



Major Features of the 1999 California Budget

On June 16, 1999, the Legislature passed the 1999-00 Budget Bill. In this report we highlight the major features of the budget package.

This report does not reflect any actions by the Governor on the budget package (such as line-item vetoes or vetoes of trailer bills). We will summarize final actions on the budget in a later report.

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BUDGET OVERVIEW

SUMMARY

The Legislature passed the 1999-00 Budget Bill and sent it to the Governor on June 16, 1999. The budget bill and related implementing legislation comprise a budget package that authorizes total state spending of \$80.2 billion in 1999-00. Of this total, \$64.1 billion is from the General Fund and \$16.1 billion is from special funds. Figure 1 shows the distribution of total state spending by major program area.

Funding Increases in a Variety of Areas. Continued strong economic and revenue growth enabled the Legislature to expand commitments in a variety of areas, including education, health and social services, local government fiscal relief, infrastructure, and resources. The budget also includes a one-time 10 percent reduction in vehicle license fees (VLF), and several other targeted tax relief measures.

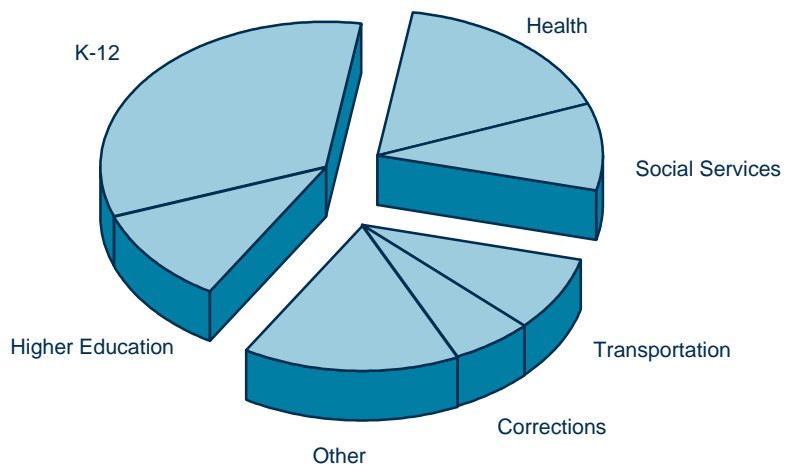
THE GENERAL FUND CONDITION

Figure 2 summarizes the General Fund budget condition for 1998-99 and 1999-00. It shows that the current year is expected to end with a reserve of \$2.1 billion. In the budget year, revenues are forecast to reach \$63.2 billion (an 8.9 percent increase from the current year), while expenditures are projected to be \$64.1 billion (a 9.4 percent increase from the current year). The revenue projections for 1998-99 and 1999-00 are based on the Legislative Analyst's Office's May forecast, which exceeds the May Revision estimate by \$137 million in 1998-99 and \$223 million in 1999-00, for a \$360 million total. The 1999-00 fiscal

Figure 1

Total State Spending by Major Program Area^a

1999-00 Budget Bill



^aExcludes bond funds, federal funds, and Local Public Safety Fund.

year is projected to close with a year-end reserve of \$1.2 billion, which is about 1.9 percent of revenues.

The 9.4 percent growth in budget-year General Fund expenditures translates into 6.8 percent after adjustment for inflation, and 4.3 percent in real per capita terms. The level of budget-year real per capita spending is roughly 14 percent above its level at the start of the decade. Thus, for the decade as a whole, General Fund spending growth has been somewhat more than inflation and population growth—roughly 1.5 percent annually.

MAJOR FEATURES OF THE 1999-00 BUDGET

In general, the adopted plan includes many of the Governor's priorities contained in the May Revision, including increased funding for education and infra-

Figure 2

The General Fund Budget Adopted by the Legislature

(In Millions)

	1998-99	1999-00
Starting balance	\$3,064	\$2,539
Revenues and transfers	58,064	63,204
Total resources available	\$61,128	\$65,743
Expenditures	\$58,589	\$64,089
Fund balance	\$2,539	\$1,655
Other obligations	\$480	\$480
Set-asides	—	—
Reserve	\$2,059	\$1,175

structure. However, the legislative version differs from the administration's proposal in a number of respects. It generally contains *more* funding for health, social services, higher education, local government, and tax relief. On the other hand, it spends *less* in the budget year on prison construction costs by shifting the financing source to lease-payment bonds. It also does not include the Governor's set-aside for employee compensation and litigation (any spending for these purposes would come out of the reserve).

Tax Relief. The budget includes the Governor's proposals for eliminating the first two minimum tax payments for newly incorporated businesses, and the permanent extension of the 50 percent capital gains exclusion for small business stock held for more than five years. In addition, the Legislature passed a one-time 10 percent reduction in the VLF rate for calendar year 2000. The budget also assumes passage of three targeted tax reduction measures. These are (1) an increase in the standard research and development tax credit from 11 percent to 12 percent, (2) an increase in the income tax deduction for health costs incurred by the self employed, and (3) a 25 percent reduction in license fees paid in 1998 by truckers doing business inside and outside of California.

Health and Social Services. The May Revision had maintained current-law spending levels in most health

and social services programs, and contained relatively few specific proposals for program expansions or reforms. It did, however, include a \$110 million set-aside for the Healthy Families Program, managed care rate increases, nursing home reform, and In-Home Supportive Services (IHSS) provider rate increases.

In contrast, the budget contains a specific expansion of both the Medi-Cal and Healthy Families programs. It also includes funds for a variety of provider rate

increases, and it increases spending for IHSS, adult protective services, foster care, and nursing home reform. Finally, the budget repeals the regional 4.9 percent reduction for the Supplemental Security Income/ State Supplementary Program that would have taken effect in 2002.

Education. In K-12 education, the budget provides for significant funding increases in 1999-00. The budget's overall spending total is identical to the May Revision's, and it includes many of the Governor's proposals in such areas as deferred maintenance, school safety, and teacher performance bonuses. However, the budget generally provides more funds subject to local spending discretion than the May Revision.

In higher education, the budget includes the Governor's proposed funding increases for new enrollments and fee reductions. It also includes additional funds for faculty salaries, deferred maintenance, and the Community College's Partnership For Excellence program.

Local Government . The budget includes the Governor's proposal for \$425 million to further capitalize the infrastructure bank. In addition, it includes: \$150 million for one-time general purpose



local relief, \$50 million to cities to offset booking fee payments made to counties, and a \$20 million augmentation for public libraries.

Youth and Adult Corrections. The May Revision had proposed \$355 million for the construction of one prison and the design of another. The adopted budget, instead, appropriates \$24 million for acquisition and planning costs, and authorizes \$311.5 million in lease payment bonds for construction of a prison in Delano. In other areas, the budget includes \$30 million for one-time grants to local law enforcement agencies for equipment purchases (\$31 million less than the May Revision), as well as funds for inmate and parole treatment programs, and various medical services.

