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**The 1990-91 Budget:  
Perspectives and Issues**

# *Proposition 99: An Update*



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## Proposition 99: An Update

### What Is the Status of Proposition 99 Implementation?

#### Summary

*Proposition 99 established a new surtax on cigarettes and tobacco products, thereby generating almost \$1.5 billion in new revenues available for expenditure in 1989-90 and 1990-91. Assembly Bill 75 (Ch 1331/89, Isenberg) allocated the vast majority of these funds. Our review indicates that the three major departments responsible for the implementation of AB 75 have made good progress in implementing the programs the act established in the current year.*

*The Legislature will face several major issues related to Proposition 99 in the coming year. Among these are (1) AB 75 will sunset in June 1991, requiring choices regarding the allocation of Proposition 99 funds beginning in 1991-92 and (2) the Governor has proposed augmentations in 1990-91 for local mental health programs and the California Healthcare for Indigents Program (CHIP) that compete with the funding necessary to implement the Major Medical Insurance Program established by Ch 1168/89 (AB 60, Isenberg).*

In November 1988, the voters approved Proposition 99, the Tobacco Tax and Health Protection Act, which established a surtax of 25 cents per package on cigarettes and an equivalent amount on all other tobacco products sold in California. Proposition 99 provides a major new funding source--over \$550 million annually--for health services, health education, and resources programs.

In this analysis, we (1) provide background on the provisions of Proposition 99 and the Legislature's actions in implementing it; (2) review the 1990-91 budget proposal for Proposition 99

funds; (3) provide a status report on programs established by AB 75 (Ch 1331/89, Isenberg), which allocated 90 percent of Proposition 99 funds; and (4) identify outstanding issues facing the Legislature in 1990 regarding Proposition 99.

## BACKGROUND

Proposition 99 required that revenues from the surtax be deposited in the Cigarette and Tobacco Products Surtax Fund (C&T Fund) established by the act, and allocated specified percentages of the fund to six accounts. The act further required that revenues allocated to the six accounts be expended for specified purposes. Figure 1 identifies the six accounts, the percent of surtax revenues allocated to each, and the specified purposes for each account.

**Figure 1**  
**Proposition 99 Accounts**

<b>Account</b>	<b>Percent of Surtax Revenues</b>	<b>Purposes</b>
<b>Health Education</b>	20	Prevention and reduction of tobacco use, primarily among children, through school and community health education programs
<b>Hospital Services</b>	35	To pay hospitals for the treatment of patients who cannot afford to pay, and for whom payment will not be made through private coverage or federally funded programs
<b>Physician Services</b>	10	To pay physicians for medical care services provided to patients who cannot afford to pay, and for whom payment will not be made through private coverage or federally funded programs
<b>Public Resources</b>	5	To be equally divided between programs that (1) protect, restore, enhance, or maintain fish, waterfowl, and other wildlife habitat areas and (2) improve state and local park land recreation resources
<b>Research</b>	5	To fund tobacco-related disease research
<b>Unallocated</b>	25	May be used for any of the specific purposes described above

The surtax went into effect on January 1, 1989. However, none of the revenues raised in the last half of 1988-89 (almost \$330 million) were spent in 1988-89.

During 1989 the Legislature took the following actions to provide for the expenditure of Proposition 99 funds:

- **Assembly Bill 75** allocated revenues from 1988-89, 1989-90, and 1990-91 from the Unallocated, Physician Services, Hospital Services, and Health Education Accounts. The act appropriated \$1.2 billion (\$703 million for expenditure in 1989-90 and \$510 million for expenditure in 1990-91) to establish a variety of new health programs and expand existing programs.
- **The 1989 Budget Act** allocated funds available in the Research Account and the Public Resources Account to various programs. The Budget Act also allocated \$25.3 million from the Unallocated Account.
- **Chapter 1168, Statutes of 1989 (AB 60, Isenberg)**, established the California Major Medical Insurance Program and transferred \$250,000 from the Unallocated Account to begin developing rules and regulations and to carry out other activities necessary to implement the program. Chapter 1168 also specifies that the program shall be funded by transferring \$30 million first from interest accrued on unspent funds and, if necessary, from the unspent balances in the Hospital Services, Physician Services, and Unallocated Accounts. Chapter 1168 also continuously appropriates \$30 million annually from the Unallocated Account, beginning in 1991-92, to fund the program.

