

State of California
Governor's Office

I object to the following appropriations contained in Assembly Bill 1497.

Item 0250-101-0932—For local assistance, Judicial Branch. I revise this item by deleting a portion of Provision 15.

I am revising this item by deleting the last sentence of Provision 15, which would permit the Judicial Council to offset General Fund reductions to the trial courts by redirecting additional funds from within the Judicial Branch's budget. I believe this language is unnecessary as the Budget already provides the appropriate level of funding, given available resources, for each segment of the Judiciary.

~~"15. Notwithstanding any other provision of law, during the 2012-13 fiscal year, the Judicial Council shall allocate \$385,000,000 of reductions in funding contained in Schedule (1) as follows: (a) no more than \$235,000,000 shall be allocated to each trial court based on each court's proportionate share of total statewide trial court reserves, and (b) no more than \$150,000,000 shall be allocated based on each trial court's proportionate share of the 2011-12 fiscal year Trial Court Trust Fund allocation. Upon approval of the Director of Finance and no sooner than 30 days after notification in writing to the committees of each house of the Legislature that consider the State Budget, the Judicial Council may offset either of these reductions through transfers from any other item within the Judicial Branch's budget, with the exception of funding scheduled for the Supreme Court, Courts of Appeal, and Habeas Corpus Resource Center."~~

Item 5180-111-0001—For local assistance, Department of Social Services. I reduce this item from \$4,443,230,000 to \$4,438,530,000 by reducing:

- (2) 25.15-IHSS from \$6,239,606,000 to \$6,234,906,000.

I am reducing this item by \$4,700,000 to eliminate an augmentation to support administration of the In-Home Supportive Services (IHSS) program. This would align funding with the level I included in the May Revision. This reduction is necessary to provide for a prudent General Fund reserve. With this reduction, \$134,223,000 General Fund still remains for IHSS administration.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$717,265,000 to \$694,265,000 by reducing:

- (1) 16.75-County Administration and Automation Projects from \$1,833,498,000 to \$1,779,498,000.
- (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from -\$1,068,900,000 to -\$1,037,900,000.

I am reducing this item by \$54,000,000 (\$23,000,000 General Fund) on a one-time basis in the County Administration and Automation Projects program for administration of the CalFresh

program. This reduction is necessary to provide for a prudent General Fund reserve. With this reduction, total funding of \$1,464,752,000 still remains budgeted to support CalFresh administrative costs. This level of funding for county administration is greater than what I proposed in the May Revision.

Item 5180-141-0890—For local assistance, Department of Social Services. I reduce this item from \$1,068,900,000 to \$1,037,900,000.

I am reducing this item by \$31,000,000 to conform to the action I have taken in Item 5180-141-0001.

Item 6110-001-0890—For support of Department of Education. I reduce this item from \$162,299,000 to \$162,194,000 and by revising Provision 35.

I am reducing this item by \$105,000 federal Migrant Education Funds to eliminate indirect cost funding associated with the Bureau of State Audits audit of the Migrant Education Program. This amount duplicates state operations funding already included in the Department of Education's budget and is unnecessary. With this reduction, \$600,000 remains to fund the audit.

I am revising Provision 35 to conform to this action as follows:

"35. Of the funds appropriated in this item, up to ~~\$705,000~~ \$600,000 is provided in one-time federal Title I, Part C, carryover funds for transfer to the State Audit Fund for the purpose of the Bureau of State Audits to conduct an independent audit of state and local implementation of the federally funded Migrant Education Program. The audit report shall be submitted to the appropriate fiscal and policy committees of each house of the Legislature and to the State Department of Education (SDE) no later than March 1, 2013.

(a) The audit report shall include all of the following:

- (1) A detailed audit of expenditures, fiscal practices, and fiscal oversight at the SDE and in a sample of local Migrant Education Program regions to determine whether there is compliance with applicable state and federal laws, regulations, and administrative policies.
- (2) A detailed audit of the State Parent Advisory Council (SPAC) makeup and activities at the state level and in a sample of local Migrant Education Program regions to determine whether there is compliance with applicable state and federal laws, regulations, and administrative policies, and to assess whether the state appropriately supports and engages migrant parents.
- (3) A detailed review of how effectively the state organizes and implements migrant education services at both the state and local levels, which includes alignment between program goals and program activities, outcomes from state-level contracts, effectiveness of data collection structures and internal operations, and the efficacy of the existing regional service delivery structure.
- (4) Recommendations for how the state may address audit findings related to the topics described in paragraphs (1), (2), and (3).
- (5) A review of the extent to which any relevant findings raised in recent federal reviews (since 2006) of the state's Migrant Education Program pertaining to these and other topics have been addressed. If these findings have not been adequately addressed, provide recommendations on how the state should address them to ensure the delivery of services in the Migrant Education Program are efficient and effective.

(b) The regions selected for the sample shall be sufficient in number to reflect the diversity of local regions and program structures.”

Item 6110-140-0001—For local assistance, Department of Education (Proposition 98). I reduce this item from \$886,000 to \$0 by reducing:

(2) 20.90.001.020-California School Information Services Administration from \$2,184,000 to \$1,298,000.

I am reducing this item by \$886,000 to reflect the decrease in workload at the California School Information System (CSIS) associated with the completion of the California Longitudinal Pupil Achievement Data System (CALPADS) project. The Budget acknowledges the continued workload associated with CSIS's support of the CALPADS maintenance phase, and therefore, continues to provide \$7,136,000 to ensure that CSIS is successful in meeting this objective.

Item 6110-194-0001—For local assistance, Department of Education. I reduce this item from \$770,603,000 to \$750,603,000 by reducing:

(1.5) 30.10.020-Child Care Services from \$1,329,885,000 to \$1,309,885,000, and

(d) 30.10.020.007-Special Program, Child Development, Alternative Payment Program from \$194,031,000 to \$174,031,000.