Resources. The budget provides significant new funds for resources programs. Included are funds for local flood control subvention arrearages and deferred maintenance for state parks. The budget also augments the May Revision proposal for habitat acquisition and river parkways, and reschedules into future years \$100 million in expenditures proposed in the May Revision for the purchase of Grizzley Creek and Owl Creek forest lands.

Transportation. The budget provides \$37.5 million for intercity rail, the Altamont Express commuter train, and ferries. This is \$38 million less than proposed in the May Revision.

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TAX PROVISIONS

The 1999 budget adopted by the Legislature assumes adoption of several tax relief provisions, as summarized in Figure 1 and discussed below. It is estimated that these provisions will have a General Fund impact of approximately \$300 million in the budget year.

VEHICLE LICENSE FEE TAX CUT

The budget adopted by the Legislature includes a one-time reduction in the vehicle license fee (VLF) of 10 percent for calendar year 2000. This reduction is independent of the potential future reductions in the VLF approved in 1998.

Background

The VLF is an annual fee on the ownership of a registered vehicle in California, levied in place of taxing

vehicles as personal property. The revenues are distributed to cities and counties. As part of last year’s budget, the VLF was permanently cut by 25 percent, with the potential of additional reductions in future years if specific revenue levels (or “triggers”) are reached. The first such trigger would result in a cumulative 35 percent reduction beginning in 2001. The maximum reduction possible under the agreement would lower the VLF by a cumulative 67.5 percent, beginning in 2003. In order for any of these additional reductions to become permanent, the corresponding revenue triggers need to be reached in two consecutive years.

Under last year’s agreement, cities and counties continue to receive the same amount of revenues as under prior law, with the reduced VLF amounts

replaced by General Fund spending. The General Fund currently spends about \$1 billion annually to backfill revenues to local governments associated with the initial 25 percent VLF reduction.

One-Time Additional Reduction

The new budget agreement assumes an additional 10 percent VLF reduction—for a cumulative reduction of 35 percent—in *calendar year 2000 only*. The estimated cost of this reduction is almost \$500 million, spread across the 1999-00 and 2000-01 fiscal years.

This one-time reduction is independent of the previously enacted trigger provisions.

Figure 1	
Tax Relief Provisions	
1999-00 (In Millions)	
	Fiscal Impact
Vehicle License Fee	
• Reduces fee by 10 percent	\$236.0 ^a
• Extends 25 percent reduction to trucks in 1998 ^b	12.5
Minimum corporate franchise tax	
• Eliminates tax on all new firms for the first two years ^c	\$28.0
Health insurance deduction for the self-employed	
• Increases deductible share of expenses ^d	\$21.0
Research and development tax credit	
• Raises standard credit rate to 12 percent	\$5.0
Partial exclusion on small business stock capital gains	
• Removes sunset date	— ^e
Total	\$302.5

^a One-time reduction; also has a similar partial-year effect in 2000-01.
^b Applies to commercial trucks or other freight-carrying vehicles.
^c Current tax is \$300 in the first year, \$500 in the second year for firms with gross receipts under \$1 million, and \$800 for all other firms.
^d Conforms to federal law, raising deductible share over time from 40 percent to 100 percent.
^e First fiscal effect occurs in 2003-04.



Thus, for the 35 percent reduction to continue *beyond* calendar year 2000, General Fund revenues would still need to reach the levels specified in last year's budget agreement. Specifically, if the first 35 percent trigger is reached in 2000-01, the new 10 percent reduction would continue in calendar year 2001, again as a temporary measure. Not until calendar year 2002 could the new 10 percent (and thus the cumulative 35 percent) reduction become permanent if the corresponding trigger is reached.

In addition, the budget agreement calls for the initial 25 percent VLF reduction (effective January 1, 1999) to apply to VLF paid in 1998 by commercial trucks doing business both inside and outside of California. This reduction will essentially act as a credit against amounts payable in the 1999 calendar year, and have an estimated one-time General Fund fiscal cost for 1999-00 of \$12.5 million.

OTHER TAX REDUCTION PROVISIONS

Capital Gains on Small Business Stock

The budget adopted by the Legislature removes the sunset provision for the partial income tax exclusion of capital gains on small business stock. Under current personal income tax law, individual and business taxpayers can exclude 50 percent of the capital gains on certain small business stock, provided the stock is held for five years or longer and was purchased prior to January 1, 1999. To qualify under the program, the stock must be issued by a corporation (1) with less than \$50 million in assets, (2) active in certain trade or business activities, and (3) with 80 percent or more of its dollar payroll attributable to California. By eliminating the January 1, 1999 sunset date, the partial capital gains exclusion is made permanent.

This change would first affect revenues in 2003-04 (a \$3 million reduction), increasing to \$44 million in 2005-06.

Minimum Corporate Franchise Tax

Current law requires that corporations in California pay a minimum corporate franchise tax of \$800 annually. Corporations with gross receipts of under

\$1 million, however, pay reduced amounts for the first two years of operation (\$300 for the first year and \$500 for the second year). The budget agreement eliminates the minimum corporate franchise tax for all new corporations for the first two years of operation, beginning January 1, 2000. This is expected to result in reduced revenues of \$28 million in 1999-00 and approximately \$60 million annually thereafter.

Health Insurance Deductions for the Self-Employed

The budget agreement assumes that California will conform to federal law regarding the personal income tax deduction allowed for the cost of health insurance premiums paid by the self-employed. Currently, California allows a deduction of 40 percent of the cost of health insurance premiums for self-employed individuals and their families. A similar federal program currently allows a 60 percent deduction for 1999 through 2001, a 70 percent deduction for 2002, and a 100 percent deduction beginning in 2003 and thereafter. This provision would raise California's deductibility percentages to equal those of the federal program. The estimated revenue reductions are \$21 million in 1999-00, rising to \$83 million in 2003-04 and annually thereafter.

Research and Development Tax Credit

The budget agreement assumes adoption of an increase in the income tax credit for qualified research and development expenditures. Under current law, a credit equaling 11 percent of *increased* research and development expenditures above a base amount is available to individuals and businesses. These expenditures must be technological in nature, relate to the development or production of a new or improved product, and be carried out in California. This provision permanently increases the standard tax credit to 12 percent of qualified expenditures, resulting in estimated revenue reductions of \$5 million in 1999-00, rising to \$9 million in 2002-03 and annually thereafter.

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HEALTH AND SOCIAL SERVICES

General Fund support for health and social services programs in 1999-00 totals \$17.1 billion, an increase of 4.8 percent over the prior year. Figure 1 describes the major General Fund changes in the 1999-00 Budget Bill and related legislation.

