2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0100 Legislature
Legislature's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$253,508				
Reductions					
Governor's Budget	$253,508				
2008-09					
Workload Budget	$265,423				
Reductions	$26,542			$26,542	
Governor's Budget	$238,881				

Program Description
At this time, we do not know how the Legislature will allocate its 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0160 Legislative Counsel Bureau (LCB)
LCB's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$88,144				
Reductions					
Governor's Budget	$88,144				
2008-09					
Workload Budget	$88,307				
Reductions	$8,831			$8,831	
Governor's Budget	$79,476				

Program Description
At this time, we do not know how the Legislative Counsel Bureau will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0250 Judicial Branch
Judicial Branch's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,236,316				
Reductions					
Governor's Budget	$2,236,316				
2008-09					
Workload Budget	$2,462,256				
Reductions	$245,944			$245,944	
Governor's Budget	$2,216,312				

Program Description
At this time, we do not know how the Courts will allocate their 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0280 Commission on Judicial Performance
Commission on Judicial Performance's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,496				
Reductions					
Governor's Budget	$4,496				
2008-09					
Workload Budget	$4,527				
Reductions	$453			$453	
Governor's Budget	$4,074				

Program Description
At this time, we do not know how the Commission on Judicial Performance will allocate its 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0500 Governor's Office
Governor's Office Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$19,838				
Reductions					
Governor's Budget	$19,838				
2008-09					
Workload Budget	$20,781				
Reductions	$2,078			$2,078	
Governor's Budget	$18,703				

Program Description
At this time, we do not know how the Governor's Office will allocate its 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0510 State and Consumer Services Agency (SCSA)
Office of the Secretary
Title: Operating Expenses and Equipment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,686				
Reductions					
Governor's Budget	$1,686				
2008-09					
Workload Budget	$3,064		$3,064		
Reductions	$306		$306	$306	
Governor's Budget	$2,758		$2,758		

Program Description

The State and Consumer Services Agency oversees the departments of Consumer Affairs, Fair Employment and Housing, General Services, and Technology Services. The Agency also oversees the California Science Center, the California African American Museum, the Seismic Safety Commission, the Fair Employment and Housing Commission, the Franchise Tax Board, the California Building Standards Commission, the State Personnel Board, the California Public Employees' Retirement System, the California State Teachers' Retirement System, the Victim Compensation and Government Claims Board, the Office of Information Security and Privacy Protection, and the Office of the Insurance Advisor.

Program Reduction

The reduction will be made from the 2008-09 budget for operating expenses and equipment.

Reduction Impacts

The reduction will limit legislative reporting, bill feedback, consumer outreach, and customer service.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require change in a state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0520 Business, Transportation and Housing Agency (BTH)
Administration of Business, Transportation and Housing Agency

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions					1
Governor's Budget					

Program Description

The Business, Transportation and Housing Agency (BTH) oversees the activities of 13 departments consisting of more than 42,000 employees, plus several economic development programs and commissions. Its operations address financial services, transportation, affordable housing, real estate, managed health care plans and public safety.

Program Reduction

The Deputy Secretary for Housing position will be eliminated. The position and funding are budgeted within the Department of Housing and Community Development.

Reduction Impacts

The workload associated with this position will be absorbed by other staff at the Agency.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0520 Business, Transportation and Housing Agency (BTH)
Infrastructure Finance and Economic Development Program
Title: Division of Tourism

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,000				
Reductions					
Governor's Budget	$1,000				
2008-09					
Workload Budget	$1,047				
Reductions	$110			$110	
Governor's Budget	$937				

Program Description

The California Tourism Marketing Act was enacted in 1995 to increase California's share of the travel and tourism market (Government Code Section 13995 et. seq.) The legislation authorized self-imposition of an assessment by businesses that benefit from travel and tourism. It also authorized the establishment of a non-profit, public benefit corporation, the California Travel and Tourism Commission (CTTC), to oversee the promotion of California as a premier travel destination. The statute became operative upon industry wide approval in 1997 and the assessment program was initiated in 1998. In 2001, the program was renewed by industry referendum with an 84 percent margin and will subsequently be renewable by industry vote every six years.

The assessment program is administered by the Division of Tourism, Tourism Assessment Program. In addition the state contributes $1 million to match the assessment funds raised by the industry.

Program Reduction

This reduction will reduce the amount of state matching funds.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Minor impact to marketing activities.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0520 Business, Transportation and Housing Agency (BTH)
Infrastructure Finance and Economic Development Program
Title: Technology, Trade and Commerce Agency Close-out Costs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$70				
Reductions					
Governor's Budget	$70				
2008-09					
Workload Budget	$70				
Reductions	$10			$10	
Governor's Budget	$60				

Program Description
This program funds the ongoing costs of workers compensation for employees of the former Technology, Trade and Commerce Agency.

Program Reduction
This reduction will reduce the amount available to fund worker's compensation costs.

Reduction Impacts
If costs of the claims cannot be reduced to this level of funding, costs will be paid from other Agency funding.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0520 Business, Transportation and Housing Agency (BTH)
Infrastructure Finance and Economic Development Program
Title: Office of Military and Aerospace Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$547				
Reductions					
Governor's Budget	$547				
2008-09					
Workload Budget	$557				
Reductions	$55			$55	
Governor's Budget	$502				

Program Description
The state Office of Military and Aerospace Support (OMAS) acts as the official liaison to the U.S. Department of Defense and is the state's leader on issues involving military base retention, conversion and reuse.

Program Reduction
This will reduce consulting services.

Reduction Impacts
Minor impact.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0520 Business, Transportation and Housing Agency (BTH)
Infrastructure Finance and Economic Development Program
Title: California Film Commission

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,170				
Reductions					
Governor's Budget	$1,170				
2008-09					
Workload Budget	$1,204				
Reductions	$120			$120	
Governor's Budget	$1,084				

Program Description
The California Film Commission (CFC) approves permits for filming on state property and provides information on location availability for filming in California. Permits are available online for all state properties including state parks and beaches, highways, roads, and government buildings. The CFC also serves as the state's primary liaison between the film production community and all levels of government, and works to increase the number of film and TV productions in the state by offering support services and providing filmmakers with low cost alternatives when filming in the state.

Program Reduction
This will reduce funding available for operating expenses.

Reduction Impacts
Some permitting activities may be affected.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0520 Business, Transportation and Housing Agency (BTH)
Infrastructure Finance and Economic Development Program
Title: Small Business Loan Guarantee Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,884				
Reductions					
Governor's Budget	$4,884				
2008-09					
Workload Budget	$4,886				
Reductions	$481			$481	
Governor's Budget	$4,405				

Program Description
The Small Business Loan Guarantee Program (SBLGP) provides guarantees on bank loans to small businesses that otherwise would not be made. A network of 11 Small Business Financial Development Corporations - working closely with small business borrowers and local banks – issues and manages the guarantees on behalf of the state. The guarantees are backed by a trust fund that can be leveraged four times (five times as of 1/1/08). The state currently guarantees more than $320 million in outstanding loans.

Program Reduction
This reduction will reduce the amount of funds available to contract with the Financial Development Corporations to issue and manage loan guarantees to small businesses. In addition, less funding will be available to match a federally funded program designed to assist small businesses in economically disadvantaged areas.

