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## How Do the Budgets Compare?: A Comparison of the Governor's May Proposals and the Budget Conference Committee's Proposals

Unlike most years, California will begin the 2009-10 fiscal year with a budget already in place, albeit one that is seriously out of balance. For several weeks, the Budget Conference Committee has considered proposals for closing the budget gap that has emerged since the February budget agreement was signed into law. The Conference Committee's actions would change both the current (2008-09) and budget (2009-10) years' spending plans. The following table outlines major differences between the actions approved by the Conference Committee and the Governor's May proposals. Details of the Conference Committee actions are based on summaries provided by legislative staff, as well as notes taken during Committee hearings, and are subject to change as more information becomes available. Please check the California Budget Project website ([www.cbp.org](http://www.cbp.org)) for updates.

The Conference Committee proposed \$23.3 billion in "solutions" to close an estimated \$19.5 billion shortfall, ending 2009-10 with an estimated \$3.8 billion reserve. The Conference Committee's proposals include \$11.4 billion in program reductions; \$5.0 billion in revenue accelerations and fees; \$2.6 billion in fund shifts; \$2.2 billion in other solutions, including privatizing a portion of the State Compensation Insurance Fund; \$1.9 billion in increased taxes; and \$143 million in improved revenue collection.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions as of June 16, 2009</b>
<b>Revenues</b>		
Estimated tax payments	Change the payment schedule for personal and corporate income tax estimated payments to increase the amount due in the first half of the year, increasing 2009-10 tax collections by \$610.0 million. This proposal would change when payments are made, but not the total amount of taxes paid.	Approve the Governor's proposal.
Tax withholding	Adjust personal income tax withholding tables so that taxpayers pay a larger share of their payments during the first half of the calendar year. This proposal would change when payments are made, but not the total amount of taxes paid. The Governor assumes that 2009-10 collections would increase by \$1.7 billion due to this proposal.	Approve the Governor's proposal.
Property insurance policy surcharge	Increase the previously proposed surcharge that would be imposed on all residential and commercial property insurance policies to 4.8 percent in order to raise \$76.0 million to partially fund CalFIRE and local first response agencies.	Approve the proposed surcharge, which is projected to result in \$119 million in revenues in 2009-10, and establish a State Responsibility Area fire fee of \$30 to \$50 per structure in order to partially fund CalFIRE, for savings of \$76 million.
Oil severance tax	No proposal.	Impose a 9.9 percent oil severance tax effective October 1, 2009. This proposal would increase revenues by an estimated \$830 million in 2009-10.
Tobacco tax	No proposal.	Increase the excise taxes on cigarettes and other tobacco products by \$1.50 per pack effective October 1, 2009. The tax on a pack of cigarettes would increase from \$0.87 to \$2.37. This proposal would increase revenues by an estimated \$1.0 billion in 2009-10.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Revenues</b>		
Corporate tax credit sharing	No proposal.	Repeal corporate tax credit sharing, which allows corporations to transfer tax credits among a family – or combined reporting group – of related corporations, that was enacted as part of the September 2008 budget agreement for an \$80 million revenue increase in 2009-10.
Net operating loss (NOL) deductions	No proposal.	Eliminate corporations' ability to carry back NOL deductions and claim refunds against prior years' taxes, but retain the expansion of the carry forward period that was enacted as part of the September 2008 budget agreement.
Independent contractor withholding	No proposal.	Require businesses and government entities to withhold 3 percent of their payments to certain independent contractors, effective January 1, 2010. The amount withheld would be credited against the taxes owed by contractors when they file tax returns. This proposal would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$2.0 billion in 2009-10.
Financial Institutions Record Match (FIRM) Program	No proposal.	Authorize the Franchise Tax Board's (FTB) FIRM Program, which requires financial institutions to help identify tax delinquents' assets that can be used to pay taxes owed. This proposal would increase revenue collections by an estimated \$27 million in 2009-10.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Revenues</b>		
Backup withholding conformity	No proposal.	Conform to federal income tax backup withholding rules, which require businesses to withhold 7 percent of certain non-wage income. This proposal would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$26 million in 2009-10.