MEDI-CAL PROGRAM

Provider Rate Increases. The budget includes \$39.5 million from the General Fund for various Medi-Cal provider rate increases.

Nursing Home Reform. The budget includes \$36 million from the General Fund to augment Medi-Cal payments to nursing homes in order to fund the following staffing improvements: (1) a 5 percent pay increase for direct-care staff and (2) an increase in the staffing ratio to a minimum of 3.2 hours per patient, effective January 1, 2000.

Reduced State "Takeout" from Disproportionate Share Hospital Payments. The budget includes a General Fund augmentation of \$30 million in the Medi-Cal Program to backfill for an equivalent reduction in the state takeout from disproportionate share hospital (DSH) transfers made by public hospitals operated by counties, the University of California, and local hospital districts.

Family Planning Program—Funding Shift and Expansion. The budget anticipates federal

approval of a waiver providing 90 percent federal funding for the current state-only family planning program. This shift results in General Fund savings of \$146.7 million in 1999-00. The budget legislation also augments funding for the program by a total of \$46.9 million (\$4.7 million General Fund) to expand family planning services. This assumes approval of a waiver to provide 90 percent federal funding.

Figure 1

Health and Social Services Programs Major 1999-00 Policy Changes—General Fund

(In Millions)

Program/Issue	Change From Prior Law
Medi-Cal	
Provider rate increases	\$39.5
Nursing home reform	36.0
Disproportionate share hospitals	30.0
Family planning—fund shift	-146.7
Increase federal match	-210.0
Health Coverage Expansion	
Medi-Cal—expanded eligibility for parents	\$64.7
Healthy Families—expanded eligibility for children	10.1
Public Health	
County Medical Services Program	-\$20.2
Breast Cancer Early Detection Program	14.9
Expanded Access to Primary Care	18.0 ^a
Mental Health	
Children's System of Care	\$13.4
Local incentive grants	10.0
Food Stamps	
California Food Assistance Program	\$11.9
Other Programs	
IHSS Public Authorities	\$90.0
Foster Care rate increases	7.3

^a General Fund increase over current year.



Assumed Increase in Federal Matching Rate. The budget assumes \$210 million of General Fund savings that depend on action by the federal government to increase the federal matching rate for California's Medi-Cal Program.

HEALTH COVERAGE EXPANSION

The budget package expands eligibility for parents in the Medi-Cal Program and for children in the Healthy Families Program. These expansions will increase enrollment in these programs by an estimated 249,000 parents and 169,000 children.

Expanded Medi-Cal Eligibility for Parents. Effective March 1, 2000, budget legislation expands eligibility to parents with family incomes up to 100 percent of the federal poverty level (after applicable income deductions). Currently, the income limit for parents applying for Medi-Cal is about 86 percent of the poverty level. This expansion also makes working parents in two-parent families eligible for Medi-Cal if they meet the income requirement. At present, only single parents or unemployed parents (working less than 100 hours per month) qualify to apply for Medi-Cal. Budget legislation also eliminates asset limits for parents, effective August 1, 1999.

The budget includes a net General Fund augmentation of \$64.7 million for additional Medi-Cal costs for expanded parental eligibility in 1999-00 .

Expanded Healthy Families Program Eligibility for Children. The budget includes \$10.1 million from the General Fund to expand eligibility for children's health coverage under the Healthy Families Program. The expansions (1) increase the family income limit from 200 percent to 250 percent of the poverty level, (2) allow use of the same income deductions used in Medi-Cal in computing family income, and (3) establish a one-year, state-only program to cover children who are legal immigrants who do not qualify for federal funding because they entered the U.S. after August 22, 1996. (Pending federal legislation would eliminate this restriction.)

PUBLIC HEALTH

State Funds Suspended for County Medical Services Program. The budget legislation suspends, for one year, the statutory General Fund appropriation of \$20.2 million for the County Medical Services Program, which provides health care for low-income adults in small counties.

General Fund Support for Breast Cancer Early Detection Program (BCEDP). The budget includes a General Fund appropriation of \$14.9 million (in lieu of Proposition 99 funds proposed by the Governor) for the BCEDP.

Augmentation for Primary Care Clinics. The budget appropriates \$6 million in Proposition 99 funds and \$22.1 million from the General Fund for the Expanded Access to Primary Care program. The General Fund appropriation is an increase of \$18 million over current-year expenditures from this source.

MENTAL HEALTH

Children's System of Care Program. The budget includes \$13.4 million from the General Fund to (1) fully fund the Children's System of Care Program in Los Angeles County, (2) provide additional funding for counties currently participating in the program, and (3) expand the program to 11 additional counties. This program provides a coordinated system of services through interagency collaboration.

Local Incentive Grants. The budget includes \$10 million from the General Fund to provide grants to counties for training and integrated services to severely mentally ill adults at risk of homelessness or incarceration.

CALIFORNIA WORK OPPORTUNITY AND RESPONSIBILITY TO KIDS (CALWORKS)

CalWORKs Budget Reflects Current Law. The budget includes \$102.6 million (federal Temporary Assistance for Needy Families block grant funds) to provide a 2.36 percent cost-of-living adjustment (COLA) pursuant to current law.

FOOD STAMPS

Continuation and Expansion of State-Only Program for Legal Noncitizens. The California Food Assistance Program (CFAP) provides state-only food stamps benefits to (1) pre-August 1996 immigrants who are ineligible for federal benefits and (2) a very limited number of federally ineligible post-August 1996 immigrants. Under prior law, the CFAP program was to sunset on June 30, 2000. The budget legislation (1) expands eligibility, for one year only, to immigrants who arrived after August 1996, and (2) extends the sunset indefinitely by tying continuation of the state program to the continuation of certain federal benefits for noncitizens (which currently has no sunset). The one-year program expansion results in General Fund costs of approximately \$12 million in 1999-00. The out-year costs for continuing the program are approximately \$55 million annually, beginning in 2000-01.

SUPPLEMENTAL SECURITY INCOME/ STATE SUPPLEMENTARY PROGRAM (SSI/SSP)

Grant Payments. Pursuant to current law, the budget provides for the statutory COLA (2.36 percent effective January 1, 2000) for SSI/SSP grants, at a General Fund cost of \$33 million in 1999-00. In addition, the budget legislation repeals a statutory provision that would have required a 4.9 percent grant reduction in low-cost counties in the future (estimated to occur in 2002-03). Eliminating this 4.9 percent regional grant reduction will result in annual General Fund costs (in the form of lost savings) of over \$100 million, beginning in 2002-03.