## BUDGET OVERVIEW

Overall, the budget proposes expenditures of \$630 million, a reduction of \$182 million, or 22 percent, from the current year. The proposed reduction results primarily from the artificially high current-year total, which included one-time funds carried over from 1988-89.

Figure 2 displays the distribution of Proposition 99 funds in 1989-90 and proposed for 1990-91. The Governor's Budget and Budget Summary contain detailed schedules for the individual accounts.

In the following sections, we discuss in greater detail the revenue outlook and outline the spending plan for Proposition 99 funds proposed in the budget.

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Figure 2

**Proposition 99 Revenues and Expenditures**

(dollars in thousands)

	Estimated 1989-90	Proposed 1990-91
<b>Resources</b>		
Revenues from surtax	\$576,000	\$561,000
Interest income	26,100	14,900
Carry-over from previous year	<u>329,168</u>	<u>118,098</u>
<b>Totals</b>	<b>\$931,268</b>	<b>\$693,998</b>
<b>Expenditures</b>		
<b>AB 75 programs</b>		
Department of Health Services:		
California Healthcare for Indigents Program	\$336,716	\$350,404
County capital outlay	82,288	--
Uncompensated care assistance	61,931	--
County data systems	10,000	--
Clinics	19,719	18,265
Children's hospitals	2,000	1,896
Rural health services	6,972	6,542
County Medical Services Program expansion	9,954	9,918
Child Health and Disability Prevention Program expansion	19,696	19,445
Health education programs	91,538	61,146
Expansion of Medi-Cal perinatal services	19,894	19,788
Administration	<u>7,455</u>	<u>7,579</u>
<b>Subtotals</b>	(\$668,163)	(\$494,983)
Department of Mental Health	25,000	35,000
Office of Statewide Health Planning and Development administration	225	450
State Department of Education:		
Local assistance	35,100	35,100
Administration	900	900
<b>Other programs</b>		
Board of Equalization	554	463
Major Medical Insurance Board	250	--
Resources programs	42,019	31,202
University of California	40,923	31,949
Employee compensation	<u>36</u>	<u>--</u>
<b>Totals</b>	<b>\$813,170</b>	<b>\$630,047</b>
Carry-over to next fiscal year	118,098	63,951
Five percent reserve		34,677
Other reserves:		
Health Education Account		28,879
Physician Services Account		232
Public Resources Account		163

## Revenue Outlook

**Surtax Revenues.** The budget estimates that surtax revenues will total \$576 million for the current year. This represents a reduction of \$27 million, or 4.5 percent, below the amount projected last May. Revenues are lower than anticipated because per-capita cigarette sales have diminished more quickly than anticipated since imposition of the surtax in January 1989. (Revenue from the sale of cigarettes accounts for more than 95 percent of surtax revenue.)

Data provided by the State Board of Equalization indicate that per-capita cigarette sales fell by 11 percent in 1988-89. The budget's revenue estimate for the current year is based on a decrease of 6.8 percent for 1989-90. These figures represent a substantially sharper rate of decline than the 3.6 percent average annual decrease that occurred over the period from 1982-83 through 1987-88. The primary reason for these large declines in smoking is the effect of the price increases associated with the imposition of the surtax.

The budget estimates that surtax revenue for 1990-91 will total \$561 million, based on a projected decline of 4.5 percent in per-capita cigarette sales. The projected decline in smoking for 1990-91 is less than the declines in the past year and the current year because the *one-time* effect of the surtax price increases on people's behavior will have passed. Nevertheless, the 4.5 percent decline in smoking assumed in the budget estimate still represents a greater rate of decline than the pre-surtax annual decline rate of 3.6 percent. The major reasons for the anticipated faster decline in smoking include increased educational efforts to reduce smoking and additional restrictions on smoking in public places and work areas. (Because the budget expects population growth to partially offset reduced per-capita sales, the projection for surtax revenues of \$561 million represents a decrease of only 2.6 percent for 1990-91.)

Over the longer term, surtax revenues are expected to gradually diminish. Based on the Department of Finance's estimates for current-year revenue, its projections for population growth, and assuming that the decline in per-capita cigarette sales it expects for 1990-91 continues at the same rate, we estimate surtax revenues would be on the order of \$500 million in 1994-95 (a 12 percent reduction).