Sales tax "nexus"	No proposal.	Require certain out-of-state sellers to collect sales tax on sales to California residents. Current law requires California residents to pay a use tax on purchases from out-of-state sellers that are not required to collect taxes on their sales. This provision is expected to improve tax compliance, but would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$48 million in 2009-10.
Non-retail business registration	No proposal.	Require businesses that provide services to register with the Board of Equalization and file annual use tax returns. This provision is expected to improve tax compliance, but would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$28 million in 2009-10.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Revenues</b>		
Abusive tax shelters	No proposal.	Strengthen the definition of abusive tax shelters in order to improve the FTB's ability to assess penalties for "abusive tax avoidance transactions." This proposal would increase revenue collections by an estimated \$4 million in 2009-10.
License suspension	No proposal.	Allow the state to suspend the state occupational and professional licenses of tax delinquents. This proposal would increase revenue collections by an estimated \$10 million in 2009-10.
<b>Human Services</b>		
California Work Opportunity and Responsibility to Kids (CalWORKs) Program	Eliminate the entire program.	Reject the Governor's proposal. Instead, generate \$270.5 million in CalWORKs savings through a number of actions, including by allowing counties to exempt certain CalWORKs recipients, such as parents of "very young children," from work participation requirements, and reducing funding for employment services and child care by \$175 million. Additional savings come from using \$35 million from the Employment Training Fund to offset state costs for CalWORKs, assuming lower caseload growth in 2009-10 than that assumed by the Administration for savings of \$17.5 million, and canceling a proposed \$43 million augmentation for counties in 2008-09 that was included in the May Revision.
"Realignment" of current state costs to counties	Permanently increase counties' share of non-federal costs for the Child Welfare Services and Foster Care programs for state savings of \$550 million.	Reject the Governor's proposal. Instead, transfer additional CalWORKs grant costs to counties, paid for with Vehicle License Fee reserve funds shifted from the Department of Motor Vehicles, for state savings of \$300 million.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Human Services</b>		
Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program	Reduce SSI/SSP grants, effective October 1, 2009, to the minimum allowed by federal law.	Adopt a \$5-per-month reduction for individual recipients – a smaller cut than that proposed by the Governor – but reduce grants for couples to the federal minimum, consistent with the Governor's proposal. The maximum grant for individuals would drop from \$850 to \$845 and the maximum grant for couples would drop from \$1,489 to \$1,407, effective October 1, 2009.
Statutory CalWORKs and SSI/SSP COLAs	Permanently eliminate the statutory COLAs.	Reject the Governor's proposal.
In-Home Supportive Services (IHSS) Program: eligibility	Eliminate all services for more than 400,000 IHSS recipients – nearly 90 percent of the caseload.	Reject the Governor's proposal. Instead, eliminate, with some exceptions, IHSS domestic and related services for recipients with "functional index" (FI) rankings – measured by need for each individual service – below 4. In addition, eliminate, with some exceptions, all IHSS services for recipients with FI scores below 2. These actions would result in savings of \$53.2 million in 2009-10. In addition, assume \$40 million in savings from increased fraud detection and reduce administration rates for Public Authorities by 20 percent for savings of \$4.6 million.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Human Services</b>		
IHSS: State subsidy for recipients who are required to pay a share of cost for services	Provide the state subsidy only to recipients with FI scores of 4 or higher.	Reject the Governor's proposal. Instead, increase by 50 percent the share of cost for recipients who receive a state subsidy, effective September 1, 2009, for savings of \$20 million in 2009-10.
IHSS: Provider wages	Cap the amount at which the state will share in the cost of wages for IHSS providers at \$8.00 per hour plus \$0.60 for health benefits.	Reject the Governor's proposal.
Cash Assistance Program for Immigrants (CAPI)	Eliminate the program for savings of \$85.8 million.	Reject the Governor's proposal. However, CAPI grants will be reduced consistent with the grant reductions approved for the SSI/SSP Program.
California Food Assistance Program	Eliminate the program for savings of \$33.8 million.	Reject the Governor's proposal.