Continuation and Expansion of State-Only Program for Immigrants. The Cash Assistance Program for Immigrants (CAPI) provides state-only SSI/SSP benefits to (1) federally ineligible, aged noncitizens who immigrated prior to August 1996, and (2) a very limited number of federally ineligible post-August 1996 immigrants. Under prior law, the CAPI program was to sunset on June 30, 2000. The budget legislation (1) expands eligibility, for one year only, to immigrants who arrived after August 1996 and (2) extends the sunset indefinitely by tying continuation of the state

program to the continuation of certain federal benefits for noncitizens (which currently has no sunset). The budget assumes that the program expansion has no budget-year cost because of a deeming provision which attributes the sponsor's income to the immigrant. The out-year costs for continuing the program are approximately \$40 million annually.

IN-HOME SUPPORTIVE SERVICES (IHSS)

Public Authorities. Under prior law, counties that established Public Authorities to negotiate IHSS provider wage increases had to pay for 100 percent of the cost of wage increases. The budget includes \$90 million from the General Fund for a state share of the costs of provider wage increases negotiated by Public Authorities.

FOSTER CARE

Rate Increases. The budget includes \$6.4 million from the General Fund for the regular statutory 2.36 percent COLA for Foster Family Homes and Group Homes. The budget also includes \$7.3 million from the General Fund to provide: (1) a 2.36 percent COLA for Foster Family Agencies; (2) a full COLA for six counties that were previously scheduled to receive partial COLAs; and (3) an additional 2.36 percent increase for all foster care providers, effective January 1, 2000.

ADULT PROTECTIVE SERVICES (APS)

Program Expansion. The budget includes \$65.3 million from the General Fund for the APS program, which represents a 227 percent increase over the current year. This appropriation funds the provisions of Chapter 946, Statutes of 1998 (SB 2199, Lockyer).

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IV

PROPOSITION 98 EDUCATION

In this section we describe the major features of the budget package, as it relates to the Proposition 98 level of spending and K-12 schools.

pupil, which represents an increase of \$300, or 5.2 percent, above the budget package adopted last year.

PROPOSITION 98 PROVISIONS

The budget includes \$38 billion in Proposition 98 spending in 1999-00 for K-14 education. This represents an increase of \$2.8 billion, or 8 percent, from last year's budget package. Figure 1 summarizes for the two fiscal years the effect of the budget package on K-12 schools, community colleges, and other affected agencies.

The Proposition 98 totals (including the revised total for 1998-99) reflect the fact that the Legislature appropriated more General Fund monies than required to meet the constitutional minimum. Specifically, the Legislature appropriated \$295 million more than the 1998-99 minimum funding level and \$175 million more than the guarantee in 1999-00.

K-12 PROGRAM IMPACTS

The K-12 portion of the Proposition 98 budget package includes:

- ◆ **1998-99.** Overall K-12 funding of \$5,752 per pupil, or \$17 more per pupil than anticipated in the 1998-99 Budget Act.
- ◆ **1999-00.** Overall K-12 funding of \$6,035 per

1999-00 Baseline Increases

Compared to last year's budget package, K-12 Proposition 98 funding increased by \$2.4 billion. The budget allocates \$903 million to provide inflation and growth adjustments. Specifically, the budget includes about \$687 million to accommodate a projected 1.5 percent increase in the student population, and

Figure 1

Proposition 98 Budget Summary

*1998-99 and 1999-00
(Dollars in Billions)*

	Budget Act ^a	1998-99 Revised	1999-00 Enacted
K-12 Proposition 98			
General Fund	\$22.1	\$22.3	\$23.8
Local property taxes	9.2	9.3	9.9
Totals, K-12	\$31.3	\$31.6	\$33.7
<i>Average Daily Attendance (ADA)</i>	5,453,060	5,497,849	5,578,766
<i>Amount per ADA</i>	\$5,735	\$5,752	\$6,035
California Community Colleges			
General Fund	\$2.2	\$2.1	\$2.3
Local property taxes	1.4	1.5	1.6
Totals, Community Colleges	\$3.6	\$3.6	\$3.9
Other			
Other agencies	\$0.1	\$0.1	\$0.1
Loan repayment	0.3	0.3	0.3
Proposition 98 Summary			
General Fund	\$24.6	\$24.8	\$26.5
Local property taxes	10.6	10.8	11.4
Totals, Proposition 98	\$35.2	\$35.6	\$38.0

^a Includes related legislation.

\$216 million for a 1.41 percent cost-of-living adjustment (applicable to most program funding).

The budget directs the remaining \$1.5 billion for other purposes, including new programs and existing categorical programs (see Figure 2). The major increases are as follows:

- ◆ **Revenue Limit "Deficit Reduction" (\$455 Million).** This action provides a significant amount of general purpose funding to local school districts. The Governor proposed \$200 million for this purpose. The Legislature added another \$255 million.
- ◆ **Deferred Maintenance (\$144 Million).** The 1998-99 Budget Act added \$115 million to match local expenditures for deferred maintenance of school facilities. The Governor's original budget proposal for 1999-00 did not include this funding, but his May Revision restored the funds and added \$29 million, for a General Fund total of \$144 million.
- ◆ **Teacher Bonuses and Beginning Teacher Salary Increases (\$100 Million).** The budget includes \$50 million for one-time "performance awards" for certificated staff at schools with below-

average test scores, according to criteria to be developed by the State Board of Education. These awards would be subject to local collective bargaining. The budget also includes \$50 million to raise beginning teacher salaries.

- ◆ **School Safety Block Grants (\$100 Million).** The budget includes \$71 million in ongoing funding and \$29 million in one-time funding for grades 8 to 12 school safety block grants. These funds are distributed on an average daily attendance (ADA) basis to school districts to use towards school safety—including hiring school counselors, infrastructure, and partnerships with local law enforcement agencies.

Current-Year Funds

The budget provides \$158 million for unanticipated attendance growth in 1998-99 (45,000 ADA). The budget also includes \$221 million for various other K-12 purposes that will be counted towards Proposition 98 minimum funding requirements for 1998-99 or prior years. Figure 3 lists the most significant of these allocations.

Figure 2

Major 1999-00 K-12 Expenditures^a

(In Millions)

Purpose	Amount
Revenue limit "deficit reduction"	\$455
Deferred maintenance	144
School safety block grant (ongoing)	71
Teacher performance bonuses	50
Beginning teacher salary increase	50
High school block grant	29
High school class size reduction	28
Charter school funding model	20

^a Budget bill and education trailer bills.

Figure 3

Major K-12 Expenditures Prior-Year Funds

(In Millions)

Purpose	Amount
ADA ^a growth (revenue limits and special education)	\$158
Instructional materials increase	134
Digital high school	44
Special education COLA ^b	41
School safety block grant (one-time)	29
Prior-year desegregation claims	26

^a Average daily attendance.
^b Cost-of-living adjustment.