I am reducing \$20,000,000 from voucher-based child care programs, except for those serving current and former CalWORKs families. While I would have preferred to restructure rates and reform the program to achieve savings, this across the board reduction in child care slots is necessary to help bring ongoing expenditures in line with existing resources. With this reduction, a total of \$1.3 billion in non-Proposition 98 General Fund and federal funds remain to support child care programs administered by the Department of Education.

Item 6110-488—Reappropriation, Department of Education. I revise this item by deleting Provision 8.

I am deleting Provision 8 which contains an augmentation of \$8,100,000 for the Advancement Via Individualized Determination program because it creates additional cost pressures within Proposition 98 and school districts are in the best position to determine whether this program should be funded at the local level.

Item 6440-001-0001—For support of University of California. I reduce this item from \$2,053,750,000 to \$2,053,749,000 by reducing:

(1) Support from \$2,053,750,000 to \$2,053,749,000,

and by deleting Provisions 5, 7, 8, 9, 10, 11, 12, 14, 15, and 17.

I am deleting Provisions 5, 7, 8, 9, 10, 11, and 12, because the requirements contained in these provisions to expend funds on various programs create unnecessary cost pressures within this item and are unnecessarily restrictive. Specifically, these provisions earmark funding levels for the following programs administered by the University of California (University): the Charles R. Drew Medical Program, the California State Summer School for Mathematics and Science, the Science and Math Teacher Initiative, the Program in Medical Education, nursing programs,

Acquired Immune Deficiency Syndrome research, and the California Subject Matter Projects. Eliminating these earmarks will give the University greater flexibility to manage the \$750 million permanent reduction in state funding enacted in fiscal year 2011-12.

I am deleting Provision 14 because the requirement contained in this provision to expend funds on retired annuitant health and dental benefits creates unnecessary cost pressures and is unnecessarily restrictive.

I am deleting Provision 15 because the requirement contained in this provision that the University achieve an enrollment target of 209,977 resident full-time equivalent students creates unnecessary cost pressures on this item and is unnecessarily restrictive.

Finally, I am reducing this item by \$1,000 and deleting Provision 17 which would restrict the University's ability to contract out for services rather than using in-house personnel, under specified terms. While I encourage the University to review the overall cost effectiveness of its contracting out, this provision would unnecessarily limit the University's ability to effectively manage its operations.

Item 6610-001-0001—For support of California State University. I delete Provisions 5, 6, 9, and 10.

I am deleting Provisions 5 and 6 because the requirements contained in these provisions to expend funds on various programs creates unnecessary cost pressures and are unnecessarily restrictive. Specifically, these provisions earmark funding levels for the Science and Math Teacher Initiative and nursing programs administered by the California State University (CSU). Eliminating these earmarks will give CSU greater flexibility to manage the \$750 million permanent reduction in state funding enacted in 2011-12.

I am deleting Provision 9 because the requirement contained in this provision to expend funds on retired annuitant dental benefits creates unnecessary cost pressures and is unnecessarily restrictive.

Finally, I am deleting Provision 10 because the requirement contained in this provision that the CSU achieve an enrollment target of 331,716 resident full-time equivalent students creates unnecessary cost pressures and is unnecessarily restrictive.

Item 7980-101-0001—For local assistance, Student Aid Commission. I reduce this item from \$721,452,000 to \$698,852,000 by reducing:

(1) 15-Financial Aid Grants Program from \$1,638,628,000 to \$1,616,028,000,

and by revising Provisions 1 and 3.

I am reducing this item by \$22,600,000 and amending subsections which establish the maximum Cal Grant awards. The amounts of these awards are statutorily required to be in the Budget. Specifically, I am reducing the private institution award from \$9,708 to \$9,223, the independent institution award from \$9,708 to \$9,223, the Cal Grant B access award from \$1,551 to \$1,473, the Cal Grant C tuition and fee award from \$2,592 to \$2,462, and the Cal Grant C book and supply award from \$576 to \$547. Each of these represent a 5-percent reduction. This action is necessary to align ongoing program expenditures with existing resources. This action will not eliminate eligibility for any Cal Grant student.

I am revising subsections (a), (b), (c), (d), and (e) of Provision 3 to conform to this action as follows:

- "(a) New and renewal recipients attending private institutions shall be ~~\$9,708~~\$9,223.
- (b) New and renewal recipients attending independent institutions shall be ~~\$9,708~~\$9,223.
- (c) All recipients receiving Cal Grant B access awards shall be ~~\$1,554~~\$1,473.
- (d) All recipients receiving Cal Grant C tuition and fee awards shall be ~~\$2,592~~\$2,462.
- (e) All recipients receiving Cal Grant C book and supply awards shall be ~~\$576~~\$547."

I am further revising subsections to eliminate costs resulting from the Student Aid Commission's authority to issue new warrants for the Assumption Program of Loans for Education and the State Nursing Assumption Program of Loans for Education. The number of awards are statutorily required to be in the Budget. The General Fund savings that will begin in 2013-14 will help align ongoing program expenditures with available resources into the future.

I am revising subsection (c) of Provision 1 to conform to this action as follows:

"(c) The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of Division 5 of Title 3 of the Education Code. ~~The Student Aid Commission shall issue 7,200 new warrants.~~"

I am revising subsection (f) of Provision 1 to conform to this action as follows:

"(f) The purchase of loan assumptions under the State Nursing Assumption Program of Loans for Education (SNAPLE) pursuant to Article 1 (commencing with Section 70100) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code. ~~The Student Aid Commission shall issue 100 new warrants.~~"

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 1497.


EDMUND G. BROWN JR.