

# CALIFORNIA

## • BUDGET PROJECT •

### SENATE TO VOTE ON REPUBLICAN BUDGET AMENDMENTS

On Tuesday, July 15, the State Senate is scheduled to vote on a set of Republican-proposed amendments to the budget. The amendments would cut an additional \$2.7 billion from the spending plan (AB 1769) proposed by Senate Democrats in late June. Proposed changes include:

#### EDUCATION

- Moving \$534.9 million of CalWORKs Stage 2 under the Proposition 98 guarantee. In and of itself, this shift does not result in savings. The amendments propose reducing K – 12 revenue limits by a commensurate amount in order to achieve savings, equivalent to an \$89 per pupil reduction in K – 12 spending.
- Eliminating funding for the School to Career program (\$1.7 million), Community College part-time faculty salary increases and office hours (\$54.7 million), and the Community Colleges Partnership for Excellence program (\$163 million). The amendments also reject the proposed increase in Community College fees and restore funding to make up for the lost revenue at a cost of \$110 million.
- Eliminating funding for higher education outreach programs (\$92 million), Community Teaching Internships for Math and Science through the University of California (UC, \$1.3 million), and the UC Berkeley and UCLA Labor Studies Research Unit (\$4.5 million). Funding for UC's Cooperative Extension program would be cut by an additional 5 percent (\$3 million) and funding for the Digital California Program would be cut by an additional 30 percent (\$6.6 million). An explanation of the proposed amendments prepared by Republican staff notes that the UC Cooperative Extension program has already sustained a 25 percent reduction.
- Enacting an additional \$22.5 million unallocated reduction in funding for the California State University (CSU) system and an additional \$19.5 million reduction in UC funding. These reductions would be in addition to the \$69.5 million reduction in support for CSU and \$80.5 million allocated reduction to UC contained in the Senate budget and would be ongoing.
- Reducing funding for the Public Library Foundation by \$14.8 million.
- Eliminating \$135.7 million in support for institutional financial aid programs at the CSU and a \$52.2 million reduction in UC institutional financial aid programs. Notes accompanying the proposed amendments state that these reductions represent a 16 percent reduction in available financial aid in each system.

#### HEALTH, MENTAL HEALTH, AND DEVELOPMENTAL DISABILITIES

- Eliminating Medi-Cal coverage of acupuncture, family nurse practitioners, independent rehabilitation facilities, heroin detox centers, occupational therapy, psychology, speech and audiology services, and hearing aids. The proposed amendments would also reduce funding for the following services at the specified percentages: pharmacy (25

percent), dental (50 percent), optometry (75 percent), chiropractic (50 percent), podiatry (50 percent), outpatient clinics (25 percent), optician/optical lab (50 percent), physical therapy (50 percent), orthotics (50 percent), durable medical equipment (DME, 25 percent), adult day health care (50 percent), medical supplies DME (50 percent), and medical supplies pharmacy (50 percent). These reductions total \$693.8 million in state General Funds and an equivalent reduction of federal funding in 2003-04. Future years' savings would total \$925.1 million (state) and \$925.1 million (federal), for a total of \$1.85 billion.