**Interest Income.** The budget reflects interest income of \$439,000 in 1988-89, \$26.1 million in the current year, and \$14.9 million in 1990-91. Actual interest income on surtax revenues was much higher in 1988-89 (\$4.7 million) than the \$439,000

reflected in the budget. However, the General Fund received \$4.3 million of the interest earnings because the administrative actions necessary for the C&T Fund subaccounts to retain interest earnings did not occur until July 1989.

**Comparison to AB 75 Revenue Assumptions.** The spending plan included in AB 75 assumed that available revenues for the three-year period 1988-89 through 1990-91 would total \$1.5 billion (\$294 million in 1988-89, \$603 million in 1989-90, and \$572.9 million in 1990-91), *all from surtax collections*. The AB 75 spending plan did not reflect *any* interest income.

The current projection of *surtax* revenues for the three-year period is about \$4 million less--actual revenues of \$329 million in 1988-89 and projected revenues of \$576 million in 1989-90 and \$561 million in 1990-91. The significant reductions in anticipated current-year and 1990-91 *surtax* revenues due to declining consumption are offset by an increase of \$35 million in 1988-89 collections above the amount anticipated. This increase was due to a one-time accrual adjustment.

The budget's estimate of *total* revenues available in the three-year period is \$37 million above the amount anticipated when the Legislature enacted AB 75. This is the net effect of (1) interest income of \$41 million, offset by the reduction of \$4 million in *surtax* revenue.

## Expenditures

Figure 2 (above) displays the budget's spending plan for Proposition 99 funds for 1989-90 and 1990-91.

**Assembly Bill 75 Programs.** Assembly Bill 75 established the spending plan for funds in the Health Services, Physician Services, Health Education, and Unallocated Accounts for both the current and budget years. (Below we describe the implementation of programs supported by these funds.) The 1990 Budget Bill includes funds for administration in the Office of Statewide Health Planning and Development, the Department of Health Services (DHS), State Department of Education, and county boards of education. The Governor's Budget proposes augmentations of \$10 million for local mental health programs and \$34.6 million for the California Healthcare for Indigents Program (CHIP) in the DHS.

**Public Resources Programs.** The 1989 Budget Act appropriated \$42 million from the Public Resources Account for a variety of *one-time* projects and some continuing support costs in various state agencies. The 1990 Budget Bill proposes \$31.2 million for similar purposes. The proposed allocation of Public Resources Account funds in the 1990 Budget Bill is consistent with the

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Proposition 99 requirement that 50 percent of the funds be allocated to wildlife habitat and 50 percent to state and local park and recreation resources.

**Research Programs.** The 1989 Budget Act appropriated \$42.6 million from the Research Account to expand the cancer registry in the DHS and support research at the University of California. The 1990 Budget Bill proposes \$31.9 million to continue these expenditures.

**Reserves.** The budget proposes carrying over into 1991-92 a 5 percent reserve in all accounts plus \$29.3 million in additional reserves. Of these additional reserves, \$28.9 million are in the Health Education Account.

#### STATUS REPORT ON AB 75 PROGRAMS

Below we describe each program established by AB 75 and provide a status report. Generally, the three agencies involved are making good progress in implementing AB 75.

#### California Healthcare for Indigents Program (CHIP)

Assembly Bill 75 appropriated \$336.7 million in 1989-90 and \$315.8 million in 1990-91 to support the CHIP. In addition, the 1990 Budget Bill proposes an augmentation of \$34.6 million for the program. Assembly Bill 75 requires that CHIP funds be distributed to counties operating MISPs based on specified percentage shares. The department reports that it is implementing the program and that approximately one-half (or about \$170 million) of funds appropriated for the current year have been distributed. The department released guidelines for expenditure of program funds to counties in December 1989.

The *Hospital Services Account* funds (\$200 million in 1989-90 and \$188.8 million in 1990-91) are to be divided into county hospital and noncounty hospital portions within each county based on each group's share of uncompensated care costs. The county hospital portion may be used for county hospital services or noncounty hospital services, as determined by the county. Fifty percent of the noncounty hospital portion are to be allocated directly to those hospitals based on uncompensated care data. The remaining 50 percent is available to maintain access to emergency care and to purchase other necessary hospital services for medically indigent persons.

