

Federal Economic Stimulus Package: Fiscal Effect on California

Summary of LAO Recommendations for Legislative Action

Page	Program	Provision	Potential General Fund Savings	Legislative Involvement	Action
General Purpose					
10	General purpose	State Fiscal Stabilization Fund	X	Budgetary Action	Reduce General Fund appropriations to realize savings.
K-12 Education					
11	K-12 Education	State Incentive Grants	X	Budgetary Action	If needed, use grant funding to mitigate cuts.
12	K-12 Education	McKinney-Vento Homeless Assistance		Budgetary Action	Authorize funding for existing program.
12	K-12 Education	Child Nutrition Equipment		Budgetary Action	Authorize funding for new program.
13	K-12 Education	Subsidized school construction bonds		Oversight	Ensure bond funds used appropriately.
13	K-12 Education	Qualified Zone Academy Bonds		Oversight	Ensure bond funds used appropriately.
13	K-12 Education	Impact Aid		Budgetary Action	Authorize funding for existing program.
13	K-12 Education	Teacher performance-based compensation grants		Legislation	If desired, state could apply for grant.
15	Education	Fiscal Stabilization	X	Budgetary Action	If needed, use stabilization funding to mitigate cuts.
15	K-12 Education	Title I, Formula Grants	X	Budgetary Action	If needed, use more federal/less state funding to support low-income students (reduce Economic Impact Aid to realize savings).
16	K-12 Education	State Incentive Grants	X	Oversight	Ensure funding supports highest priorities.
16	K-12 Education	School Improvement Grants (SIG)	X	Budgetary Action	If needed, use SIG funding to support Quality Education Investment Act schools, reduce General Fund appropriation to realize savings.
16	K-12 Education	Individuals With Disabilities Education Act (IDEA)	X	Budgetary Action	Apply funds toward outstanding special education mandate claims.
16	K-12 Education	IDEA	X	Budgetary Action	If needed, use new IDEA funding to support State Special Schools, reduce General Fund appropriation to realize savings.
16	K-12 Education	IDEA	X	Budgetary Action	If needed, use new IDEA funding to support residential placements, reduce General Fund appropriation to realize savings.
17	K-12 Education	Title I, Program Improvement		Budgetary Action	Spread "excess" funding broadly among Title I schools.
17	K-12 Education	Enhancing Education Through Technology		Legislation	Use for various local California Longitudinal Pupil Achievement Data System (CALPADS)-related activities.
17	K-12 Education	Statewide Education Database Grant		Legislation	Use for various state-level enhancements to CALPADS.
17	Child care and development	Child Care and Development Block Grant		Budgetary Action	Use to restore reductions made in 2008-09.

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Higher Education					
13	Higher Education	American Opportunity Tax Credit	X	Budgetary Action	Maximize federal dollars by increasing community college fees, which would be reimbursed through tax credits.
13	Higher Education	Pell Grant	X	Budgetary Action	Adjust UC and CSU budgets to reflect lowered costs, because increased Pell Grants will reduce student financial need that normally would be covered through campus-based aid programs.
14	Higher Education	Competitive grants for scientific research		Oversight	Ensure public universities compete for grants; possible interaction with state-funded research.
Health					
18	Medi-Cal	Increased federal medical assistance percentage (FMAP)	X	Legislation	In order to receive increased FMAP, Medi-Cal needs to reverse new reporting requirement for children.
18	Medi-Cal	Increased FMAP	X	Budgetary Action	Recognize General Fund savings in budget deliberations.
20	Medi-Cal	Health information technology (HIT) incentive payments for Medi-Cal providers		Legislation	State administration needed to distribute and oversee federal payments to Medi-Cal providers.
20	Other Health	HIT grants and Medicare provider incentive payments		Legislation	Designate state or private entity to distribute HIT grants. Identify non-state sources of funding to participate in HIT grants to the extent possible.
21	Medi-Cal	Disproportionate share hospital funds		Budgetary Action	Increased federal funds for certain public hospitals. Also triggers General Fund costs to increase payments to other hospitals.
21	Medi-Cal	Transitional Medi-Cal		Legislation	Statute would have to be enacted in order to make transitional Medi-Cal less restrictive. We recommend against this change due to state cost.
21	Medi-Cal	Transitional Medi-Cal		Budgetary Action	Changing the Transitional Medi-Cal benefit would require increased General Fund appropriation.
21	Medi-Cal	Delay of certain Medi-Cal regulations		None	Temporarily maintains the status quo.
22	Other Health	Public Health Centers		None	Federal government will distribute funds directly to health centers.
23	Other Health	Health Workforce Funding		Oversight	Ensure department meets any federal requirements for additional funding.
23	Other Health	Continuation of employer-sponsored health insurance		None	Federal government will provide subsidy directly to insured.
23	Developmental Services	Federal grant funds for Early Start Program	X	Budgetary Action	Recognize savings in budget deliberations.
23	Public Health	Prevention and Wellness Fund		Oversight	Ensure department pursues competitive grants if they become available.
23	Public Health	Women, Infants, and Children		Oversight	Ensure department meets any federal requirements for additional funding.
23	Public Health	Safe Drinking Water Revolving Fund		Oversight	Ensure federal timelines and other requirements are met.