Child Welfare Services	Reduce funding by 10 percent for savings of \$70.6 million.	Reject the Governor's proposal.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Human Services</b>		
Foster care	Reduce several foster care rates by 10 percent for savings of \$26.3 million.	Adopt a 10 percent rate reduction to three categories of foster care rates: foster family agencies, group homes, and seriously emotionally disturbed for savings of \$26.6 million. Reject the proposed 10 percent reduction to the supplemental clothing allowance and specialized care increment rates.
Community care licensing	Eliminate state funding for savings of \$19.5 million.	Reject the Governor's proposal. Instead, approve a \$5.3 million General Fund cut to be backfilled with federal economic recovery funds and maintain the 10 percent fee increase approved by budget subcommittees.
Substance Abuse and Crime Prevention Act (Proposition 36 of 2000) and Substance Abuse Treatment Offender Program	Eliminate state funding for savings of \$108 million.	Eliminate state funding (\$90 million) for Proposition 36 activities, consistent with the Governor's proposal, but reject the proposed elimination of state funding (\$18 million) for the Substance Abuse Offender Treatment Program.
Substance abuse treatment services	Reduce rates for substance abuse treatment services for individuals who are eligible for Medi-Cal by 10 percent for savings of \$8.8 million.	Approve the Governor's proposal.
Multipurpose Senior Services Program	Eliminate the program for savings of \$13.7 million.	Reject the Governor's proposal.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions as of June 16, 2009</b>
<b>Human Services</b>		
Linkages Program	Eliminate the program for savings of \$6.5 million.	Reject the Governor's proposal. Instead, reduce state funding by \$2.5 million, effective October 1, 2009, and establish priority within the program for individuals living in poverty.
Community-Based Services Program (CBSP)	Eliminate the four programs that comprise the CBSP for savings of \$4.0 million: the Alzheimer's Day Care Resource Center, Brown Bag, Respite Purchase of Services, and Senior Companion programs.	Reject the Governor's proposed elimination of the Brown Bag Program. Approve the elimination of the Respite Purchase of Services and Senior Companion programs. Reduce state funding for the Alzheimer's Day Care Resource Center Program by \$1.2 million, effective October 1, 2009, and ensure that the remaining funds are used to provide direct services.
State Fingerprint Imaging System (SFIS)	No proposal.	Eliminate state funding for SFIS.
<b>Child Care and Development</b>		
CalWORKs child care	Eliminate CalWORKs child care, consistent with the Governor's proposal to eliminate the CalWORKs Program.	Reject the Governor's proposal.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Child Care and Development</b>		
“Overpayments” to child care providers	Cut state funding by \$36.0 million to account for estimated overpayments to child care providers.	Reject the Governor’s proposal.
Family fees	The February budget agreement assumed \$14.4 million in state savings associated with the Governor’s proposal to increase family fees for child care assistance. The budget agreement, however, did not include the associated policy change. The Administration proposed a new fee schedule that would double fees for the lowest-income families.	Reject the Governor’s proposal. Instead, the committee requested that the Administration introduce “a more equitable rate structure for consideration as part of next year’s budget deliberations.”
Regional Market Rates (RMR)	The February budget agreement included \$38.7 million in state savings associated with the Governor’s proposal to reduce the rates at which child care providers are reimbursed. The budget agreement, however, did not include the associated policy change. The Administration proposed to achieve the savings first by increasing rates based on the new 2007 RMR data, then by decreasing the reimbursement rate ceiling from the 85 <sup>th</sup> percentile of the RMR – the current level – to the 75 <sup>th</sup> percentile.	Hold rates constant at the 2005 level and keep the reimbursement rate ceiling at the 85 <sup>th</sup> percentile of the RMR.
Base funding for child care programs	No proposal.	Partially restore base funding reductions included in the February budget agreement for an additional state cost of \$30 million.
Extended Day Care Program	No proposal.	Eliminate the program for savings of \$26.8 million.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Health</b>		
Healthy Families Program	Eliminate the entire program.	Reject the Governor's proposal. Instead, reduce state funding by approximately \$70 million by establishing a waiting list for enrollment unless another source of funding is identified to offset the state funding cut.