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V

HIGHER EDUCATION

The budget includes a total of \$7.7 billion from the General Fund for higher education in 1999-00. This is \$574 million, or 8 percent, above current-year expenditures. The budget approved by the Legislature is \$200 million, or 2.7 percent, above the amount requested by the Governor. Figure 1 compares the General Fund budget for higher education as approved by the Legislature with estimated expenditures for 1998-99. The budget-year augmentation includes \$206 million for enrollment growth of 38,000 full-time-equivalent students (2.7 percent) and \$68.9 million to reduce resident-student fees at the University of California (UC) and California State University (CSU) by 5 percent, and at community colleges from \$12 to \$11 per unit. Figure 2 shows fee reductions for California public colleges and universities over the past two years.

UNIVERSITY OF CALIFORNIA

The budget provides \$184 million, or 7.3 percent, more in General Fund support for UC in 1999-00 than in 1998-99. The major augmentations include:

- ◆ \$94 million for a 4 percent base increase.
- ◆ \$43 million for enrollment growth of 3.8 percent.
- ◆ \$32 million to reduce resident-student fees by 5 percent and

decrease the fee differential between summer and nonsummer terms.

- ◆ \$25 million for deferred maintenance, new technology, and libraries.

CALIFORNIA STATE UNIVERSITY

The budget provides \$156 million, or 7.3 percent, more in General Fund support for CSU in 1999-00 than in 1998-99. Major augmentations include:

- ◆ \$109 million for faculty and nonfaculty compensation. These funds are sufficient to

Figure 1
Higher Education Budget Summary
Selected Funding Sources
Changes From 1998-99 to 1999-00

(Dollars in Millions)

	1999-00 Budget	Change From 1998-99	
		Amount	Percent
University of California			
General Fund	\$2,704	\$184	7.3%
Resident-student fee revenue	625	-5	-0.8
Totals	\$3,329	\$179	5.7%
California State University			
General Fund	\$2,283	\$156	7.3%
Resident-student fee revenue	481	-11	-2.2
Totals	\$2,764	\$145	5.5%
California Community Colleges			
General Fund (Proposition 98)	\$2,328	\$180	8.4%
Property taxes	1,568	89	6.0
Student fee revenue	149	-9	-5.6
Totals	\$4,045	\$260	6.9%
Student Aid Commission			
General Fund	\$395	\$52	15.0%

Figure 2

**Higher Education
Resident Undergraduate Student Fees**

1997-98 Through 1999-00

	1997-98	1998-99	1999-00	Two-Year Percent Change
University of California	\$3,799	\$3,609	\$3,429	-9.7%
California State University	1,584	1,506	1,428	-9.8
California Community Colleges	390	360	330	-15.4

approximately \$2.3 billion in the budget year. This represents a \$180 million, or 8.4 percent, increase above the 1998-99 level. Despite expected enrollment growth, student fee revenues are expected to decline by \$9 million, mainly due to the \$1 per credit unit reduction approved by the Legislature. Major increases for 1999-00 include:

fully fund the recent bargaining agreement with faculty, which includes a 6 percent increase. The augmentation also supports a 4 percent general employee compensation increase and special augmentations for various bargaining groups.

- ◆ \$46 million for 3 percent enrollment growth.
- ◆ \$24.2 million to reduce resident-student fees by 5 percent.
- ◆ \$15.4 million for student outreach. These funds are provided for two Governor's initiatives as well as several existing outreach programs.

- ◆ Enrollment growth—\$116 million.
- ◆ Partnership for Excellence Program—\$45 million.
- ◆ Cost-of-living adjustment—\$51.2 million.
- ◆ Additional full-time faculty—\$21 million.

COMMUNITY COLLEGES

The budget package contains major funding increases for community colleges. General Fund Proposition 98 spending for community colleges totals

STUDENT AID COMMISSION

The budget appropriates \$395 million from the General Fund for the Student Aid Commission in 1999-00. This is \$52 million, or 15 percent, above expenditures in 1998-99. The growth in the commission's budget provides for an increase in the number of Cal-Grant awards and an increase in the maximum grant amount.

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VI

JUDICIARY AND CRIMINAL JUSTICE

The 1999 budget for judicial and criminal justice programs totals \$6.9 billion, including \$6.3 billion from the General Fund and \$636 million from various special funds. This is an increase of \$484 million, or 7.5 percent, over 1998-99 expenditures. The increase is the result of four primary factors: (1) additional costs associated with the state's increased financial responsibility for support of trial courts, (2) increases in spending to accommodate projected caseload growth, (3) increases in spending for new and expanded treatment programs for prison inmates and parolees, and (4) increased funding for programs to assist local law enforcement agencies.

The amount is about \$8.9 million, or less than 1 percent, above the Governor's proposed budget. Although the net amount is close to the spending level proposed by the Governor, the Legislature made a number of changes to the Governor's budget, including new policy initiatives and augmentations and modifications to individual spending proposals.

TRIAL COURT FUNDING

The budget includes \$1.8 billion for support of trial courts. This amount includes \$926 million from the General Fund, \$223 million from fine and penalty revenues, \$203 million from court fee revenues, and \$458 million transferred from counties to the state. The General Fund amount is \$226 million, or 32 percent, greater than the current-year amount. This increase is due in large part to legislation adopted in 1997 and 1998 whereby the state has substantially increased financial responsibility for operation of the trial courts and county responsibility has been capped and reduced. Accordingly, the budget includes a reduction in county contributions and a corresponding increase in General Fund costs of \$96.6 million.

The budget also includes a number of other substantial General Fund augmentations, all of which were proposed by the Governor in either the January budget

or the May Revision. These include \$41.3 million for salary increases for trial court employees that were negotiated previously between the counties and court employees, \$19.2 million for various services (such as information technology) that were previously provided to the courts by counties, and \$19.1 million to correct computer problems in the trial courts associated with the year 2000 change. The budget package also includes \$2.1 million and provisions in a trailer bill (AB 1105, Jackson) to establish new programs to assist courts with complex litigation and to establish alternative dispute resolution pilot projects.

The budget also includes \$5.5 million to establish 20 new trial court judgeships (\$2.5 million) and 12 new appellate court justices (\$3 million), beginning in the last quarter of 1999-00. Full-year costs of the new judgeships and justices will be about \$22 million. Legislation to create the new judgeships and justices had not been enacted at the time this report was prepared.

The Legislature augmented the Governor's proposed Trial Court Funding budget by \$7 million to increase the rates paid to trial court interpreters.

DEPARTMENT OF CORRECTIONS

The budget provides a total of \$4.1 billion from the General Fund for support of the California Department of Corrections (CDC). This represents an increase of \$129 million, or 3.3 percent, above the 1998-99 level. This is the smallest rate of increase in the CDC budget in recent years, resulting primarily from somewhat slower projected increases in the prison inmate and parole populations than in recent years.