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Labor and Workforce Development					
24	Employment Development Department (EDD)	Additional Workforce Investment Act (WIA) funds	X	Budgetary Action	Reduce General Fund in CDCR and community colleges to realize savings.
24	EDD	Various competitive WIA grants		Oversight	Ensure that EDD pursues competitive grants.
25	EDD	Additional employment services funding		Oversight	Consider how these funds fit with existing program objectives and legislative priorities.
25	EDD	Additional training funds for workers with jobs displaced by imports		Oversight	Consider how these funds fit with existing program objectives and legislative priorities.
26	Unemployment Insurance (UI)	Extended UI benefits		None	Funds allocated automatically to UI claimants.
26	UI	Temporary \$25 per week benefit increase		None	Funds allocated automatically to UI claimants.
26	UI	Temporary relief from federal interest costs	X	None	Savings are automatic.
26	UI	Additional UI administrative funds	X	Budgetary Action	Adopt budget bill language to set priorities.
26	UI	UI "modernization" incentive funds		Legislation	Could adopt legislation creating alternative base period in order to access substantial new funding. Consider in the context of addressing UI fund insolvency.
Social Services					
27	CalWORKs	New funding stream	X	Budgetary Action	Recognize General Fund savings in budget deliberations.
29	Adoptions Assistance Program	Increased FMAP	X	Budgetary Action	Recognize General Fund savings in budget deliberations.
29	Foster Care	Increased FMAP	X	Budgetary Action	Recognize General Fund savings in budget deliberations.
29	Food Stamps	13.6 percent benefit increase		None	Funds allocated automatically to recipients.
29	Food Stamps	Additional administrative funds	X	Budgetary Action	Depending on "no supplant" language, possibility of reducing General Fund to realize savings.
29	Emergency Food Assistance Program	Additional funding for commodities distribution		Budgetary Action	Consider how these funds fit with existing program objectives and legislative priorities.
30	Various retirement programs including Social Security	One-time \$250 retiree payment		None	Funds go directly from the federal government to recipients.
30	Supplemental Security Income	One-time \$250 payment to recipients		None	Funds go directly from the federal government to recipients.
30	Child support enforcement	Incentive funds now eligible for federal match	X	Budgetary Action	Reduce General Fund appropriation to realize savings.