Medi-Cal Program	Cut state funding for the Medi-Cal Program by \$1.0 billion in 2009-10 through unspecified reductions that could include cuts to eligibility, provider payments, and benefits.	Assume receipt of \$1.0 billion in federal funds to reimburse California for state expenditures that "should have been funded by the federal government," including for expenditures under the Medicare Program.
Medi-Cal for recent legal immigrants	Limit Medi-Cal benefits provided to certain immigrants – including legal immigrant adults in the US for less than five years – to emergency services for savings of \$125.5 million.	Reject the Governor's proposal.
State-only Medi-Cal programs	Eliminate five state-only health programs for savings of \$34.4 million.	Approve eliminating state funding for ancillary health services provided in Institutions for Mental Disease for savings of \$14.2 million. Reject eliminating the other four programs.
Medi-Cal family planning rates	Reduce rates to the pre-January 2008 level for savings of \$14.1 million.	Reject the Governor's proposal.
Adult Day Health Care Program	Eliminate all services for savings of \$170.6 million.	Reject the Governor's proposal. Instead, reduce coverage to three days per week and make related changes for savings of \$26.8 million.

Governor's May Proposals		Conference Committee Actions as of June 16, 2009
Health		
Private safety-net hospitals	Reduce payments by 10 percent for savings of \$23.9 million.	Reject the Governor's proposal. Instead, reduce the Distressed Hospital Fund by \$23.9 million.
Long-term care facilities	Suspend an estimated 5 percent COLA that is scheduled to take effect on August 1, 2009 for savings of \$75.8 million.	Approve the Governor's proposal.
Medi-Cal prescription drugs	Implement new federal and state drug pricing policies in the Medi-Cal Program aimed at lowering costs and retaining quality care effective October 1, 2009.	Approve the Governor's proposal.
Certified application assistance for Healthy Families and Medi-Cal enrollment	Eliminate state funding for savings of \$2.7 million.	Approve the Governor's proposal.
Community clinic programs	Eliminate state funding for various community clinic programs for savings of \$34.2 million.	Reject the Governor's proposal. Instead, reduce state funding by \$2.2 million for Rural Health Services Clinics, by \$1.9 million for Seasonal Migratory Worker Clinics, by \$1.5 million for the Indian Health Program, and by \$8.4 million for the Expanded Access to Primary Care Program clinics.
AIDS/HIV programs	Eliminate state funding.	Reject the Governor's proposal. Instead, reduce state funding by \$33.5 million.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions as of June 16, 2009</b>
<b>Health</b>		
Domestic Violence Shelter Program	Cut state funding for the program, which supports 94 domestic violence shelters and centers, for savings of \$20.4 million.	Reject the Governor's proposal. Instead, reduce state funding by 20 percent to \$16.3 million.
Maternal, Child and Adolescent Health (MCAH) Programs	Eliminate state funding for savings of \$20.2 million.	Reject the Governor's proposal. Instead, reduce state funding by \$900,000 for the Black Infant Health Program, by \$1.75 million for the Adolescent Family Life Program, by \$2.1 million for Local County Maternal and Child Health Grants, and by \$3.5 million for MCAH state support.
Children's Dental Disease Prevention Program	Suspend the program for savings of \$2.9 million.	Approve the Governor's proposal.
California Poison Control System	Eliminate state funding for savings of \$5.9 million.	Reject the Governor's proposal. Instead, reduce state funding by 50 percent to \$2.95 million.
Mental Health Managed Care Program	Eliminate state funding for mental health services other than federally required inpatient hospitalization and medication services for savings of \$64 million.	Approve the Governor's proposal.
Early and Periodic Screening, Diagnosis and Treatment Program (EPSDT)	Eliminate state funding for county programs developed using Mental Health Services Act (Proposition 63 of 2004) funds that the Administration contends increased EPSDT services for savings of \$53.4 million.	Approve the Governor's proposal.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>Health</b>		
Regional centers	Reduce state funding by \$234 million in 2009-10, a cut that would be in addition to the \$100 million reduction included in the February budget agreement.	Approve the Governor's proposal.