Reduction Impacts
Fewer loan guarantees will be available to small businesses.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0530 Health and Human Services Agency
Title: State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$5,335				
Reductions	$534	$0	$0	$534	2.0
Governor's Budget	$4,801				

Program Description

The Secretary for Health and Human Services Agency (HHSA) provides the Governor with the highest level of advice on state health, human services and related budget policy issues. The Governor's Budget proposes a $534,000 General Fund reduction in the HHSA. The reduction is comprised of decreases in the Office of HIPAA Implementation and the Office of the Secretary.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0530 Health and Human Services Agency
Office of the Secretary
Title: State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$209**	**$0**	**$0**	**$209**	**2.0**
Governor's Budget					

Program Description
The Office of the Secretary provides administrative support and oversight of eleven departments, one board and multiple offices within the Health and Human Services Agency.

Program Reduction
To achieve a permanent 10 percent reduction in General Fund (GF) expenditures, the Office of the Secretary will reduce its operational budget by $209,000 GF. This will require the following actions:

- **Office of Legislative Affairs:** The elimination of 1.0 Associate Governmental Program Analyst (AGPA) position. We propose eliminating the position to capture $70,000 in GF savings (salary savings and benefits). This will require transferring the current incumbent.
- **Child Welfare Council:** The elimination of 1.0 Associate Governmental Program Analyst (AGPA) position. We propose eliminating the position to capture $70,000 in GF savings (salary savings and benefits). This position is currently vacant.
- The balance of the reduction, $69,000 GF, will be captured through Operating Expense and Equipment reductions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Operationally, there will be minimal negative impact associated with these budget reductions.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No change to state statute or emergency regulations is required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0530 Health and Human Services Agency
California Office of HIPAA Implementation
Title: OE&E Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$325	$55	$0	$380	0.0
Governor's Budget					

Program Description
The California Office of HIPAA Implementation (CalOHI) was established to provide statewide leadership, coordination, policy formulation, direction and oversight of HIPAA implementation in all state departments, boards and commissions.

The CalOHI is submitting a budget change proposal (BCP) for fiscal year (FY) 2008-09 for three positions to support new workload associated with the development of privacy and security standards for health information exchange. This workload is in support of the Privacy and Security Board (PSAB) established by the Secretary of the California Health and Human Services Agency. The PSAB oversees a broad large scale effort involving industry, consumers and government stakeholders to develop privacy and security standards to ensure safe and secure health information exchange in California.

Program Reduction
Historically, CalOHI has made available up to $700,000 annually to assist departments with their HIPAA implementation needs. CalOHI is proposing to redirect approximately half of this funding to fund the positions associated with the BCP. The FY 2008-09 reductions will eliminate all remaining funds that would have been available to assist

state departments with HIPAA implementation efforts.

Reduction Impacts
Once a HIPAA rule is issued, departments must assess the impact to their operations and the cost of implementing the rule. Typically, this assessment requires the use of contract vendor resources because departments either do not have the financial resources or HIPAA staff expertise to complete such an assessment. The impact assessment provides the department with the type and extent of implementation activities necessary to comply with the rule. Once the impact assessments are completed, departments can make a determination whether compliance can be met with existing funds or if a budget request is necessary. Currently, only four of the ten state departments covered by HIPAA have sufficient funding to perform these assessments when necessary. Since FY 2003-04, CalOHI has utilized a portion of its budget to assist the state departments that have insufficient funding to perform these assessments in a timely manner. Thus, this funding allows departments to obtain the information necessary to determine if implementation can be done within existing resource levels or if a formal budget request is needed.

There are three remaining federal rules yet to be issued. Additionally, the federal Department of Health and Human Services (HHS) has the authority to amend any final rule on an annual basis. CalOHI expects the federal HHS to issue the final Claims Attachment Rule and to amend the existing Transactions and Code Sets rule during 2008. Both of these rule changes may have significant impacts on departments covered by HIPAA. The reduction in funding will eliminate CalOHI's ability to support departments with the assessment activities associated with the new HIPAA changes.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No change to state statute or emergency regulations is required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0540 Resources Agency
CALFED Bay-Delta Program
Title: CALFED Program Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,975				0.0
Reductions	$87			$87	0.0
Governor's Budget	$5,888				0.0
2008-09					
Workload Budget	$6,072				0.0
Reductions	$607			$607	0.0
Governor's Budget	$5,465				0.0

Program Description
The CALFED Program is a unique collaboration among 25 state and federal agencies that came together with a mission to improve California's water supply and the ecological health of the San Francisco Bay/Sacramento-San Joaquin River Delta, known as the Bay-Delta system.

Program Reduction
The 2007-08 General Fund reduction of $87,000 will be achieved with salary savings and shifting lease costs from General Fund to Proposition 50 funds. The 2008-09 General Fund Reduction in the amount of $607,000 will be achieved by: (1) shifting a prorated share of the Program's office space lease costs to Proposition 50 funds for a savings of $328,000 (2) reducing the legal services contract with the Department of Justice (DOJ) for a savings of $209,000; and (3) redistributing the workload in the Communications and Performance Tracking Divisions to generate a $70,000 savings.

Reduction Impacts
To date, the General Fund has covered all facility costs for the CALFED Bay-Delta Program. Since a substantial portion of the program is bond-funded, it is appropriate to use a portion of bond funds for facility costs required to support the program. However,

this fund shift results in a reduction in bond funds available for Science Program grants. A reduction in the legal services contract with DOJ will result in fewer resources being available to the Program to resolve a significant case that is challenging the environmental underpinnings of the entire program pending before the California Supreme Court. Depending on the timing and outcome of the case, the Program may also need to reduce certain non-litigation, legal support that DOJ provides. Also, it is anticipated that the workload redistribution will be sustainable with minimal consequences to program delivery and goal achievement.

Timing of Implementation
The reduction in Fiscal Year 2007-08 will be effective March 1, 2008. The reduction in Fiscal Year 2008-09 will be effective July 1, 2008.

Statutory and/or Regulatory Change
These reductions will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0540 Resources Agency
Administration of the Resources Agency
Title: SB 97 Implementation

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$0				0.0
Reductions					0.0
Governor's Budget	$0				0.0
2008-09					
Workload Budget	$177				0.0
Reductions	$18			$18	0.0
Governor's Budget	$159				0.0

Program Description
The Resources Agency's mission is to restore, protect and manage the state's natural, historical and cultural resources for current and future generations using creative approaches and solutions based on science, collaboration and respect for all the communities and interests involved.

Program Reduction
The 2008-09 General Fund Reduction of $18,000 will be achieved by reducing operating expenses for contracted legal and scientific experts to implement Chapter 184, Statutes of 2007 (SB 97).

Reduction Impacts
This reduction may slow the development of California Environmental Quality Act (CEQA) guidelines for the mitigation of greenhouse gas emissions required by SB 97.