The *Physician Services Account* funds (\$41.1 million in 1989-90 and \$38.4 million in 1990-91) will pay for unreimbursed physician services. Counties must use at least 50 percent of the available funds to pay for unreimbursed emergency services. The

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measure caps these reimbursements at 50 percent of the physician's losses. Counties may use the remaining funds to pay for new contracts with physicians to provide emergency, obstetric, and pediatric services in noncounty facilities where service access is limited.

The *Unallocated Account* funds (\$95.3 million in 1989-90 and \$88.7 million in 1990-91) are available at the county's discretion to provide health services for patients unable to pay and services that are not covered by private insurance or by fully or partially federal-funded programs.

### **County Capital Outlay**

The act allocated \$82.3 million in 1989-90 to fund capital outlay at county health facilities. Ninety percent of the available funds goes to Medically Indigent Services Program (MISP) counties; the remaining 10 percent goes to County Medical Services Program (CMSP) counties. The act permits counties to use a portion of their allocations to replenish specified reserve funds.

The DHS reports that expenditure applications and guidelines currently are being developed but that no funds have yet been distributed.

### **Uncompensated Care Assistance**

The act provided \$37 million in 1989-90 for uncompensated care at county and noncounty hospitals, to be allocated to hospitals based on financial data reported to the Office of Statewide Health Planning and Development (OSHPD). In addition, AB 75 allocated \$24.9 million in 1989-90 to MISP counties for uncompensated physician services. Counties must use at least 50 percent of their allocation for unreimbursed emergency services. The measure caps these reimbursements at 50 percent of the physician's losses. Up to 50 percent of each county's allocation may be used for new contracts with private physicians to provide emergency, obstetric, and pediatric services in noncounty facilities where service access is limited.

The DHS and the OSHPD report that all funds for uncompensated care assistance have been distributed.

### **County Data Systems**

The act allocated \$10 million in 1989-90 to develop and implement county medically indigent care reporting systems. To receive funding, counties must submit applications to the DHS. The department reports that it is currently developing criteria for distributing the funds. The department indicates it plans to disburse all funds on May 1.

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### **Clinics**

The measure appropriated \$19.7 million in 1989-90 and \$18.3 million in 1990-91 for medical services and preventive services, including smoking prevention and cessation health education, rendered by primary care clinics to persons with incomes at or below 200 percent of the federal poverty level. Clinics serving medically underserved areas or populations have priority for funds. Up to \$10 million of the 1989-90 funds may support clinic capital outlay grants.

The department reports that all staff budgeted to implement the program in the current year have been hired. The department has issued requests for application to counties for funds appropriated by the act. However, no funds have yet been distributed.

### **Children's Hospitals**

Assembly Bill 75 appropriated \$2 million in 1989-90 and \$1.9 million in 1990-91 for distribution to seven children's hospitals based on their share of the uncompensated care costs of all children's hospitals in the state. The department has issued applications to the hospitals for their use in requesting current-year funds, and expects to disburse the funds in February.

### **Rural Health Services**

Assembly Bill 75 provided \$7 million in 1989-90 and \$6.5 million in 1990-91 for services in CMSP counties. Funds from the Hospital Services Account are to be distributed to hospitals based on their share of the county's uncompensated care costs. Funds from the Physician Services Account are to support unreimbursed medically necessary emergency, obstetric, and pediatric physician services. Funds from the Unallocated Account are to support expanded emergency medical transportation and public health services.

The department has set up claiming procedures and is holding workshops to assist providers in claiming additional funds. The department indicates it will begin distributing these funds in early February.

### **County Medical Services Program (CMSP) Expansion**

The act allocated \$10 million in 1989-90 and \$9.9 million in 1990-91 to expand the scope of services under CMSP and to compensate hospitals and other emergency providers for emergency services rendered to out-of-county indigent patients. The department reports that in both 1989-90 and 1990-91, it is using \$5 million of the funds to expand services (particularly dental

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services) covered under the CMSP and the remaining \$5 million to reimburse providers for out-of-county care. The expanded scope of services took effect January 1, 1990. The department has set up claiming procedures for out-of-county care costs and is holding workshops to assist providers in claiming these funds.

#### **Child Health and Disability Prevention (CHDP) Program Expansion**

The act allocated \$19.7 million in 1989-90 and \$19.4 million in 1990-91 to extend CHDP Program eligibility to additional children. This program provides medical examinations to children. The act also adds an anti-tobacco education component in the CHDP medical examination.