- Excluding over-the-counter drugs from Medi-Cal coverage for savings of \$8 million (state) and \$8.0 million (federal).
- Rescinding existing law that ensures that children have continuous eligibility for Medi-Cal for a year. The Department of Health Services estimated that continuous enrollment would extend health coverage to 471,500 poor children in 2003-04. This proposal would create savings of \$76.2 million (state) and \$76.2 million (federal) in 2003-04, rising to \$101.6 million (state) and \$101.6 million (federal) in 2004-05.
- Instituting a Medi-Cal support enforcement program that would eliminate Medi-Cal coverage for children who can obtain benefits from a non-custodial parent for savings of \$55.0 million (state) and \$55.0 million (federal).
- Instituting co-payments in the Medi-Cal program (\$31.0 million state and \$31.0 million federal) and AIDS Drug Assistance Program (\$7.2 million). ADAP co-payments would not apply to individuals with incomes below 200 percent of the federal poverty level (\$17,960 for an individual).
- Reducing funding for the Expanded Access to Primary Care program (\$2.35 million) and Adolescent Family Life program (\$1.6 million).
- Establishing purchase of service standards for Regional Centers for savings of \$97.1 million and requiring parents with incomes of greater than 200 percent of the federal poverty level (\$36,800 for a family of four) to make co-payments for services received for savings of \$12.7 million.
- Reducing funding for Community Mental Health Services (\$2.0 million) and enacting a 10 percent reduction in mental health managed care payments (\$33.0 million).
- Eliminating funding for the Early Mental Health Initiative (\$10.0 million). This program provides school-based services to children.
- Establishing a moratorium on the certification of new adult day health care centers and changing the reimbursement rate for current centers for savings of \$30.1 million (state) and \$30.1 million (federal).
- Encouraging new aged, blind, and disabled Medi-Cal recipients to enroll in managed care for savings of \$1.0 million (state) and \$1.0 million (federal).

## HUMAN SERVICES AND LABOR

- Suspending June 2003 and January 2004 cost-of-living adjustments for elderly, blind, and disabled individuals receiving SSI/SSP (\$361 million). This suspension would reduce grants by a total of \$56 per month.
- Reducing CalWORKs grants by 6.2 percent effective September 1 for savings of \$183.8 million and suspending the June 2003 and October 2003 CalWORKs COLAs for savings of \$196.7 million. For a detailed analysis of the impact of this proposal, see the CBP's April report [\*CalWORKs at a Critical Juncture: A Review of Caseload Trends and the\*](#)

*Governor's Proposals*. A portion of the savings would be shifted to the In-Home Supportive Services program (\$54.1 million).

- Eliminating state programs that provide benefits to legal immigrants who lost eligibility for federally funded assistance as a result of the 1996 federal welfare law for savings of \$106.5 million. The California Food Assistance Program (CFAP) would provide food stamps to 11,400 legal immigrants in 2003-04, while the Cash Assistance Program for Immigrants (CAPI) would assist 9,720 legal immigrants in 2003-04 who are elderly, blind, or disabled.
- Cap county Child Welfare Services costs, a reduction of \$20.8 million of state funds and an equivalent loss of federal funds. The County Welfare Directors Association notes that this would affect 11 high cost counties and translates into a loss of 300 child protection workers. Affected counties include Alameda, Alpine, Contra Costa, Mendocino, Monterey, Plumas, Riverside, Sacramento, San Francisco, San Mateo, and Santa Clara.
- Reducing foster care group home visits from monthly to quarterly for savings of \$7.5 million.
- Eliminating the Child Development Policy Advisory Committee for savings of \$367,000.
- Eliminating the Independent Adoptions program (\$2.8 million) and reducing funding for the Foster Parent training program (\$2.4 million).
- Cutting funding for the Employment Training Panel by \$74.0 million.

## HOUSING

- Reducing funding for the Emergency Housing Assistance Program by \$1.3 million, a cut of 24.5 percent from the proposed May Revision spending level.
- Shifting an additional \$81.1 million of support for housing programs to Prop 46 bond funds. This proposal would reduce General Fund support for housing programs and increase demands on limited bond funding. The Senate Democratic budget proposal already shifts \$39 million in housing programs to bond funds.