Timing of Implementation
The reduction in Fiscal Year 2008-09 will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0552 Office of Inspector General (OIG)
Bureau of Audits and Investigations
Reduce Frequency of Audits and Investigations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$10,314				
Reductions	$0			$0	0.0
Governor's Budget	$10,314				
2008-09					
Workload Budget	$14,982				
Reductions	$1,470			$1,470	8.2
Governor's Budget	$13,512				

Program Description

The Office of the Inspector General (OIG) oversees the State's correctional system through audits, special reviews, investigations and monitoring of the divisions and boards within the California Department of Corrections and Rehabilitation. The OIG's Bureau of Audits and Investigations (BAI) promotes accountability through objective and independent audits, special reviews and investigations of California's correctional system. The BAI performs baseline audits of adult correctional institutions and wardens in addition to evaluating the qualifications of the Governor's warden. In fiscal year 2008-09, the OIG will be funded to perform baseline audits of juvenile institutions and superintendents in addition to evaluating the qualifications of the Governor's superintendent candidates.

Program Reduction

This proposed reduction would provide that audits of adult and juvenile institutions and of wardens and superintendents will be performed once every five versus every four years. The follow-up audits of the adult and juvenile institutions audits and audits of wardens and superintendents will likewise be performed once every five audits. Special

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Review reports will be reduced from 14 to 13 per year, and follow-up audits of Management Review Audits will be reduced by 25 percent. The number of warden candidates vetted will be reduced from 12 to 10 annually, and superintendent candidates vetted annually will be reduced from 10 to 8. One less large-scale investigation and one less fraud investigation will be conducted per year. The Intake Unit will reduce by 11 percent the number of complaints it processes annually.

Reduction Impacts

Correctional institutions and the leaders of those institutions will be audited on a less frequent basis. Follow-up audits of previous findings and CDCR's corrective actions will occur less often, and the OIG may have to forego holding CDCR accountable in some instances. Two fewer warden and two fewer superintendent candidates will be vetted each year, resulting in institutions waiting a longer period of time for a permanent leader to be appointed. Some criminal and administrative wrongdoing and some fraud and will not be investigated. And, assuming the number complaints the OIG receives does not decline, an ever-increasing backlog of inmate, staff and citizen complaints will be created.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Penal Code section 6126, subsection (a)(2), mandates that the Inspector General audit each warden one year after his or her appointment, and each adult institution once every four years. The subsection would require an amendment to reflect a 15-month period before warden audits must be commenced and that each adult institution be audited once every five years.

Penal Code section 6126.6, subsection (b), mandates that within 90 days of submission of a candidate's name, the Inspector General must submit a recommendation to the Governor regarding the warden or superintendent candidate. Assuming the Governor submitted 12 or more names per year to the OIG, the OIG's response time would need to be extended from 90 to 120 days. The extension would be required so that recommendations can be submitted in a timely manner.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0552 Office of Inspector General (OIG)
Executive/Administration
Reduce Executive/Administration

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,705				
Reductions	$0			$0	0.0
Governor's Budget	$2,705				
2008-09					
Workload Budget	$3,418				
Reductions	$202			$202	2.0
Governor's Budget	$3,216				

Program Description

The Executive Team of the Office of the Inspector General (OIG), manages the Administrative Unit and all substantive programs within the OIG's two bureaus: the Bureau of Independent Review; and the Bureau of Audits and Investigations. The Administration Unit provides administrative support to the OIG, which includes a headquarters office and four additional offices located throughout California.

Program Reduction

One associate governmental personnel analyst (AGPA) assigned to human resources, and one staff services analyst (SSA) assigned to business services will be eliminated in the Administration Unit.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

The reduction of an AGPA will result in slower response times for the review, analysis and development of human resource recruitment packages, classification and payment transactions, position control documents, and human resources reports. The permanent reduction of a SSA will impede the OIG's ability to efficiently monitor, manage and procure IT and non-IT goods, track and timely manage new and existing OIG contracts, develop and maintain a mandated surplus and recycling programs, and will result in extended wait periods and delayed delivery of goods and services needed by sworn and non-sworn OIG personnel. However, given the reduction proposed for the Bureau of Audits and Investigations, there may be some reduced workload associated with fewer staff in that program.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0555 – Secretary for Environmental Protection
Program 30 – Support
Title: Support Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,089		$12,134		
Reductions	$100		$0	$100	0.0
Governor's Budget	$1,989		$12,134		
2008-09					
Workload Budget	$2,093		$12,646		
Reductions	$209		$0	$209	0.0
Governor's Budget	$1,884		$12,646		

Program Description - Support
The Secretary for Environmental Protection has one overall program designated as Support. Components within the Agency's program include workload and activities associated with the Children's Health Center Program, the Climate Change Program, the California-Mexico Border Program, Centralized Services, and the Rural Certified Unified Program Agency (RCUPA)

Program Reduction
The $209,000 reduction represents a ten percent decrease in General Fund used to support these activities.

Reduction Impacts
The proposal will result in a reduction of expenditures for the support of the various program components, such as general expense, contracts, workshops, meetings, forums, and funding to rural counties.

Timing of Implementation
The proposed 2007-08 reduction of $100,000 will be effective March 1, 2008, and savings will be realized in the current year. The 2008-09 proposed reduction will be implemented upon enactment of the 2008-09 Budget Act, and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0558 Office of the Secretary of Education
State Operations
Title: Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,973				
Reductions					
Governor's Budget	$1,973				
2008-09					
Workload Budget	$3,505				
Reductions	$351			$351	
Governor's Budget	$3,154				

Program Description
The Secretary of Education, a member of the Governor's Cabinet, is responsible for advising the Governor and making recommendations on state education policy and legislation.

The Administration proposes combining the staff of the State Board of Education (SBE) and the Office of the Secretary of Education (OSE). Consequently, 2008-09 funding for the SBE has been shifted to the OSE.

Program Reduction
The proposal will result in an unallocated reduction to the administrative costs of the OSE, including the SBE staff.

Reduction Impacts
The Office will likely eliminate positions and/or reduce operating expenses and equipment.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0559 Labor and Workforce Development Agency (LWDA)
Office of the Secretary
Title: Eliminate One Agency Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	**$0**		**$2,894**		
Reductions	**$0**		**$226**	**$226**	**0.9**
Governor's Budget	**$0**		**$2,668**		

Program Description
The Labor & Workforce Development Agency was created to address important issues relating to California workers and their employers. The Agency is primarily responsible for three functions: labor law enforcement, workforce development, and benefit payment and adjudication. A leading Agency goal is to better serve workers and employers by coordinating services and programs in an efficient, effective manner that is relevant to the current and future economic conditions.

Program Reduction
The Labor & Workforce Development Agency will eliminate one of its 16 authorized positions. The reduction of the position, staff benefits and operating expenses will cover the $226,000 reduction in ongoing funding.

Reduction Impacts
When the Labor & Workforce Development Agency was first created it assumed some responsibilities that formerly rested in the departments. Currently, all Labor & Workforce Development Agency positions provide policy direction and support to the departments under the Agency. The elimination of one position will result in the transfer

of responsibilities back to the departments.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This reduction will not require change in a state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0650 Governor's Office of Planning and Research (OPR)
Program 11 – State Planning & Policy Development
Title: Reduction of State Planning & Policy Development Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,051				
Reductions	$44			$44	
Governor's Budget	$4,007				
2008-09					
Workload Budget	$4,307				
Reductions	$431			$431	
Governor's Budget	$3,876				

Program Description

The Office of Planning and Research (OPR) assists the Governor and the Administration in planning, research, policy development, legislative analysis, and acts as a liaison with local government. The major activities of the Office include: (1) recommending and implementing state policies with regard to land-use and growth planning, including joint use land planning with the military; (2) carrying out a program of policy research for the Governor and Cabinet; (3) providing technical advice to local governments with regard to planning; (4) advising permit applicants and government agencies on provisions of the California Environmental Quality Act and operating the State Clearinghouse for environmental and federal grant documents; (5) preparing guidelines and providing assistance to local agency formation commissions; and (6) conducting other activities as the Governor may direct. Additionally, OPR oversees programs for small business advocacy, military affairs, eminent domain, and preservation of Indian sacred sites.

