

Analysis of the 1992-93 Budget Bill

*Report from the Legislative Analyst's Office
to the Joint Legislative Budget Committee*

California Legislature

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February 26, 1992

The Honorable Alfred E. Alquist, Chairman
and Members of the Joint Legislative Budget Committee
State Capitol, Sacramento

Dear Members:

As the Legislative Analyst's Office celebrates 50 years of service to the Legislature and the public, I am pleased to submit for your consideration an analysis of the Budget Bill of the State of California for the fiscal year July 1, 1992 to June 30, 1993. It was prepared in accordance with the provisions of Government Code, Sections 9140-9143, and Joint Rule No. 37 of the Senate and Assembly.

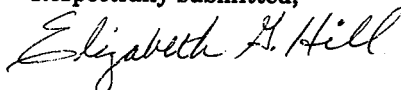
The purpose of this analysis is to assist the committee in performing its duties, which are set forth in Joint Rule No. 37 as follows:

"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."

My colleagues and I thank the staff of the Department of Finance and the other agencies of state government for their generous assistance in furnishing information necessary to prepare this report. We also gratefully acknowledge the assistance of countless other individuals in local government and the private sector who shared their time and perspectives with us during our site visits.

The analytical and support staff of your committee have worked with extraordinary dedication, creativity, and professionalism to prepare this year's report. I am especially grateful to each of them, as well as their families.

Respectfully submitted,



Elizabeth G. Hill
Legislative Analyst

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Introduction

This *Analysis* reports the results of our detailed examination of the Governor's Budget for 1992-93. It contains our findings and recommendations on the funding levels proposed in the budget. Our recommendations are offered to assist the Legislature in fashioning a budget which reflects its priorities.

Each section of this *Analysis* starts off with a brief overview of the budget's spending plan by major area (for example, Education, Health and Social Services), and our assessments of the major issues in the budget. In addition, we have separately highlighted throughout this *Analysis* major issues facing the Legislature in order to enhance legislative oversight.

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

- The objectives established by the Legislature 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 expenditures.
- A program or activity is not effective in achieving the purpose for which it was created.

In addition, we have recommended that funds, other than the General Fund, be used to support programs, thereby freeing up General Fund monies for legislative priorities.

In many cases, our analysis indicates that the Legislature does not have sufficient information to determine the appropriate funding or staffing levels for a particular program. Where the Legislature has not been given the information it needs, we have withheld recommendation on the budget proposal pending receipt of the information.

In those cases where our recommendations require the enactment of legislation, we have so indicated.

Perspectives and Issues

This *Analysis* is accompanied by a companion document entitled, *The 1992-93 Budget: Perspectives and Issues*. This document is divided into five parts:

- Part One, "State Fiscal Picture," provides an overall perspective on the serious fiscal problem currently confronting the Legislature.
- Part Two, "Perspectives on the Economy," describes the current economic situation and the administration's forecast for the budget year.
- Part Three, "Perspectives on State Revenues," provides a review of the revenue projections in the budget and an assessment of their reliability.
- Part Four, "Perspectives on State Expenditures," provides an overview of the state spending plan for 1992-93 and evaluates the major expenditure proposals in the budget.
- Part Five, "State-County Partnership Issues," consists of three pieces dealing with the state-county relationship: (1) the major program realignment which occurred in 1991; (2) trial court funding "realignment" (which also occurred last year), and (3) child support enforcement.