09 Grant Anticipation Revenue Vehicles (GARVEE) issuance.	
3. The appropriation in this item reflects, in part, the pledge made by the California Transportation Commission in accordance with Section 14553.7 of the Government Code in connection with the Grant Anticipation Revenue Vehicles (GARVEE) bonds issued in the 2008–09 fiscal year.	

Item	Amount
4. Funds appropriated in this item are in lieu of the amounts that have been appropriated pursuant to Section 14554.8 of the Government Code.	
2660-002-3007—For support of Department of Transportation, payable from the Traffic Congestion Relief Fund	26,680,000
Schedule:	
(1) 20.10-Highway Transportation—	
Capital Outlay Support.....	26,393,000
(2) 30-Mass Transportation	287,000
Provisions:	
1. Notwithstanding any other provision of law, if the California Transportation Commission allocates funds to Traffic Congestion Relief Program projects in the 2008–09 fiscal year, the Director of Finance may increase expenditure authority in this item for additional capital outlay staffing directly related to new Traffic Congestion Relief Program allocations after notifying the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval.	
2660-002-3008—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Transportation Investment Fund	236,007,000
2660-004-6055—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	23,190,000
Provisions:	
1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6056—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Trade Corridors Improvement Fund.....	3,511,000
Provisions:	
1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6058—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	55,726,000

Item	Amount
Provisions: 1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6059—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	1,303,000
Provisions: 1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6060—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the State-Local Partnership Program Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	496,000
Provisions: 1. Provision 9 of Item 2660-001-0042 also applies to this item. 2. The funds appropriated in this item shall be available for State-Local Partnership Program support contingent upon the enactment of legislation specifying the eligibility guidelines for the program.	
2660-004-6062—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	91,000
Provisions: 1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6063—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006	621,000
Provisions: 1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6064—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006...	20,142,000

Item	Amount
Provisions:	
1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-004-6072—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	4,487,000
Provisions:	
1. Provision 9 of Item 2660-001-0042 also applies to this item.	
2660-005-0042—For support of Department of Transportation, for building insurance, debt service, and other financing-related costs for department-occupied office buildings, payable from the State Highway Account, State Transportation Fund.....	14,725,000
Provisions:	
1. Notwithstanding any other provision of law, funds provided in Item 2660-001-0042 may be transferred to this item to pay for any necessary insurance, debt service, and other financing-related costs for department-occupied office buildings. Any transfer shall require the prior approval of the Department of Finance.	
2. The Controller shall transfer funds appropriated in this item according to a schedule to be provided by the State Public Works Board. The schedule shall be provided on a monthly basis or as otherwise might be needed to ensure debt requirements are met.	
3. This item may contain adjustments pursuant to Section 4.30 that are not currently reflected. Any adjustments to this item shall be reported to the Joint Legislative Budget Committee pursuant to Section 4.30.	
2660-007-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund	94,271,000
Schedule:	
(1) 20.10-Highway Transportation—	
Capital Outlay Support.....	44,921,000
(2) 20.65-Highway Transportation—	
Legal.....	685,000
(3) 20.70-Highway Transportation—	
Operations	1,456,000

Item	Amount
(4) 20.80-Highway Transportation—	
Maintenance	47,191,000
(5) 50-Administration	18,000
Provisions:	
1. The funds appropriated in this item may be expended only to attain compliance with (a) the stormwater discharge provisions of the National Pollutant Discharge Elimination System permits as promulgated by the State Water Resources Control Board or regional water quality control boards, (b) the Statewide Storm Water Management Plan, (c) as required by court order, or (d) any other nonproject water or air quality related environmental activity that protects air quality or the quality of receiving waters.	
2. The funds appropriated in this item may be transferred between schedules. Any transfer will require the prior approval of the Department of Finance.	
2660-011-0041—For transfer by the Controller from the Aeronautics Account, State Transportation Fund, to the Public Transportation Account, State Transportation Fund, as prescribed by Section 21682.5 of the Public Utilities Code.....	(30,000)
2660-011-0042—For transfer by the Controller, upon order of the Director of Finance, from the State Highway Account, State Transportation Fund, to the General Fund	(200,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made as to ensure that the programs supported by the State Highway Account, State Transportation Fund are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.	
2660-011-0045—For transfer by the Controller, upon order of the Director of Finance, from the Bicycle Transportation Account, State Transportation Fund, to the General Fund.....	(6,000,000)
Provisions:	
1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Bicycle	