The budget provides full funding for the projected inmate and parole caseloads. The budget assumes that the inmate population will reach about 167,300 inmates at the end of the budget year, an increase of about 3.4 percent from 1998-99. The projected budget-year population is about 3,600 inmates fewer

than was initially assumed in the Governor's January budget. The parole population is projected to reach about 118,100 parolees at the end of the budget year, an increase of 3.4 percent.

The Legislature made several modifications to the Governor's proposed expenditures for CDC. One of the largest related to the Governor's proposed augmentation of \$77 million to address various "structural" deficiencies in CDC's base budget, including providing more money for merit salary increases and restoring previous unallocated budget reductions. The Legislature reduced the proposal to \$40.7 million, for a General Fund savings of \$36.3 million.

Accommodating Prison Population Growth. In the May Revision, the Governor requested \$355 million from the General Fund to fully fund planning and construction of a new maximum security prison at Delano in Kern County and for planning for a second prison in San Diego. The Legislature initially rejected the Governor's proposal and instead augmented the budget by \$38.7 million to fully implement and expand prison inmate and parole treatment programs designed to reduce recidivism and thus reduce growth in the inmate population. A trailer bill, AB 1112 (Wright), made statutory changes necessary to implement the new programs.

The Legislature subsequently enacted AB 1535 (Florez), which authorized the new Delano prison. The bill appropriated \$24 million from the General Fund for acquisition and planning costs, and authorized \$311.5 million in lease payment bonds for construction. The bill also appropriated \$15.5 million from the General Fund to CDC to hire more parole agents to reduce the ratio of parolees to agents.

FEDERAL FUNDS FOR INCARCERATION AND SUPERVISION OF UNDOCUMENTED FELONS

The budget assumes that the state will receive a total of \$273 million in federal funds to offset the state's costs of supervising undocumented felons and wards in state prison and the Department of the Youth

Authority. This is an increase of \$89 million, or 48 percent, above the administration's estimate of federal funds for 1998-99. These federal funds are counted as offsets to state expenditures and are not shown in the budgets of the CDC and the Youth Authority, or in the budget bill.

DEPARTMENT OF THE YOUTH AUTHORITY

The budget provides \$323 million (almost all from the General Fund) for support of the Youth Authority. The department's budget reflects an increase of less than 1 percent over the 1998-99 level. The budget assumes that the Youth Authority's institution population will be 7,355 wards at the end of the budget year, a drop of 275 wards, or 3.6 percent below the 1998-99 level. The parole population is expected to drop by about 2 percent, reaching 5,125 parolees at the end of the budget year. There were no major policy changes in this budget.

ASSISTANCE TO LOCAL LAW ENFORCEMENT

The budget includes a number of augmentations to assist local law enforcement agencies.

Citizens' Option for Public Safety (COPS) Program. In recent years, the Legislature has provided \$100 million annually for the COPS program, including \$75 million for local police departments and sheriffs for front-line law enforcement, \$12.5 million for sheriffs for jail services, and \$12.5 million for district attorneys. These funds are distributed on a per capita basis. In January, the Governor proposed to modify the program so that the entire \$100 million could only be used by front-line law enforcement agencies to hire more officers. The Legislature rejected the Governor's proposal and continued the existing program.

Law Enforcement Equipment. In the May Revision, the Governor proposed \$61 million from the General Fund in the budget of the Office of Criminal Justice Planning to establish a new California Local Law Enforcement Equipment Program in which money would be distributed to local law enforcement agen-



cies on a one-time basis for purchase of equipment. The Legislature reduced the Governor's proposal to \$30 million.

Local Detention Facilities. The budget includes \$75 million in federal funds in the Board of Corrections' budget for distribution to counties for construction of juvenile detention facilities (\$70 million) and adult jails (\$5 million).

Mental Illness Grant Program. The budget includes \$37.7 million from the General Fund in the Board of Corrections' budget to continue the Mentally Ill Offender Crime Reduction Grant Program, which was established in 1998-99. The money will be distributed to specified counties to develop programs to prevent mentally ill offenders in jails from reoffending and returning to jail after they are released.

Prepared by the Criminal Justice and State Administration Section—(916) 445-4660

OTHER MAJOR PROVISIONS

LOCAL GOVERNMENT

The budget includes several items with a direct fiscal impact on local governments.

- ◆ **One-Time Relief.** The budget provides \$150 million in one-time general purpose relief to counties, cities, and special districts. Half of this relief will be distributed to local governments in a manner that reflects their contributions to the Educational Revenue Augmentation Fund, or "ERAF." The remaining \$75 million will be allocated to cities and counties in relation to city population and the number of people living in county unincorporated areas. Given these formulas, we estimate that counties will receive about \$74 million, cities will receive about \$70 million, and special districts will receive about \$6 million.
- ◆ **Permanent Relief Contingent Upon Constitutional Change.** Trailer legislation (AB 1661, Torlakson) passed by the Legislature authorizes significant prospective relief to local governments. Specifically, if a constitutional amendment to reform local government finance is approved by the state's voters by November 2000, AB 1661 (1) places a "cap" on ERAF growth and (2) directs the state to pay the schools' proportionate share of local property tax administrative costs. These actions would provide a growing source of local government relief, particularly to counties, totaling more than \$1 billion within five years.
- ◆ **Relief From Booking Fees.** Trailer legislation (AB 1662, Leonard) provides a continuous appropriation to offset city 1997-98 booking fees. Specifically, in 1999-00, the measure provides up to \$50 million to reimburse cities

for booking fees paid in 1997-98. In future years, each city's reimbursement would be increased by 2 percent annually. A city's future reimbursement would not be influenced by changes in the number of people cities book into county jail—or the amount of booking fees paid.

- ◆ **Support for Local Libraries.** The budget provides a \$20 million augmentation (a 50 percent increase) for support of public libraries.

In addition to the above actions, the budget provides funding for various criminal justice and health and social services programs which benefit local government, such as the \$100 million for the Citizens' Option for Public Safety program.

EMPLOYEE COMPENSATION

The Legislature did not make a specific appropriation for additional employee compensation that may result from collective bargaining agreements between the administration and employee bargaining units. Instead, any needed funds for this purpose are to be funded from reserves.

INFRASTRUCTURE BANK

The budget includes \$425 million from the General Fund for the Infrastructure Bank. This augments the \$50 million appropriated for the bank in the 1998-99 *Budget Act*, bringing the total available funds to \$475 million.

Availability of the budget appropriation is contingent upon enactment of legislation that allocates funds for financial assistance to local governments for infrastructure needs. Trailer bill legislation (AB 1661, Torlakson) addresses this requirement by (1) making the funds available only for local government sponsored projects; (2) requiring that all projects be consis-



tent with the criteria, priorities, and guidelines established by the bank for the selection of projects; and (3) stipulating that no single loan can exceed 10 percent of the total appropriation (\$47.5 million), except by the unanimous consent of the bank board and with 30-day written notice from the Director of Finance to the Chair and Vice Chair of the Joint Legislative Budget Committee. The bill also requires the bank to submit quarterly reports to the Governor and the Legislature during 1999-00 and 2000-01.