Alzheimer's research centers	No proposal.	Reduce state funding by 50 percent, from \$6.2 million to \$3.1 million.
<b>Proposition 98</b>		
2008-09 overall funding level	Reflect a total funding level of \$49.1 billion for K-14 programs covered by the Proposition 98 guarantee – \$9.0 billion (15.5 percent) lower than the level assumed in the 2008-09 Budget as enacted in September 2008.	Approve the Governor's proposed Proposition 98 funding level. Provide a maintenance factor in years when Test 1 is operative and the Proposition 98 guarantee is lower than Test 2 beginning in 2011-12.
2009-10 overall funding level	Reflect a total funding level of \$50.4 billion for K-14 programs covered by the Proposition 98 guarantee – \$4.5 billion (8.2 percent) lower than the level assumed in the 2009-10 Budget enacted in February.	Reject the Governor's proposal to reduce Proposition 98 funding by an additional \$680 million based on a lower estimate of 2009-10 revenues. Reflect a total funding level of \$51.1 billion for K-14 programs covered by the Proposition 98 guarantee – \$3.8 billion (7.0 percent) lower than the level assumed in the 2009-10 Budget enacted in February.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>K-12 Education</b>		
Revenue limits	Reduce 2008-09 revenue limit payments to school districts and county offices of education by \$1.3 billion compared to the 2008-09 Budget enacted in September 2008. Reduce 2009-10 revenue limit payments to school districts and county offices of education by \$2.2 billion compared to the 2009-10 Budget enacted in February.	Reduce 2008-09 revenue limit payments to school districts and county offices of education by \$1.3 billion compared to the 2008-09 Budget enacted in September 2008. Reduce 2009-10 revenue limit payments to school districts and county offices of education by \$1.9 billion compared to the 2009-10 Budget enacted in February. Reduce basic aid district categorical funding by the same amount as revenue limit reductions to non-basic aid districts.
Deferrals	Defer \$1.7 billion of school district revenue limit payments from 2009-10 to 2010-11.	Approve the Governor's proposal.
Home-to-School Transportation	Reduce funding by \$404.3 million in 2009-10 – a 65 percent reduction. The Governor's proposals use Public Transportation Account and Mass Transportation Fund dollars to pay for debt service instead of paying for Home-to-School Transportation.	Backfill \$404.3 million reduction with \$282 million in Proposition 98 funds to bring total Proposition 98 funding for Home-to-School Transportation to \$496 million in 2009-10 – a reduction of approximately 20 percent. Allow school districts to transfer Home-to-School Transportation dollars to their general funds.
High Priority Schools Program	Eliminate 2008-09 funding for savings of \$90.3 million.	Approve the Governor's proposal.
Length of school year	Allow school districts to reduce the school year by up to seven and one-half days for no more than three years.	Allow school districts to reduce the school year to 175 instructional days through 2012-13 without losing incentive grants.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>K-12 Education</b>		
Surplus property	Allow school districts to sell surplus property and use the proceeds for general fund purposes for approximately three years.	Approve the Governor's proposal.
Instructional materials	No proposal.	Suspend the requirement that school districts purchase newly adopted instructional materials through 2012-13.
California High School Exit Exam	No proposal.	Suspend the High School Exit Exam graduation requirement between 2009-10 and 2012-13.
<b>Community Colleges</b>		
Categorical programs	Reduce funding by \$85.0 million in 2008-09 and by \$333.1 million in 2009-10.	Approve the Governor's proposed level of reductions. Make the 2008-09 reduction unallocated. Allow community colleges, beginning in 2009-10, to use categorical funds for 12 programs to support any of the 21 categorical programs.
Enrollment growth funding	Eliminate funding for enrollment growth for savings of \$185.4 million.	Approve the Governor's proposal.
Physical education and recreational courses	Reduce community college apportionments by \$120.0 million to reflect the Governor's proposal to reduce enrollment funding for credit physical education and recreational courses.	Approve the Governor's proposed reduction. Allow the chancellor's office to reduce enrollment caps and other workload measures to accommodate the reduction.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions as of June 16, 2009</b>
<b>Community Colleges</b>		
Deferrals	Defer \$115.0 million payment for community college apportionments from 2008-09 to 2009-10.	Approve the Governor's proposal.