Program Reduction

The $44,000 reduction in the current year and the $431,000 reduction in the budget year will decrease the amount of operational funding available to carry out the functions of OPR referenced above.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

These reductions will reduce OPR's ability to provide policy, legislative and research support to the Governor's Office and the Administration, slow operations related to the California Environmental Quality Act and affect the statewide outreach activities of the Small Business Advocate.

Timing of Implementation

The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

These reductions will not require a change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0650 Office of Planning and Research (OPR)
Program 21 – California Volunteers
Title: California Volunteer Matching Network Marketing Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,627				
Reductions	$42			$42	
Governor's Budget	$1,585				
2008-2009					
Workload Budget	$1,274				
Reductions	$127			$127	
Governor's Budget	$1,147				

Program Description

CaliforniaVolunteers administers the federal AmeriCorps and Citizen Corps programs in California, operates the California Volunteer Matching Network (CVMN), and guides policy development to support the nonprofit and service fields in California. The General Fund resources allocated to this program are used as match to federal grants for AmeriCorps administration and to support CVMN.

Specifically, the CVMN works to increase volunteerism to address critical statewide needs in areas such as disaster response, health and human services, education, and the environment. This program supports an online database that allows any Californian to search for volunteer opportunities in their community that are available through partnerships with local agencies. CVMN activities also include expanding the capacity of local partners to participate in CVMN and manage volunteers and engage in marketing efforts to ensure that Californian's are aware of the volunteer opportunities through CVMN.

Program Reduction

The $42,000 reduction in the current year and the $127,000 reduction in the budget year will lower the amount of funding available to contract for marketing expertise and activities that would assist in promoting the CVMN to Californians.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This could decrease the effectiveness of this tool in engaging the public in volunteer opportunities that address critical statewide needs.

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
These reductions will not require a change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0650 Office of Planning and Research (OPR)
Cesar Chavez Grants
Title: Reduction in Cesar Chavez Grant Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,000				
Reductions					
Governor's Budget	$5,000				
2008-09					
Workload Budget	$5,000				
Reductions	$500			$500	
Governor's Budget	$4,500				

Program Description

The Cesar Chavez Day of Service and Learning program, established in state statute, promotes service to the communities of California in honor of the life and work of Cesar Chavez. Under this program, CaliforniaVolunteers is authorized to make grants to specified programs that engage students in community service that may qualify as instructional time on Cesar Chavez Day and honor the life and work of Cesar Chavez and meet certain criteria specified in statute.

Program Reduction

The $500,000 General Fund reduction will lower the amount of funding available for grants that support afterschool service learning programs in middle schools and/or legacy projects in local communities.

Reduction Impacts

This will reduce the number of afterschool service learning programs and/or the number of middle school students who can participate in these programs which operate throughout the state because of these grants. It may also reduce the number or impact of legacy projects that engage local communities in activities that educate and honor the life of Cesar Chavez in conjunction with the state holiday.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction for 2008-09 will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will require a statutory change to reduce the appropriation amount.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0690 Office of Emergency Services
Program 15 – Mutual Aid Response
Mutual Aid Response 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$17,169	$580	$100		
Reductions	$326			$326	
Governor's Budget	$16,843				
2008-09					
Workload Budget	$21,792	$685	$10,413		
Reductions	$2,179		-$1,890	$289	2.0
Governor's Budget	$19,613	$685	$12,303		

Program Description

The Mutual Aid Response Program provides emergency mutual aid services to jurisdictions whose resources and services are overextended in a disaster situation. This includes the effective use of federal, state, and local resources. Central to this effort is maintaining operational readiness at all levels of government.

Program Reduction

The Mutual Aid Response Program is split between several branches and will take a total General Fund reduction of $326,000 in 2007-08 and $2.2 million in 2008-09. The Fire and Rescue Branch and the Warning Center/Information Technology/Telecommunications Branches will take a General Fund reduction of $200,000 in 2007-08 and $1,890,000 in 2008-09. However, the reduction in 2008-09 will be back-filled with funding from the Insurance Fund so there will be no reduction to the Fire and Rescue Branch or the Warning Center/Information Technology/Telecommunications Branch budgets in 2008-09. The Law Enforcement Branch will take a General Fund reduction of $100,000 in 2007-08 and $209,000 in 2008-09.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

The Law Enforcement Brach will see a reduced coordination of law enforcement mutual aid requests received from Sherriff, Police, and Coroner's Offices. Response time to mutual aid requests will increase and the potential of additional harm to the safety of the public could increase in some situations related to evacuation and immediate danger threats. The Law Enforcement Branch also oversees the Coroner's Mutual Aid and Wilderness Search and Rescue Programs. These programs will suffer as workload resources are stretched to cover the response to disasters.

Administration and program support for this program will be decreased. Therefore, there may be delays in claim payments, personnel actions, and business services.

Timing of Implementation

The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0690 Office of Emergency Services
Program 35 – Plans and Preparedness
Plans and Preparedness 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,513	$29,039	$8,368		
Reductions	$430			$430	2.8
Governor's Budget	$6,083	$29,039	$8,368		
2008-09					
Workload Budget	$9,139	$29,519	$8,908		
Reductions	$914	$600		$1,514	6.5
Governor's Budget	$8,225	$28,919	$8,908		

Program Description

The objective of the Plans and Preparedness Program is to develop and implement emergency plans to ensure consistency in planning at all levels of government. This program also provides management courses in preparedness, mitigation, and technical training for radiological response and recovery.

Program Reduction

The General Fund reduction to the Plans and Preparedness Program will be $430,000 in 2007-08 and $914,000 in 2008-09. There will also be an impact on the federal funds for the Preparedness Program. There is a 25% match that is met with General Funds. This will result in a $600,000 reduction to federal funds in 2008-09.

Reduction Impacts

Planning efforts will be reduced; including the review and updating of state plans. The coordination with locals on plan review will be delayed. Resolution of after action issues from disasters will take longer. This program's ability to integrate California's Standardized Emergency Management System with the National Incident Management System (NIMS) will be affected. Because compliance with NIMS is a pre-requisite to

receiving federal grant funds, there are tremendous fiscal implications for the emergency management community if this program is adversely impacted.

Through the Training Branch's California Specialized Training Institute, the OES serves thousands of first responders in preparation for a disaster. These cuts would result in tuition increases to cover the cost of first responder classes which will deter local government from taking these classes.

Administrative and program support for this program will be decreased. Therefore, there may be delays in claims payments, personnel actions, and business services.