The department reports that it has (1) hired five of the six positions provided for program implementation, (2) developed its revised plan requirements for county plans and provider billing, and (3) received revised plans for some counties requesting Proposition 99 funds. The department also reports that it is working with local nonprofit agencies to determine how these agencies can provide smoking education materials to local health departments in order to prevent the departments from having to develop duplicative materials.

#### **Health Education Programs**

**Oversight, Data, Analysis.** The act created the Tobacco Education Oversight Committee to advise the DHS and the State Department of Education on C&T-funded tobacco education programs. The act requires the committee to develop a comprehensive master plan for statewide tobacco education programs. To fund the committee's expenses, the act appropriated \$2.3 million in 1989-90.

The DHS reports that it has selected a contractor to conduct a baseline survey that will be used to evaluate the effectiveness of the education programs.

**Media Campaign.** The act provided \$14.3 million in both 1989-90 and 1990-91 for a public information campaign. The measure specifies that programs directed at children ages 6 to 14 have priority for funding and that the media used for the campaigns shall be effective in reaching this target population. The department reports that it will begin contract negotiations in February.

**Competitive Grants.** The act provided \$41.6 million in 1989-90 and \$11.4 million in 1990-91 for a grant program administered by the DHS to fund health education and promotion

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activities designed to reduce tobacco use and tobacco-related diseases among target groups. The act allows nonprofit organizations, including school districts, to receive grants under this program for efforts to reduce tobacco use. In school districts, these must be nonclassroom, district-wide programs. The department indicates it intends to issue requests for proposals by March, but it does not expect to encumber these funds until June.

**High-Risk Programs.** The act appropriated \$35.6 million in 1989-90 and \$35.4 million in 1990-91 for allocation to designated local lead agencies for tobacco use prevention and reduction programs for high-risk population groups. To receive funds, local lead agencies must submit local program plans to the DHS for review and approval.

The department reports that it has issued guidelines required by the act and has begun holding workshops to assist counties in developing their plans.

**School Programs.** The act provided \$32.6 million in 1989-90 and another \$32.6 million in 1990-91 for a grants program administered by the State Department of Education (SDE) to fund health education and tobacco information activities designed to reduce tobacco use among school children. (This annual amount does not include \$2.5 million for local assistance to county boards of education provided in the 1989 Budget Act and proposed in the 1990 Budget Bill.) The SDE has indicated that these funds--which it expects to allocate to districts in February--will be used for *both* program planning and program implementation purposes.

Assembly Bill 75 also directed the SDE to prepare guidelines on the use of these funds that require districts to select one or more model program designs. The SDE issued guidelines in November 1989; however, the guidelines do not require the use of model programs. This situation may have resulted because of the SDE's inability to fill several staff positions. The SDE indicates that once these positions are filled, it will proceed to develop a list of model program designs. It is unclear whether the SDE intends to revise these guidelines to (1) make the use of these models mandatory--as envisioned by the legislation--or (2) otherwise include reference to these models when district plans are reviewed by county offices of education.

### **Expansion of Medi-Cal Perinatal Services**

Assembly Bill 75 allocated \$19.9 million in 1989-90 and \$19.8 million in 1990-91 to extend coverage for perinatal services under the Medi-Cal Program to pregnant women with family incomes between 185 percent and 200 percent of the federal poverty level

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and their infants up to one year of age. The act required the DHS to conduct outreach activities to increase participation and access to these services.

The department reports that it implemented expanded eligibility for pregnancy-related services beginning October 1, 1989. The department's plan to use C&T funds for perinatal outreach has two components. First, it plans to use funds appropriated by AB 75 to permit counties to station eligibility workers at locations other than welfare offices. Second, the department is developing a request for proposals to hire a public relations contractor to (1) develop a campaign to encourage providers to participate in Medi-Cal and (2) develop and implement a statewide campaign to inform women about Medi-Cal coverage of perinatal services and to encourage them to receive early prenatal care.

### **Mental Health**

The act appropriated \$25 million in 1990-91 for local mental health services. In addition, the 1990 Budget Bill proposes an augmentation of \$10 million for this purpose. The 1989 Budget Act included a \$25 million appropriation from the C&T Fund for mental health services in 1989-90. In the current year, \$12.5 million was allocated to counties on the basis of the poverty/population formula and \$12.5 million was allocated to counties as a cost-of-living adjustment. Assembly Bill 75 does not specify how the funds will be allocated in 1990-91.