RESOURCES

The 1999 budget, as adopted by the Legislature, provides a total of \$2.2 billion for resources programs, of which \$1.1 billion is from the General Fund, \$98 million from bond funds, and \$92 million from federal funds. The remaining \$918 million are special funds. This total amount is a decrease of about \$61 million (2.6 percent) below estimated current-year expenditures. Significant features include:

- ◆ \$380 million for the Department of Forestry and Fire Protection, including \$19.2 million for urban forestry, forest improvement programs, the state nurseries, and fuel load reduction; \$18.7 million for six new firefighting airtankers; and \$20 million for emergency firefighting purposes.
- ◆ \$157 million for the Department of Parks and Recreation for deferred maintenance work.
- ◆ \$141.5 million for habitat acquisition, restoration, and enhancement, of which \$86.8 million is unscheduled and \$54.7 million is for specified projects.
- ◆ \$49 million from Proposition 204 bond funds for water supply and Bay-Delta restoration projects.
- ◆ \$46 million to pay local governments for part of the state share of costs of local flood control projects owed as of June 1999.
- ◆ \$12 million for the nonfederal share of costs of port dredging projects.
- ◆ \$10 million for integrated water storage investigations.
- ◆ \$8 million for restoration of salmon and steelhead trout habitats.
- ◆ \$8 million for CALFED program administration.
- ◆ \$7.6 million for the enforcement of timber harvesting plans and the Headwaters agreement. The funds are distributed across the Departments of Forestry and Fire Protection, Fish and Game, and Conservation, and the State Water Resources Control Board (SWRCB).
- ◆ \$5 million for acquisitions and implementation of the Natural Community Conservation Planning program in San Diego and Orange Counties.

The Legislature also disencumbered \$100 million that had been appropriated for the anticipated purchase of two properties in connection with the Headwaters agreement. Of that money, \$20 million had been encumbered for 1998-99 and \$80 million for 1999-00. Instead, the Legislature specified that the purchase of the two properties will be paid in installments between 2000-01 and 2004-05—consistent with the Headwaters agreement—and reappropriated the money for encumbrance in those years. These actions returned \$100 million to the General Fund for 1999-00.

ENVIRONMENTAL PROTECTION

The 1999 budget, as adopted by the Legislature, provides about \$960 million for environmental protection programs, including about \$744 million for the support of various environmental protection agencies and \$216 million for local assistance. This amount is an increase of about \$61 million, or 7 percent, over estimated 1998-99 expenditures. Significant features include:

- ◆ An increase of about \$22 million for various enforcement activities, including \$7.6 million to local air districts for compliance and enforcement activities; \$5.1 million to the SWRCB for waste discharger and stormwater inspections and for timber harvest plan review and enforcement; \$5 million to the California Integrated Waste Management Board to increase enforcement against the illegal stockpiling of waste tires and for other activities to reduce tire stockpiles; \$2.5 million to the Department of Toxic Substances Control for hazardous waste management enforcement, including inspections of oil refineries; and \$2 million to the Secretary for Environmental Protection to coordinate and assist with enforcement activities of Cal-EPA boards and departments.
- ◆ An increase from \$1.8 million to \$5.8 million (more than a 200 percent increase) for ambient water quality monitoring, including \$2 million to establish a groundwater quality monitoring program for the first time in several years. Additionally, the budget provides an increase of \$3 million to reduce a backlog in the timely update and renewal of waste discharge permits.
- ◆ \$20 million to the Air Resources Board for an incentive program to reduce emissions from heavy-duty diesel engines.
- ◆ \$51 million from Proposition 204 bond funds for local water quality projects.
- ◆ \$9.9 million for the SWRCB to develop "total maximum daily loads" (TMDLs) of pollutants in impaired water bodies.
- ◆ \$7.5 million to identify sources of MTBE-contaminated waters, clean up MTBE contamination, and assess the risks of alternatives to MTBE-based fuels.

- ◆ \$4.2 million for environmental monitoring and risk assessment activities focused on children's health.

In addition, the Legislature approved a number of trailer bills, including:

- ◆ A trailer bill that specifies the enforcement authority of the Secretary for Environmental Protection; establishes an ombudsman function at Cal-EPA; provides for pilot projects to evaluate the use of environmental management systems; and codifies the permit assistance center program that was established administratively by Cal-EPA in 1992.
- ◆ A trailer bill that requires the SWRCB to address identified problems with permitting, enforcement, and water quality monitoring; requires pollution prevention planning by waste dischargers under specified circumstances; and establishes minimum mandatory penalties for serious and chronic water quality violations. The Legislature tied funding for one-third of the SWRCB's budget bill appropriations (about \$120 million) to the adoption of this trailer bill.

TRANSPORTATION

The 1999 budget provides about \$2.3 billion for support of the Department of Transportation (Caltrans) mostly from special funds. This is an increase of approximately 5 percent above the 1998-99 estimated level.

The major support expenditures are as follows:

- ◆ \$770 million for design and development of highway projects.
- ◆ \$746 million for highway maintenance.
- ◆ \$234 million for administration.
- ◆ \$94 million to develop the State Transportation Improvement Program (STIP) and other highway capital improvement programs.



- ◆ \$76 million for transportation planning, including an increase of \$27 million to expand various long-range planning studies.
- ◆ \$66 million to provide intercity rail service.
- ◆ \$31 million for staff support to assist local agencies, including an increase of 117 person-years to provide technical assistance and training to local agencies to assist them with project delivery and help to ensure timely expenditures of federal funds.

The budget also provides \$2.5 billion, mainly from special funds and federal funds, for transportation capital outlay projects. In addition, the budget provides \$2 billion in state and federal funds for local assistance. These funds are allocated to local transportation agencies for projects off the state highway system, including rehabilitation of local streets and roads and transit capital improvements.

In addition, the budget provides \$37.5 million from the General Fund for transit rolling stock. Specifically, this amount includes:

- ◆ \$17 million for the purchase of trains for the state intercity rail program.
- ◆ \$14 million for the purchase of trains for the Altamont Commuter Express.
- ◆ \$6 million for the acquisition of ferries for the San Francisco Bay.

Budget legislation was also passed to reenact transfers, totaling \$161 million, from the Motor Vehicle Account and State Highway Account to the General Fund. These transfers, originally made between 1993 and 1995 in annual budget acts, were found to violate the single-subject rule of the State Constitution and thus required separate legislation.