Timing of Implementation

The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0690 Office of Emergency Services
Program 45 – Disaster Assistance
Disaster Assistance 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$149,935	$572,941			
Reductions	$2,447			$2,447	3.8
Governor's Budget	$147,488	$572,941			
2008-09					
Workload Budget	$91,885	$572,373			
Reductions	$9,189	$23,000		$32,189	10.8
Governor's Budget	$82,696	$549,373			

Program Description

The Disaster Assistance Program provides aid to local agencies for repair and restoration of public real property in disaster stricken areas and ensures that all public facilities will be restored in order to provide necessary services to the citizens of the affected areas.

This Program also administers the Natural Disaster Assistance Act and Federal Disaster Relief Act, which provides eligible local agencies with financial assistance to recover from disasters.

Program Reduction

The Disaster Assistance Program will take a reduction of General Fund reduction of $2.4 million in 2007-08 and $9.2 million in 2008-09. This reduction will also impact the federal trust funds the OES receives, since the General Fund is used as match to the federal funds.

Reduction Impacts

OES recovery workload related to the last 10 major disasters is on-going and would be severely impacted with these cuts. This program continues to assist disaster victims

and local communities long after the focus has shifted away from the disaster. Processing and payment of disaster claims to local governments will be delayed for 1-2 fiscal years depending on cut amount.

There will be a reduced ability to review applications for the federal Hazard Mitigation Grant Program, the Pre-Disaster Mitigation Grant Program and local hazard mitigation plans. These delays may result in the applications submitted late and denied funding by the federal oversight agency.

The Disaster Assistance General Fund is used as match to federal funds. With the reduction of General Fund, the state will also need to decrease its acceptance of federal funds for the Disaster Assistance Programs or find another match source. The federal funds have a 25% match requirement. The General Fund match included in the reduction will result in a $23 million federal funds reduction.

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0690 Office of Emergency Services
Program 50 – Criminal Justice Projects
Criminal Justice Projects 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$86,737	$126,111	$29,300		
Reductions	$3,048			$3,048	1.9
Governor's Budget	$83,689	$126,111	$29,300		
2008-09					
Workload Budget	$88,005	$120,538	$29,397		
Reductions	$8,161	$100		$8,261	4.6
Governor's Budget	$79,844	$120,438	$29,397		

Program Description
The Criminal Justice Projects Program administers federal and state grant funding to support public and private agencies operating public safety and victim services programs in communities throughout California.

Program Reduction
The Criminal Justice Projects Program will reduce state operation costs by $412,000 in 2007-08 and $636,000 in 2008-09.

The OES will be reducing local assistance programs by $2.6 million in 2007-08 and $7.5 million in 2008-09. Local assistance programs provide funding to local units of government, community-based organizations and tribal agencies that provide services to victims of crime and agencies providing public safety. The victim service programs will take a reduction of $145,000 in 2007-08 and $435,000 in 2008-09. The public safety programs will take a reduction of $2.5 million in 2007-08 and $7.1 million in 2008-09.

Reduction Impacts
The reduction to this program will impact public safety and victim services grants at the state operation and local assistance levels. The Gang and Youth Violence Policy Office efforts to build the new office and programs will also be hampered. The office is responsible for providing a statewide report on the status of gang issues in California. The funding cut will decrease the operation of the office and ultimately could delay the issuance of the report.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The state operation reduction will delay the review and approval of payments to locals and penalty assessments will be incurred, to comply with Prompt Payment Act. Reduced field visits and technical assistance will increase the likelihood of fraud and abuse by the recipients. Federal reporting requirements will be delayed as workload is shifted to cover all program related workload.

Victim Service agencies cuts will impact the following programs; Domestic Violence Shelters, Rape Crisis Shelter, Homeless Youth, and the Victims Legal Resource Center to name a few. Public safety agencies will take funding cuts to include programs like; War on Methamphetamine, Vertical Prosecution Block Grants, Sexual Assault Felony Enforcement, and Rural Crime Prevention to name a few.

Below is a breakdown of the agencies and/or organizations that will be affected by this reduction, and provides the number of recipients identified by each program:

Community-Based Organizations: 85 Domestic Violence Shelters, 2 Child Sexual Abuse Prevention/Training, 1 Youth Emergency Telephone Referral, 2 Homeless Youth, 1 Rape Crisis Shelter, 1 Family Violence Prevention

District Attorney Offices: 41 War on Methamphetamine, and 58 Vertical Prosecution

County Governments: 2 Gang Violence Suppression, 13 Rural Crime Prevention, 7 Sexual Assault Felony Enforcement, 1 Multi-Agency Gang Enforcement Consortium, 13 High Technology Theft and Apprehension Program

City Government: 2 Gang Violence Suppression

California District Attorneys Association: Public Prosecutors/Public Defenders Training

University of California, Davis School of Medicine: Evidentiary Medical Training

McGeorge School of Law: Victims' Legal Resource Center

Administrative and program support for this program will be decreased. Therefore, there may be delays in claim payments, personnel actions, and business services.

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0690 Office of Emergency Services
Program 51 – State Terrorism Threat Assessment Center
State Terrorism Threat Assessment Center 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,927				
Reductions	$231			$231	
Governor's Budget	$6,696				
2008-09					
Workload Budget	$7,077				
Reductions	$708			$708	
Governor's Budget	$6,369				

Program Description
The California Anti-Terrorism Information Center operates a state-level intelligence database to assist local law enforcement in combating terrorist activities in California, and coordinates those efforts with federal law enforcement agencies.

Program Reduction
The OES administers these funds as a pass-through to the Department of Justice (DOJ). The DOJ state operations will be reduced by $$231,000 in 2007-08 and $708,000 in 2008-09.

Reduction Impacts
The reduction will create less funding for the California Terrorism Threat Assessment Center administered by Department of Justice and ultimately affect the program by reducing operations. Since this is pass-through funding, there is no affect to the OES on the funding reduction.

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0750 Lieutenant Governor
Lieutenant Governor's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,145				
Reductions					
Governor's Budget	$3,145				
2008-09					
Workload Budget	$3,070				
Reductions	$307			$307	
Governor's Budget	$2,763				

Program Description
At this time, we do not know how the Lieutenant Governor's Office will allocate its 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0820 Department of Justice
Department of Justice's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$416,752				
Reductions					
Governor's Budget	$416,752				
2008-09					
Workload Budget	$420,197				
Reductions	$41,605			$41,605	
Governor's Budget	$378,592				

Program Description
At this time, we do not know how the Department of Justice will allocate its 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0840 State Controller's Office (SCO)
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$116,876				
Reductions	$0				
Governor's Budget	$116,876				
2008-09					
Workload Budget	$89,858				
Reductions	$8,986			$8,986	Unknown
Governor's Budget	$80,872				

Program Description
At this time, we do not know how the State Controller's Office will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0890 Secretary of State (SOS)
SOS's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$49,256				
Reductions					
Governor's Budget	$49,256				
2008-09					
Workload Budget	$35,052				
Reductions	$3,505			$3,505	
Governor's Budget	$31,547				

Program Description
At this time, we do not know how the Secretary of State will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

0950 State Treasurer's Office (STO)
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,993				
Reductions	$0				
Governor's Budget	$6,993				
2008-09					
Workload Budget	$7,154				
Reductions	$715			$715	Unknown
Governor's Budget	$6,439				

Program Description
At this time, we do not know how the State Treasurer's Office will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

1100 California Science Center (CSC)
Science Center -Education
Title: Reduce Science Center Education Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$17,661				
Reductions					
Governor's Budget	$17,661				
2008-09					
Workload Budget	$17,934				
Reductions	$1,520			$1,520	11.3
Governor's Budget	$16,414				

Program Description
SIGNIFICANT POLICY/PROGRAM AREAS:

The California Science Center is an educational, scientific and technological center with a national and worldwide reputation since 1950's. Program's mission is to stimulate curiosity and inspire science learning. Annually 1.4 million guests; primary users are families with children, students (K-12), and teachers. Attendance reflects ethnic diversity in southern California. Science Center operates a model K-5 neighborhood affiliated charter school in partnership with LAUSD and provides science education, teacher professional development and community educator programs which meet state's science standards. Phase II expansion, World of Ecology will directly support California's new ecological science curriculum standards for K-12.