Item	Amount
<p>Transportation Account, State Transportation Fund are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.</p>	
<p>2660-011-0052—For transfer by the Controller, upon order of the Director of Finance, from the Local Airport Loan Account, to the General Fund.....</p>	(7,500,000)
<p>Provisions:</p>	
<p>1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Local Airport Loan Account are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.</p>	
<p>2660-011-0061—For transfer by the Controller, upon order of the Director of Finance, from the Motor Vehicle Fuel Account, Transportation Tax Fund, to the General Fund.....</p>	(8,000,000)
<p>Provisions:</p>	
<p>1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Motor Vehicle Fuel Account, Transportation Tax Fund are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.</p>	
<p>2660-011-0183—For transfer by the Controller, upon order of the Director of Finance, from the Environmental Enhancement and Mitigation Program Fund, to the General Fund.....</p>	(4,400,000)
<p>Provisions:</p>	
<p>1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Environmental Enhancement and Mitigation Program Fund are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer.</p>	

Item	Amount
2660-011-0365—For transfer by the Controller, upon order of the Director of Finance, from the Historic Property Maintenance Fund, to the General Fund... Provisions:	(3,000,000)
<ol style="list-style-type: none"> 1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Historic Property Maintenance Fund are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. 	
2660-011-2500—For transfer by the Controller, upon order of the Director of Finance, from the Pedestrian Safety Account, State Transportation Fund, to the General Fund..... Provisions:	(1,800,000)
<ol style="list-style-type: none"> 1. The amount transferred in this item is a loan to the General Fund and shall be repaid by June 30, 2011. The repayment shall be made so as to ensure that the programs supported by the Pedestrian Safety Account, State Transportation Fund are not adversely affected by the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of the transfer. 	
2660-012-0042—For augmentation for emergencies relating to a state of emergency declared by the Governor, payable from the State Highway Account Provisions:	(40,000,000)
<ol style="list-style-type: none"> 1. Required notification to the Legislature of appropriations pursuant to this item shall include, in addition to all other required information, (a) an estimate of federal funds or other funds that the department may receive for the same purposes as the proposed appropriation, and (b) explanation of the necessity of the proposed appropriation given anticipated federal funds or other funds. 2. Funds appropriated in this item may be used for support, local assistance, or capital outlay expenditures. 	
2660-021-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Public Transportation Account, State Transportation Fund, as prescribed by Section 194 of the Streets and Highways Code	(23,701,000)

Item	Amount
2660-022-0042—For transfer by the Controller from the State Highway Account, State Transportation Fund, to the Environmental Enhancement and Mitigation Program Fund to be used as specified in Section 164.56 of the Streets and Highways Code	(10,000,000)
2660-101-0042—For local assistance, Department of Transportation, State Transportation Improvement Program (STIP), payable from the State Highway Account, State Transportation Fund.....	25,000,000
Schedule:	
(1) 20.30-Highway Transportation—	
Local Assistance	25,000,000
(a) Regional Improve- ments	(25,000,000)
(b) Interregional Im- provements.....	0
Provisions:	
1. Funds appropriated in this item shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2014.	
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred intra-schedule or to Item 2660-102-0042, 2660-301-0042, or 2660-302-0042. These transfers shall require the prior approval of the Department of Finance.	
3. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process under Sections 11251 and 16365 of the Government Code.	
2660-101-0045—For local assistance, Department of Transportation, Program 20—Highway Transportation, payable from the Bicycle Transportation Account, State Transportation Fund.....	7,200,000
2660-101-0046—For local assistance, Department of Transportation, payable from the Public Transportation Account, State Transportation Fund.....	50,000,000
Provisions:	
1. Funds appropriated in this item shall be available for allocation by the California Transportation	