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Social Services (Continued)					
31	California Department of Aging (CDA)	Additional funds for meals for seniors	X	Budgetary Action	Depending on ability to secure local matching funds, possibility of reducing General Fund to realize savings.
31	CDA	Additional funds for Senior Community Employment Programs		None	Funds allocated automatically.
31	Department of Community Services and Development (DCSD)	Additional funds for weatherization projects		Budgetary Action	Consider how these funds fit with existing program objectives and legislative priorities.
31	DCSD	Increase in local block grant to assist individuals in becoming self-sufficient.		Budgetary Action	Consider how these funds fit with existing program objectives and legislative priorities.
32	Department of Rehabilitation	Additional funding for vocational rehabilitation and independent living		Budgetary Action	Consider how these funds fit with existing program objectives and legislative priorities.
Transportation					
33	Caltrans	Transit funds		None	Funds go directly from the federal government to recipients.
34	Caltrans	Highways and roads		Oversight	Ensure federal timeline and other requirements are met.
34	Caltrans	Highways and roads		Legislation	Provide direction and prioritization for the use of funds. Prioritize use of funds for highway rehabilitation projects.
34	Caltrans	Supplemental Discretionary Grants		Oversight	Ensure Caltrans works with local agencies to pursue grants.
34	Caltrans	Aviation Grant Funds		Oversight	Ensure federal timeline and other requirements are met.
34	Caltrans	Other transit grants		Oversight	Ensure Caltrans works with local agencies to pursue grants.
36	High-Speed Rail Authority and Caltrans	High Speed and Intercity Rail		Oversight	Provide input for federal strategic implementation plan.
Housing Programs					
36	Housing	Housing programs		Oversight	Ensure federal timelines and other requirements are met.
37	Housing and Community Development	Housing programs—Neighborhood Stabilization Program		Oversight	Review department's plan to pursue competitive grants, as well as proposed use of such grants.
37	Tax Credit Allocation Committee (TCAC)	Housing programs—Low-Income Housing Tax Credit Supplement Grant		Oversight	Direct TCAC to contract with Department of Housing and Community Development or California Housing Finance Agency to administer.

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Resources and Environmental Protection					
38	State Water Resources Control Board (SWRCB)	Clean Water Revolving Fund		Legislation	Legislation to authorize the board to include certain categories of financial assistance under the state's program.
40	Energy Commission	State Energy Programs		Oversight	Governor must provide various policy-related assurances to access funds.
40	Energy Commission	Energy Efficiency and Conservation Block Grants		Legislation	Legislation required for commission to spend funds within federal time schedule. Also, oversight required to ensure competitive grants are pursued.
40	SWRCB	Leaking Underground Storage Tank Fund		Legislation	Minor statutory changes likely required to allow deposit of funds into a state account.
40	Air Resources Board	Diesel Emission Reduction		Oversight	Oversight to ensure competitive grants and potential to offset General Fund costs are pursued.
41	CalFire	Wildland Fire Management		Legislation	Legislation required to allow funds to be passed through by state to non-state entities. Oversight to ensure grants are pursued.
41	Toxic Substances	Brownfields remediation		Oversight	Oversight to ensure competitive grants are pursued.
41	Toxic Substances	Department of Defense cleanup		Oversight	Oversight to seek funding for federal sites in state.
41	Public Utilities Commission	Wireless and broadband Access		Legislation	Legislation should be enacted to designate state entity to apply for funds.
43	None	Energy-related tax and financial incentives		Legislation	Legislation may be required to facilitate state's issuance of tax-credit bonds.
Criminal Justice and Other Programs					
44	California Emergency Management Agency (CalEMA)	Edward Byrne Memorial Justice Assistance grant and other increased grants for public safety		Oversight	Funds allocated automatically. Ensure federal timelines and other requirements are met.
44	Victims of Crime Act	Increased grants for crime victims compensation		None	Funds allocated automatically.
44	Community-Oriented Policing Services Hiring Recovery Program	Grants to hire additional officers		Oversight	Review which departments intend to pursue competitive grants.
45	CalEMA	Border patrols		Oversight	Funds allocated automatically. Ensure federal timelines and other requirements are met.
45	California National Guard	Building construction and renovation	X	Oversight	Funds allocated automatically. Ensure federal timelines and other requirements are met.
45	CalEMA	Transit and port security grants		Oversight	Ensure federal timelines and other requirements are met.