The Science Center is a successful public/private partnership. Capital projects are funded by a combination of State and Foundation (private) funds. A 25-year Master Plan, approved by Legislature in 1993, guides the development of Science Center and revitalization of Exposition Park. Master Plan implemented in phases as funding becomes available and has led to additional economic development activity and employment in the community surrounding Exposition Park.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Reductions to facilities operations will involve reduced custodial and maintenance services to all state facilities located within Exposition Park and the elimination of school security. Facility reductions also include delay of operating ramp-up of Phase II

expansion. Reductions to education programs involve reducing support for exhibit development; eliminating education programming for science center school and teacher professional development. Reductions to administrative program will involve elimination of some interagency agreements for administrative support as well as elimination of business services office which includes property control.

Reduction Impacts
The reductions will impact the overall effectiveness of the Science Center's ability to meet its mission. Budget cuts will result in layoffs and program reduction and/or elimination. Cuts will directly impact resource availability to teachers and school districts and indirectly impact science education and the ability to meet state science standards. Facilities will experience less than acceptable levels of cleaning, maintenance and security. Overall administrative delays and processing payments will impact vendors and the ability to comply with certain state requirements such as property control, etc.

Timing of Implementation
The reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require change in a state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

1100 California Science Center (CSC)
California African American Museum (CAAM)
Title: Reduce CAAM Operating Expenses and Equipment

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,490				
Reductions					
Governor's Budget	$2,490				
2008-09					
Workload Budget	$2,490				
Reductions	$249			$249	
Governor's Budget	$2,241				

Program Description
CAAM provides a variety of permanent, self-curated, temporary and traveling exhibits, lectures, seminars, film, workshops, educational programs, scholastic curriculums, cultural presentations, and active collection of art, artifacts and historical documents of the art and culture of African Americans. CAAM serves teachers, children, and families of diverse backgrounds through programs that are delivered by curatorial, educational and gallery services staff, trained volunteer docents, and nationally and state recognized artists, historians, scholars, and community leaders.

Program Reduction
The majority of the reduction will come out of support for public exhibitions curators, rental and shipping, program professional services and related public notifications. The remainders will reduce facilities operations and maintenance and improvements to the CAAM website.

Reduction Impacts
The reductions will impact the overall effectiveness of the CAAM's ability to meet its mission. Specifically, it will decreases CAAM's ability to be open, to present educational programs, to preserve and collect art and artifacts of rare historical value, and may also result in decreased private funding.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require change in a state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

1700 Department of Fair Employment and Housing (DFEH)
Enforcement and Civil Rights Laws
Title: Delay Processing of Employment and Housing Complaints

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$18,889				
Reductions					
Governor's Budget	$18,889				
2008-09					
Workload Budget	$18,688				
Reductions	$1,869	$100		$1,969	17.2
Governor's Budget	$16,819				

Program Description
The Department of Fair Employment & Housing is responsible for protecting the people of California from unlawful discrimination in employment, housing and public accommodations, and from the perpetration of acts of hate violence. The Department's jurisdiction extends to individuals, private or public entities, housing providers, and business establishments within the State of California.

Program Reduction
The reduction will result in the loss of 18 positions and a decrease of $50,000 in reimbursements provided to the Fair Employment and Housing Commission.

Reduction Impacts
The loss of staff will result in a backlog of discrimination cases. This will ultimately result in the inability to investigate over 740 discrimination cases within statutory time frames and will result in the loss of federal revenue. Although it is difficult to estimate the amount of lost federal funds, it is expected to be no less than $100,000 and could be over a half a million dollars. The reduction will diminish the delivery of service to public and will result in longer waiting periods for appointments, delays in investigating cases,

and an inability to respond to public records act requests within the legal timeframes. This loss of service will produce an increase in the number of complaints received by elected officials regarding the Department's handling of discrimination cases. In addition, the reduction will result in the loss of management positions which will affect the efficiency and effectiveness of the Department and prevent the ability to identify and take appropriate action against employers who systemically violate the civil rights of employees.

Timing of Implementation

The reduction will be effective October 1, 2008, or 90 days after the enactment of the budget.

Statutory and/or Regulatory Change

This does not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

1705 Fair Employment and Housing Commission (FEHC)
Case Adjudication
Title: Reduce Case Adjudication

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,161				
Reductions					
Governor's Budget	$1,161				
2008-09					
Workload Budget	$1,170				
Reductions	$117			$117	0.8
Governor's Budget	$1,053				

Program Description

The Commission (FEHC) adjudicates cases brought before it by the Department of Fair Employment and Housing (DFEH), promulgates regulations that interpret the Fair Employment and Housing Act, sponsors and analyzes legislation on civil rights issues, provides technical assistance to the Governor and the Legislature, and provides education and outreach to encourage compliance.

Program Reduction

Eliminate one FEHC hearing officer (0.8PY) to save $117,000. In addition to this reduction, the DFEH included a reduction of $50,000 General Fund as part of their Budget-Balancing Reductions which reimbursed the FEHC for hearing related expenses. The FEHC budget includes $168,000 reimbursements; however, actual reimbursements were approximately $85,000 in 2006-07. This reduction in DFEH was needed to minimize the General Fund reduction but puts additional pressure on the FEHC to perform required hearings.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Losing a Hearing Officer I, FEHC position will compromise FEHC's administrative hearing program which also handles mediations and settlement conferences. Mediations and settlement conferences are desirable because they are less expensive to conduct than hearings and all of the parties are satisfied with the outcome if settled. If the Hearing Officers are not successful in settling or mediating DFEH cases, then they can not preside over those administrative hearing since they have been privileged to information that may not be introduced or accepted at those hearings. FEHC will have only two full-time Hearing Officers remaining to conduct mediations, settlements, and administrative hearings.

DFEH's reimbursement funds 100% of FEHC's administrative hearing program. Without any reimbursement dollars, FEHC cannot conduct hearings throughout the State where the alleged discrimination has occurred because it does not have any travel funds in its operating budget. Parties appearing before the Commission would be required to travel to San Francisco. The Commission would also not be able to utilize professional court reporters or provide additional security (if needed) for the hearings. Not having professional court reporters for the hearings will delay the administrative process because there would not be any written recordings of the hearings and could subject the State to legal challenges on its administrative records.

Timing of Implementation
The reduction will be effective September 1, 2008.