YEAR 2000 COMPUTER PROJECTS

The 1998-99 *Budget Act* included \$20 million in a special budget item to fund efforts by state departments to modify computers to accommodate the year

2000 (Y2K) remediation efforts. As of mid-June, all of those funds had been expended and the special item had received augmentations from the reserve of about \$41.7 million.

In the May Revision for the budget year, the Governor requested \$64.3 million (including \$44.3 million from the General Fund, \$10 million from special funds, and \$10 million from nongovernmental cost funds) in the special budget item for distribution to state departments for additional Y2K efforts. Of the General Fund amount, \$14.3 million was designated for support of the Department of Information Technology (DOIT) Y2K project management office.

The final budget bill reduced the General Fund by \$30.8 million, leaving a total of \$13.5 million, all of which would be used to support the DOIT project management office. The budget bill includes a provision that allows the administration to take monies from the reserve to supplement the Y2K item as needed.

The budget also includes \$17.5 million in the DOIT budget to establish a new center to test the state's mainframe computer systems for their Y2K readiness.

ARTS COUNCIL

The budget includes \$63.2 million for the California Arts Council (\$62.4 million from the General Fund). This is more than double the amount requested by the Governor and is the result of legislative augmentations totaling \$35.3 million for grants to 40 specified museums and cultural institutions.

SMOG CHECK PROGRAM

The budget provides \$155.8 million from special funds for the continued operation of the Smog Check Program within the Department of Consumer Affairs. To address various concerns with the program, the Legislature passed a trailer bill (AB 1105, Jackson) that: (1) raises the eligibility threshold for repair assistance to all vehicle owners with incomes at or below 185 percent of the federal poverty level (up from the current limit of 175 percent), and (2) authorizes (but does not require) the department to make the following changes:

- ◆ Provide state-funded repair assistance to owners of certain high-emitter vehicles, regardless of the owner's income.
- ◆ Raise the amount the state will pay under both the repair assistance and vehicle retirement programs, if additional payments (above the current \$450 limit) are cost effective.
- ◆ Exempt at least 15 percent of the lowest-emitting vehicles from the biennial smog check inspection.
- ◆ Exempt an additional two model years of newer vehicles, (currently smog check inspections are not required for vehicles four years old or newer).

DEPARTMENT OF FOOD AND AGRICULTURE

The budget increases General Fund support for pest exclusion activities at both the state and local level. Specifically, it provides

- ◆ An additional \$4.0 million for county level pest exclusion and eradication efforts.
- ◆ \$8.8 million for eradication of the red imported fire ant, including the establishment of two additional pest inspection border stations and additional staff for three existing stations.

CAPITAL OUTLAY

The budget includes \$1.6 billion for capital outlay (excluding highways and transit) as shown in Figure 1. As the figure indicates, the budget relies heavily on debt financing for capital outlay. Over 75 percent of the total is from bonds, with 56 percent from general obligation bonds (mostly in higher education) and 44 percent from lease-payment bonds. The majority of General Fund spending is in two areas—resources and corrections.

Some of the major projects and programs funded in 1999-00 include:

- ◆ *Department of Justice*—\$42 million for design and construction to replace six crime laboratories.
- ◆ *Wildlife Conservation Board and state conservancies*—\$152 million primarily for land acquisition.

Figure 1

1999-00 Capital Outlay Programs

(In Millions)

	General Fund	Special Funds	Bonds	Federal Funds	Totals
Legislative/Executive/Judicial	\$2.0	—	\$46.7	—	\$48.7
State and Consumer Services	4.9	—	1.9	\$0.3	7.1
Transportation	—	\$20.5	11.2	—	31.7
Resources	223.4	35.9	9.0	2.9	271.2
Health and Social Services	19.7	0.1	28.9	2.7	51.5
Corrections ^a	64.9	—	420.5	—	485.4
State Special Schools	1.1	—	—	—	1.1
Higher Education	—	—	651.5	—	651.5
General Government	—	—	10.7	—	10.7
Totals	\$316.0	\$56.5	\$1,180.4	\$5.9	\$1,558.8

^a Includes \$24 million from the General Fund and \$311.5 million from lease-payment bonds contained in AB 1535 (Flores) for a new prison at Delano, Kern County.



- ◆ *Department of Forestry and Fire Protection*—\$27 million for renovation and replacement of existing facilities.
- ◆ *Department of Corrections*—\$336 million for a new 2,248-cell maximum security prison and 408-bed support facility at Delano, Kern County.
- ◆ *University of California*—\$218 million for 23 projects at nine campuses.
- ◆ *California State University*—\$261 million for 25 projects at 17 campuses.
- ◆ *California Community Colleges*—\$172 million for 105 projects at 57 districts (66 campuses and off-campus centers).

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State and Local Finance—(916) 445-6442

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1999-00 Budget-Related Legislation		
Bills	Author	Subject
AB 10	Correa	Tax Relief: Minimum franchise tax for new corporations.
AB 907	Alquist	Education: County Offices of Education equalization.
AB 1102	Jackson	Resources: Various Environmental Protection Agency enforcement activities, Permit Assistance Centers.
AB 1103	Lempert	Resources: Various (parks, boating, toxics, Air Resources Board).
AB 1104	Migden	Resources: State Water Resources Control Board.
AB 1105	Jackson	General Government: (Smog check, performance budgeting, various other).
AB 1107	Cedillo	Health: Various (Medi-Cal, Healthy Families, disproportionate share hospitals, public health, Proposition 99, mental health, developmental disabilities).
AB 1111	Aroner	Social Services: Various (CalWORKs, SSI/SSP, CAPI, Food Stamps, Foster Care, child welfare, child support, employment development, drug courts).
AB 1112	Wright	Corrections: Parole programs.
AB 1113	Florez	Education: School safety.
AB 1114	Steinberg	Education: Pay for performance.
AB 1115	Strom-Martin	Education: Omnibus bill.
AB 1116	Ducheny	Education: English language acquisition.
AB 1117	Calderon	Education: Beginning teacher salaries.
AB 1118	Reyes	Higher Education: Fee reductions.
AB 1120	Havice	Tax Relief: Capital gains on small business stock.
AB 1121	Nakano	Tax Relief: VLF one-year 10 percent reduction.
AB 1289 ^a	Baugh	Tax Relief: Health insurance premiums for the self-employed.
AB 1535	Florez	Corrections: New prison.
AB 1660	Shelley	General Government: SHA transfer to General Fund, Census, Holocaust Claims Program.
AB 1661	Torlakson	Local Government: Infrastructure bank and local relief.
AB 1662	Leonard	Local Government: Booking fees.
AB 1682	Honda	Social Services: IHSS.
SB 688 ^a	Burton	Tax Relief: VLF reduction for commercial truckers.
SB 705 ^a	Sher	Tax Relief: Research and development tax credit.

^a Pending as of June 21, 1999.



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