## GENERAL GOVERNMENT

- Instituting a second tier with reduced benefits for new state employees (\$15.0 million).
- Capping general obligation bond debt issuance at \$3.5 billion per year for savings of \$14.0 million. This proposal would potentially limit the state's ability to issue bonds for schools, water programs, transportation, and other traditionally debt-financed investments or shift a greater share of the burden of infrastructure finance to lease-revenue debt that is traditionally more costly than general obligation debt.
- Increasing savings from state employee compensation costs from 8 percent to 10 percent, an additional \$118 million. Supporting documents provided by Republican staff do not state how these savings could be achieved.
- Eliminating state support for Science Center programs excluding the African American Museum (\$8.3 million); the Office of Planning and Research (\$4.0 million); and memberships in Interstate Organizations, the Commission on the Status of Women, and the Commission on State Mandates (\$1.5 million).
- Reject additional DMV fees (\$163 million), trial court fees (\$150 million), and appellate filing fees (\$2.1 million).
- Reducing funding for the Department of Fair Employment and Housing by \$14.8 million

and eliminating funding for the Fair Employment and Housing Commission (\$1.2 million).

#### TECHNOLOGY, TRADE, AND COMMERCE

- Eliminating the remainder of the General Fund support for programs administered by the Technology, Trade, and Commerce Agency and transferring small business programs to the Department of Housing and Community Development for savings of \$5.3 million.

#### RESOURCES AND ENVIRONMENTAL PROTECTION

- Abolishing the State Coastal Commission for savings of \$10.6 million effective January 1, 2004.
- Eliminating all General Fund support for the Department of Conservation (\$5.4 million).
- Increasing the loan from the Beverage Recycling Fund from \$70 million to \$98.3 million.
- Eliminating General Fund support for the Secretary for Resources (\$1.3 million) and Environmental Protection (\$1.4 million).
- Eliminating health benefits for members of the California Conservation Corps for savings of \$2.3 million. The Republican staff explanation of the proposed amendments states, "members make infrequent use of health benefits because the majority of them are between the ages of 18 and 23."
- Eliminating funding for research and testing of Chromium 6 in Los Angeles-area water systems for savings of \$462,000.
- Rejecting hunting and fishing license (\$2.0 million), park use (\$20 million), and water rights (\$4.4 million) fees. General fund dollars would restore revenues lost as a result of the rejection the proposed fees. Limiting timber yield fees to 4 percent of total yield for a loss of \$5.0 million.
- Rejecting a proposed increase in Air Pollution Permitting Fees (\$14.4 million), Pesticide Mill Assessments (\$13.8 million), Waste Water Discharge Permitting Fees (\$13.6 million), Power Plant Siting Fees (\$0.6 million), Mining Operations (\$2.3 million), and Dam Safety Fees (\$7.2 million) and restoring General Fund support for these programs. The proposed fee increases were intended to shift the cost of environmental regulation from taxpayers as a whole to the specific industries subject to regulation. The proposed Senate Republican amendments would shift costs back to the state budget.

#### PUBLIC SAFETY

- Fully funding the COPS and Juvenile Justice Programs at a cost of \$32.6 million above the Senate Democratic plan.
- Rejecting a Senate Democratic proposal to allow the Department of Corrections to expand the use of community residential drug treatment programs 120 days before parole for increased ongoing costs of \$20.1 million per year.
- Rejecting a Senate Democratic proposal to implement a new program for parole violators for increased costs of \$50.4 million.
- Rejecting Senate Democratic proposals related to medical parole of severely ill inmates

- and expanding use of drug courts for additional costs of \$11.6 million.
- Rejecting a Senate Democratic proposal to allow direct discharge of undocumented felons transferred to the INS for deportation for added costs of \$14.9 million.
  - Abolishing the Office of the Inspector General, an agency that engages in oversight and audit of the correctional system, and transferring the functions to the Agency Secretary for savings of \$5.0 million.
  - Rejecting the Governor's proposal to implement a \$100 million public safety surcharge on intrastate phone calls and providing \$100 million in General Fund support to the California Highway Patrol.
  - Rejecting the Governor's proposal to increase the fees counties pay to incarcerate youth in the California Youth Authority. This would increase General Fund costs by \$6.1 million.

#### LOCAL GOVERNMENT

- Restoring reimbursement of booking fees (\$38.2 million).