Statutory and/or Regulatory Change
Based on further review, the FEHC indicates the following regulations will likely require revisions to implement changes to its administrative hearing process based on available funding:

CA Code Regs., tit. 2, § 7429(c), (2 & 3)
CA Code Regs., tit. 2, § 7429(d), (1 & 2)

GC §12967, CA Codes Regs., tit. 2, § 7429(c), (2 & 3) and CA Codes Regs., tit. 2, § 7429(d), (1 & 2) state how and where FEHC hearings are to be held and conducted. The parties have a right to have hearings conducted in the counties in which the alleged violations of the Fair Employment and Housing Act occurred or where the respondents do business, unless otherwise ordered by the Commission. CA Code Regs., tit. 2, § 7429(d) (1) states that the proceedings at the hearings shall be reported by stenographic reporters unless at the consent of all the parties, it is agreed upon that the proceedings will be reported electronically.

GC § 12965 (b) and GC § 12981 (c) could also be modified to provide more time to adjudicate cases prior to issuing a right to sue notice.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

1760 Department of General Services
Capitol Maintenance and Repair
Title: Reduce Non-Dedicated Capitol Infrastructure Projects

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$11,790				
Reductions	$1,179			$1,179	
Governor's Budget	$10,611				
2008-09					
Workload Budget	$7,940				
Reductions	$794			$794	
Governor's Budget	$7,146				

Program Description
The Capitol Maintenance and Repair program was established to support ongoing funding for State Capitol maintenance and repairs including the development of an infrastructure study and the Capitol Park Master Plan.

Program Reduction
Reduced funding by 10 percent in both the current year and budget year for non-dedicated Capitol maintenance and repair projects.

Reduction Impacts
Although less funding will be available, which will delay overall maintenance and repair projects, the impact is expected to be minimal as these funds have not been identified for specific projects at this time. However, this will limit/reduce contingency funding for non-dedicated projects.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require change in a state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

1880 State Personnel Board (SPB)
Executive Office, Merit Appeals, Bilingual Services Program, and Administrative Services Division
Title: SPB Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,530				
Reductions	$0			$0	0.0
Governor's Budget	$5,530				
2008-09					
Workload Budget	$5,522				
Reductions	$540			$540	4.9
Governor's Budget	$4,982				

Program Description
Under the general direction of the State Personnel Board (SPB), the Executive Office plans, organizes, coordinates, and directs the functions of the SPB; including such merit-related programs within the state civil service system as discipline, selection, appeals, classification, and discriminatory practices. This office works under the direction of the five-member Board in executing board-established rules, policies, resolutions and directives and oversees statewide program and policy direction for the state's merit-related personnel management services.

The Appeals Division is the administrative arm of the SPB that hears, investigates, and makes recommendations on alleged violations of law or rule brought to it by employees, applicants, and members of the public. Appeals staff review and write recommended decisions on a variety of complaints and non-evidentiary appeals. These include examination appeals, merit issue complaints, withholds from certification, request to file charges, petitions for rehearing, voided appointments, out-of-class experience to meet minimum qualifications, and failure of pre-employment drug tests.

The Bilingual Services Program is mandated by the Dymally-Alatorre Bilingual Services Act, with responsibility for ensuring that departments provide meaningful access to

information and services to Limited English Proficient customers and clients. The SPB serves in a leadership role by providing technical assistance and training to state agencies on language-access issues. Activities include the biennial language survey, which serves as a tool to measure the level of public contact received, by language, and identifies the bilingual resources available to respond to identified language needs as well as biennial implementation plans, which specify the actions the department has taken to implement the findings of their bilingual language surveys.

The Administrative Services Division is responsible for performing administrative support functions for all line programs and divisions within the SPB, which include personnel management, financial management, contract administration, information technology, and, business services including procurement, mail services, facilities management, and security.

Program Reduction
Program reductions include eliminating one of the administrative support positions that assist the Executive Office; one manager position overseeing merit appeals and one administrative support position processing merit appeals; one analyst position and $80,000 in contacting dollars from the Bilingual Services Program; and the Assistant Division Chief position from the Administrative Services Division.

Reduction Impacts
Reducing support services to the Executive Office will create delays in the dissemination of information and the coordination of Agency, Governor's Office and Legislative responses, projects, reports, meetings, travel, etc.

Reducing Merit Appeals staff will further exacerbate the backlog in merit appeals, which reduces services to appellants.

Reducing the Bilingual Services Program will create delays in processing the biennial bilingual survey and implementation plan and providing guidance to departments.

Eliminating the Assistant Division Chief position will create delays in the processing and approval of budget materials, contracts, purchasing documents, personnel policies, information technology and facilities modification plans.

Timing of Implementation
All reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reductions for the Executive Office, Merit Appeals, Bilingual Services Program and the Administrative Services Division will not require a statutory change or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: State Housing Law

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$519				
Reductions	$50			$50	
Governor's Budget	$469				
2008-09					
Workload Budget	$640				
Reductions	$64			$64	0.3
Governor's Budget	$576				

Program Description
This program is responsible for the promulgation of revisions to the state's building codes for housing.

Program Reduction
Reduce funding equivalent to 0.3 PYs.

Reduction Impacts
This program has 3.5 positions. This would reduce HCD's ability to monitor and then amend national building codes into California building codes. Without monitoring national building codes, California builders could be required to follow codes that are inconsistent with national standards or fail to adequately make changes for California conditions and policy, and the resulting codes could result in more costly housing construction.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Employee Housing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$834				
Reductions					
Governor's Budget	$834				
2008-09					
Workload Budget	$846				
Reductions	$85			$85	0.6
Governor's Budget	$761				

Program Description
The Employee Housing Program adopts and enforces statewide regulations for the construction, maintenance, use, and occupancy of privately owned and operated employee housing facilities that provide housing for five or more employees to protect employee health, safety, and general welfare.

Program Reduction
Reduces funding and workload for 0.6 PYs.

Reduction Impacts
This reduction represents approximately 2/3 of a position related to inspection duties. Less frequent inspections will be performed.

Timing of Implementation
The reduction will be effective January 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Community Development Block Grant

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$535	$3,706			
Reductions					
Governor's Budget	$535	$3,706			
2008-09					
Workload Budget	$516	$3,760			
Reductions	$52	$52		$104	0.8
Governor's Budget	$464	$3,708			

Program Description
This program provides federal Community Development Block Grant (CDBG) program benefits to non-entitlement cities and counties (counties with fewer than 200,000 residents in unincorporated areas and cities with fewer than 50,000 residents that are not participants in the U.S. Department of Housing and Urban Development (HUD) CDBG entitlement program).

Program Reduction
Program compliance work will be reduced consistent with available funds.

Reduction Impacts
A $52,000 reduction would result in a program administration cut of $104K, due to the loss of matching federal funds. This is approximately 70% of a position, and will reduce the department's ability to meet compliance workload demands.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Emergency Housing Assistance Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,000				
Reductions					
Governor's Budget	$4,000				
2008-09					
Workload Budget	$4,000				
Reductions	$401			$401	
Governor's Budget	$3,599				

Program Description
The Emergency Housing Assistance Program helps to fund local homeless shelters, providing a portion of the funding for about 19,000 shelter spaces annually.

Program Reduction
10 percent of the $4 million annual transfer from the General Fund that supports the program; $401,000.