Property tax shortfalls	Assume lower property tax collections that would result in a \$37.3 million shortfall in community college funding in 2008-09 and a \$116.7 million shortfall in 2009-10. The Governor's May Revision proposal does not provide funds to address the 2008-09 shortfall; however, it does provide \$58.3 million to address the 2009-10 shortfall.	Accept the Governor's assumptions and approve the Governor's proposal.
Fees	No proposal.	Increase student fees from \$20 to \$26 per unit beginning with the fall 2009-10 academic term.
<b>University of California</b>		
Funding	Make \$717.5 million in unallocated 2008-09 reductions and \$217.5 million in unallocated 2009-10 reductions.	Approve the Governor's proposal to make \$717.5 million in unallocated 2008-09 reductions. Make \$266.6 million in unallocated 2009-10 reductions.
Academic preparation and education programs	Eliminate \$31.3 million in funding for academic preparation and education programs in 2009-10.	Reject the Governor's proposal.
<b>California State University</b>		
Funding	Make \$717.5 million in unallocated 2008-09 reductions and \$267.5 million in unallocated 2009-10 reductions.	Approve the Governor's proposal to make \$717.5 million in unallocated 2008-09 reductions. Make \$266.1 million in unallocated 2009-10 reductions.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>California State University</b>		
Academic preparation and education programs	Eliminate \$18.6 million in funding for academic preparation and education programs in 2009-10.	Reject the Governor's proposal.
<b>Hastings College of Law</b>		
Funding	Eliminate virtually all funding for savings of \$10.3 million in 2009-10.	Reject the Governor's proposal. Reduce total funding by 10 percent.
<b>Student Aid Commission</b>		
Cal Grant awards	Eliminate new awards for the High School Entitlement, Community College Transfer Entitlement, Competitive Cal Grant, and Cal Grant C programs, for savings of \$225.9 million. Freeze award amounts for University of California (UC) and California State University (CSU) students at the 2008-09 award level for savings of \$28.0 million. Propose to pay for only two-thirds of UC and CSU fee increases for students who receive Cal Grant awards for savings of \$16.6 million.	Reject the Governor's proposal.
Cal Grant private college awards	Reduce the maximum Cal Grant award for students attending private colleges, from \$9,703 to \$8,322, for savings of \$11.0 million.	Reduce the maximum 2010-11 Cal Grant award for students attending private college, from \$9,703 to \$9,223, and make a related eligibility change, for total savings of \$11.0 million.
Cal Grant income eligibility	Freeze Cal Grant income eligibility at the 2008-09 level for savings of \$7.0 million.	Freeze income eligibility for 2010-11 Cal Grant A awards at the 2009-10 level for savings of \$3.4 million.
Student Loan Operating Fund	No proposal.	Transfer \$32 million from the Student Loan Operating Fund to the state's General Fund to pay for Cal Grants in 2009-10.

**Governor's May Proposals**

**Conference Committee Actions as of June 16, 2009**

<b>General Government</b>		
State government	Consolidate functions from 12 entities into a Department of Energy; consolidate the Franchise Tax Board, the Board of Equalization, and the Employment Development Department; consolidate, reorganize, and eliminate a number of other state departments, boards, and commissions, for savings of \$50 million 2009-10.	Adopt the Governor's proposed savings.
State Compensation Insurance Fund (SCIF)	Assume sale of a portion of SCIF's "book of business" to a private entity for \$1.0 billion.	Approve the Governor's proposal.
State employee compensation: salaries	Reduce all state employees' salaries by 5 percent, except employees of the courts, the Legislature, the CSU, and the UC, for savings of \$470.0 million in 2009-10.	Reject the Governor's proposal and defer the June 30, 2010 state payroll to July 1, 2010.
State employee compensation: labor agreements	Assume savings of \$60.0 million in 2008-09 and \$150.0 million in 2009-10 if the Legislature does not ratify certain state employee labor agreements and two-day-per-month furloughs continue.	Adopt the Governor's savings assumption.
