

*California  
Legislature*

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**ANALYSIS OF THE  
BUDGET BILL**



FOR THE FISCAL YEAR  
JULY 1, 1986 TO JUNE 30, 1987

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*Report of the  
Legislative Analyst  
to the  
Joint Legislative  
Budget Committee*

HON. DAVID ROBERTI  
*President pro Tempore  
of the Senate*

HON. WILLIE L. BROWN, JR.  
*Speaker of the Assembly*

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LETTER OF TRANSMITTAL

925 L Street, Suite 650  
Sacramento, California 95814  
February 26, 1986

THE HONORABLE WALTER W. STIERN, *Chairman*  
*and Members of the Joint Legislative Budget Committee*  
State Capitol, Sacramento

Members:

In accordance with the provisions of Government Code, Sections 9140-9143, and Joint Rule No. 37 of the Senate and Assembly, I submit for your consideration an analysis of the Budget Bill of the State of California for the fiscal year July 1, 1986, to June 30, 1987.

The purpose of this analysis is to assist the committee in performing its duties which are set forth in Joint Rule No. 37 as follows:

“It shall be the duty of the committee to ascertain facts and make recommendations to the Legislature and to the houses thereof concerning the state budget, the revenues and expenditures of the state, and of the organization and functions of the state, its departments, subdivisions and agencies, with a view of reducing the cost of the state government, and securing greater efficiency and economy.”

I am grateful to the staff of the Department of Finance and to the other agencies of state government for their generous assistance in furnishing information necessary to complete this report.

Respectfully submitted,

WILLIAM G. HAMM  
*Legislative Analyst*

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## INTRODUCTION

This *Analysis* reports the results of our detailed examination of the Governor's Budget for 1986-87. It also contains our recommendations on the funding levels proposed in the budget, as well as our recommendations for changes to existing law. These recommendations are offered *not* for the purpose of indicating to the Legislature what is "right," but rather to help the Legislature decide what is "right."

Based on our analysis, we have recommended numerous reductions in the funding levels proposed by the Governor. Generally, we conclude that these reductions are warranted for one of the following reasons:

- The objectives established by the Legislature in a particular program area can be achieved at a lower cost to the state.
- The amounts requested by the Governor have not been justified on the basis of workload, need, or the potential benefits to be gained from the proposed expenditure.
- A program or activity is not effective in achieving the purpose for which it was created.
- A program proposed for funding has not been authorized by the Legislature.
- A funding source other than the General Fund is available for supporting a particular activity.

We have also recommended that the budget be augmented wherever our analysis indicates that additional funds are needed to protect the state's financial interest or comply with legislative policy determinations. We have not, however, attempted to make the budget "whole" in those areas where the amount requested is less than the amount needed either to accomplish the *Governor's* objectives or to comply with state law.

In many cases, our analysis indicates that the Legislature does not have sufficient information to determine what funding or staffing levels are warranted for a particular program. Where the Legislature has not been given the information it needs, we have withheld recommendation on the budget proposal. In the months ahead, we will provide the Legislature with "supplemental analyses" of these proposals, along with our recommendations. We will also submit analyses and recommendations for all changes to the Governor's Budget proposed by the Department of Finance through "Finance letters."

Throughout this *Analysis*, we have taken legislatively established objectives as a given, and tailored our recommendations in such a way as to enhance the Legislature's ability to achieve these objectives within available resources. No attempt has been made, however, to tailor these recommendations so as to achieve a specific overall spending level.

### Perspectives and Issues

This *Analysis* is accompanied by a companion document entitled, *The 1986-87 Budget: Perspectives and Issues*. This document is divided into three parts:

Part One, "State Finances in 1986," provides a brief summary of the state's current fiscal condition.

Part Two, "Perspectives on the 1986-87 Budget," presents detailed information on the budget as a whole—expenditures, revenues, and staffing levels.

Part Three, "Major Fiscal Issues Facing the Legislature," discusses major issues that we believe warrant the Legislature's attention in 1986.