## **OUTSTANDING ISSUES**

### **Assembly Bill 75 Will Sunset in June 1991**

Assembly Bill 75 sunsets in June 1991. Consequently, the Legislature faces decisions regarding how to allocate Proposition 99 funds from the four accounts affected by AB 75 beginning in 1991-92. One option is to use the funds to provide health coverage to uninsured Californians. Both the Governor and legislative leaders have expressed their intent to develop legislation implementing such a program.

### **Proposed Budget Augmentations Compete With Health Insurance Program for Interest Funds**

As indicated earlier, the amount of funds currently projected to be available for expenditure in 1989-90 and 1990-91 exceeds by \$37.2 million the amount anticipated when the Legislature enacted AB 75, due to the net effect of reductions in surtax revenues and accounting for interest income.

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The Governor's Budget projects that as a result of these changes, \$30.5 million in additional funds will be available in the four accounts affected by AB 75. The Governor's Budget also identifies an additional \$14.1 million available as a result of (1) spending \$12.3 million that was not allocated by AB 75 (that is, reducing the carry-over reserve) and (2) reducing anticipated funding for administration. Thus, the budget identifies a total of \$44.6 million in additional funds available for expenditure in the four accounts affected by AB 75.

The budget proposes to use these monies to fund augmentations to local mental health programs (\$10 million) and the CHIP (\$34.6 million). The budget does not propose to fund the Major Medical Insurance Program established by Ch 1168/89 (AB 60, Isenberg). Chapter 1168 specified that the program should be funded first by transferring \$30 million from accrued interest earnings and, if necessary, from unspent balances in the Physician Services, Hospital Services, and Unallocated Accounts. However, the act did not explicitly require a transfer of interest earnings to occur in 1988-89, 1989-90, or 1990-91. Beginning in 1991-92, the act requires the transfer of \$30 million annually from the Unallocated Account to the Major Medical Insurance Fund for the purpose of funding the program.

Accordingly, the Legislature faces some choices. It must decide whether it will fund the Major Medical Insurance Program at the intended level, agree to the augmentations proposed by the Governor, or use the funds available for different purposes entirely.

#### **No Justification Submitted for Department Support Funding**

The budget proposes \$7.4 million from various accounts of the C&T Fund for support costs in the departments associated with implementing AB 75. Of this amount, the budget proposes \$5.9 million for the DHS, \$900,000 for the SDE, and \$450,000 for the OSHPD.

At the time we prepared our analysis, the DHS and the OSHPD had not submitted justification for their proposed support expenditures. Specifically, the departments had not provided (1) fiscal details of their proposals, (2) information on activities proposed, or (3) estimated workload. Therefore, we have withheld recommendation on the budget proposals until the departments submit the necessary information. (Please see Items 4140 and 4260 in the *Analysis of the 1990-91 Budget Bill*.)

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### **Allocation Method Not Specified for Mental Health and CHIP Funds**

The budget proposes an augmentation of \$10 million from the C&T Fund for these mental health programs. This brings total C&T funding for local programs to \$35 million for 1990-91. However, AB 75 does not specify and the Department of Mental Health has not specified how these funds would be allocated to counties. Similarly, the budget proposes an additional \$34.6 million for the CHIP. Assembly Bill 75 does not specify and the DHS has not specified how these funds will be allocated. (Please see Items 4260 and 4440 in the *Analysis* for additional discussion of these issues.)

### **Concerns Over Clinics Program Implementation**

In the process of implementing AB 75, the department has established a statewide uniform reimbursement rate for outpatient visits (\$65) and case management services (\$6.50). It has also issued a request for application (RFA) to over 500 clinics in late December. The RFA consists of two parts: part I for funding expanded services and part II for funding clinic modernization or capacity expansion.

We are concerned that the implementation activities currently underway by the department may reduce program effectiveness. Specifically:

- The department has not established specific funding priorities.
- The department has not provided any documentation supporting the statewide uniform rates it has developed.
- The RFA specifies that a clinic may only receive as much in modernization or capacity expansion funds as it receives in expanded services funds. This precludes clinics from submitting proposals that would expand access but do not comply with this criterion.

(Please see Item 4260 in the *Analysis* for further discussion of this issue.)

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