CalPERS	Adopt CalPERS' plan to use excess reserves to fund two months of premiums and employer contributions for savings of \$100.0 million in 2009-10.	Approve the Governor's proposal.
State employees' and retirees' health coverage	Reflect savings of \$132.2 million in 2009-10 from replacing state employees' and retirees' current health coverage with lower-cost plans.	Reject the Governor's proposal and score a savings of \$50 million by assuming the premium rate will increase by less than the 9 percent estimated in the February budget agreement.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions as of June 16, 2009</b>
<b>General Government</b>		
Local property tax revenue	Suspend Proposition 1A of 2004 to borrow \$1.982 billion from local property tax revenues.	Reject the Governor's proposal.
Local mandates	Suspend 32 local government mandates and defer payments for current claims for savings of \$100.3 million in 2009-10.	Approve nearly all deferrals and suspensions, scoring savings of approximately \$99 million. The Conference Committee retained requirements for consistent voting procedures and the Open Meetings Act, recast two victims' rights mandates, and retained the 3-day animal adoption holding requirement mandate.
Deferral of payments on General Fund loans	Defer certain K-12, higher education, Proposition 42, and county mental health payments, for savings of \$210.0 million from reduced external borrowing.	Approve the Governor's proposal.
Open space subventions	Suspend the Williamson Act Program that backfills a portion of local property tax payments lost under contracts to maintain open space and agricultural land for savings of \$34.7 million.	Approve the Governor's proposal.
Redevelopment agency funding	No proposal.	Redirect \$350 million from redevelopment agencies to schools in the vicinity of redevelopment project areas in each of 2009-10 and 2010-11.
Information technology services	No proposal.	Reduce funding for state information technology services and authorize an additional \$100 million of savings.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions as of June 16, 2009</b>
<b>Resources</b>		
Offshore oil drilling	Assume that the state receives \$100.0 million from the sale of leases that would allow drilling for oil off the Santa Barbara coast.	Left open.
State parks	Eliminate General Fund support for state parks over a two-year period for savings of \$70.0 million in 2009-10 and \$143.4 million in 2010-11. This reduction would result in the closure of approximately 80 percent of the state's parks.	Approve elimination of General Fund support for state parks. Adopt a proposal to fund state parks through an annual \$15 "parks pass" fee that would be added to the Vehicle License Fee to maintain state support.
<b>Transportation</b>		
Local government transportation revenues	Shift \$336.0 million in "spillover" funds from public transit operating expenses to debt service on transportation bonds.	Approve the Governor's proposal.
Local share of gas tax	Redirect \$986.4 million of the local share of gas tax proceeds in 2009-10 and approximately \$750 million annually thereafter to General Fund highway bond debt service.	Approve the Governor's proposal for two years.
<b>Public Safety and Corrections</b>		
Department of Corrections and Rehabilitation (CDCR): Targeted reductions in inmate population	Refer undocumented inmates to Immigration and Customs Enforcement for deportation; require "wobbler" crimes to be treated as misdemeanors rather than felonies, punishable by a jail term rather than a prison sentence; and release certain nonviolent, non-serious, non-sex offenders early under GPS monitoring for savings of \$402.5 million in 2009-10.	Approve the Governor's proposal, but with fewer changes to "wobblers."

**Governor's May Proposals****Conference Committee Actions as of June 16, 2009**

<b>Public Safety and Corrections</b>		
CDCR services	Eliminate funding for most rehabilitative services, suspend building maintenance for one year, and impose unallocated reductions for total savings of \$787.1 million in 2009-10.	Approve a smaller reduction to CDCR services and a smaller unallocated reduction for total savings of \$322.6 million in 2009-10.
Courts	Reduce funding for courts by 10 percent and require courts to implement electronic reporting for savings of \$181.6 million.	Approve a 10 percent reduction for courts. Conference Committee documents indicate that this funding reduction will be achieved in part by closing courts once per month and increasing certain fees. Reject proposal to require electronic court reporting.