Reduction Impacts
This will result in the reduction of the state's share of funding for about 1,900 shelter beds. This program provides around 10 percent of the funding for local homeless shelters.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Office of Migrant Services (Local Assistance)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,891				
Reductions					
Governor's Budget	$6,891				
2008-09					
Workload Budget	$6,866				
Reductions (Annualized)	$687			$687	
Reductions (Lagged)	$343			$343	
Governor's Budget	$6,179				

Program Description
The Office of Migrant Services (OMS) provides safe, decent and affordable seasonal rental housing and support services for migrant farmworker families during the peak harvest season. The General Fund provides two/thirds of the funding for this program, with tenant rents providing one third.

Program Reduction
An annualized ten percent reduction to the OMS program, $687,000, plus the loss of rents that would have been collected from housing units that would not be able to be opened, $229,000, would total $916,000.

Reduction Impacts
On average, the operating budget for each of the 25 centers is $375,000. However, the state still incurs fixed costs for a closed center (security, utilities, etc.) of about $150,000 per center. A $916,000 reduction would equate to the savings from closing 4-6 centers. For the ten percent OMS program funding reduction, HCD will pursue a multi-facetted

approach, including not opening centers, transferring centers to local agencies, and rent increases.

Timing of Implementation

The reduction will be effective July 1, 2008. However, because OMS centers are operated across fiscal years, HCD may be required to take steps to implement this budget reduction plan in 2007-08 (e.g., notice center residents of pending rent increases, begin the process of transferring ownership of centers, etc.).

Statutory and/or Regulatory Change

This reduction will not require a change in state statute and emergency regulation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Enterprise Zone Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$582				
Reductions	$50			$50	
Governor's Budget	$532				
2008-09					
Workload Budget	$602				
Reductions	$59			$59	0.5
Governor's Budget	$543				

Program Description
The Enterprise Zone Program is the state's primary economic development program to retain and attract business, thereby improving the local/state economy. There are 42 economic development areas in California. HCD is responsible for designating enterprise zones and auditing for program compliance.

Program Reduction
A $59,000 reduction would result in the loss of about 1/2 of a position.

Reduction Impacts
Enterprise zones offer benefits to employers to locate or expand within economic development areas, most significantly a tax credit to hire hard-to-hire employees. Zones are created for time-specific periods. HCD administers the zone designation process. This reduction will impact the program's ability to address its zone designation and program compliance workload.

Timing of Implementation
The reduction will be effective January 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Housing Element, Issues and Reporting

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,409				
Reductions	$100			$100	
Governor's Budget	$1,309				
2008-09					
Workload Budget	$1,633				
Reductions	$163			$163	0.9
Governor's Budget	$1,470				

Program Description
This program provides for review and approval of local housing plans that are required as part of local general plans. Additionally, some state housing bond programs require housing element compliance, or provide preference for compliance.

Program Reduction
A reduction of $163,000 would eliminate almost one position in the administration of the State Housing Element Law.

Reduction Impacts
The housing element is the state's only market based tool proven to increase the state's housing supply, which positively impacts the economy. Reductions could result in HCD missing statutory review deadlines. Additionally, local governments applying for state housing bonds could become ineligible or less competitive if HCD is unable to review and approve their housing plans.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This requirement will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

2240 California Housing and Community Development
Program Name
Title: Administration and Program Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	**$884**				
Reductions					
Governor's Budget	**$884**				
2008-09					
Workload Budget	**$848**				
Reductions	**$85**			**$85**	
Governor's Budget	**$763**				

Program Description
The Administration program provides fiscal, human resources and other support services for each of the other programs at HCD.

Program Reduction
This $85,000 reduction amount will be spread across the various administrative functions.

Reduction Impacts
A reduction of $85,000 would normally represent the elimination of just more than 1/2 of a position. However, the Administration program is made up of discrete functions that serve the entirety of the Department (i.e., Personnel, Accounting, Budgets, Contracts, etc.). Consequently, the reduction would not be focused in such a way that it would result in any position reductions. Rather, the reduction will be taken in non-personal services areas, e.g., extending equipment replacement schedules, reducing or eliminating lower priority contracts, reducing the number of reproduced reports, etc. These actions will diminish the quality of the support to HCD's core programs and, thus, indirectly reduce the level of services the Department provides to its stakeholders.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3125 California Tahoe Conservancy (CTC)
Tahoe Conservancy Program
Title: Operating Expenses and Equipment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$243		$39,938		
Reductions					
Governor's Budget	$243		$39,938		
2008-09					
Workload Budget	$222		$5,491		
Reductions	$22			$22	-
Governor's Budget	$200		$5,491		

Program Description
The Tahoe Conservancy's (CTC's) mission is to protect and sustain the unique natural resources and recreational opportunities in the Lake Tahoe Basin.

Program Reduction
To achieve the 10% reduction, the CTC will reduce its operating expenses by $22,000.

Reduction Impacts
External consulting and professional services funding will be reduced by $22,000 to absorb the reduction. The CTC's General Fund funding represents less than 4 percent of its total support appropriation for positions and associated operating expenses.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3340 California Conservation Corps (CCC)
Training and Work Program/Administration
Title: Eliminate and Reduce Elements of the CCC's Training and Work Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$36,885				
Reductions	$1,200			$1,200	
Governor's Budget	$35,685				
2008-09					
Workload Budget	$37,638				
Reductions	$3,764			$3,764	5.7
Governor's Budget	$33,874				

Program Description
The California Conservation Corps (CCC) is a workforce development program that offers young men and women the chance to serve their state and become employable citizens through life skills training and hard work in environmental conservation, fire protection, and emergency response services.

Program Reduction

2008-09

- Reduce the Corpsmember's (CM) work week from 40 hours to 36 hours ($2,023,000).
- Increase the monthly maintenance fee assessed to residential CM from $300 to $325 ($165,000). The CMs have received two minimum wage increases which represent a 16 percent increase. The maintenance increase would be an 8 percent increase to their fee for housing and meals at the residential centers.
- Eliminate 50 percent of General Fund funding of Local Corps ($337,000).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

- Eliminate three non-residential satellites located in, Sacramento, Los Angeles, and Arcata. 75 full-time equivalent (FTE) CMs will no longer be served (4.0 positions and $1,032,000)

- Reduce CCC Headquarters expenses (2.0 positions and $207,000).

2007-08

Effective dates for items listed for 2008-09 above are implemented on March 1, 2007, with the exception of the position reductions which are effective July 1, 2008.

Reduction Impacts

- Reduce the Corps' ability to offer quality career development training for people from 18 to 25 years of age. The Corps provided approximately 2.5 million hours of training to 1,232 corps members in 2006-07.

- Reduce CCC services and project assistance to the local community and jobs for young adults.

- Reduce the Corps' ability to respond to emergencies, such as fires, earthquakes, and floods. In 2006-07, the Corps provided over 450,000 hours of emergency response.

- Local Corps will have to find other base funding and this could impact their ability to hire young adults within their communities.

Timing of Implementation

March 1, 2008, with the exception of the position reductions which are effective July 1, 2008.

Statutory and/or Regulatory Change

None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3480 California Department of Conservation (DOC)
Geologic Hazards and Mineral Resources
Title: California Geological Survey Reduction Plan

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,043				
Reductions	$0				
Governor's Budget	$5,043				
2008-09					
Workload Budget	$5,117				
Reductions	$512	$500		$1,012	6.2
Governor's Budget	$4,605				

Program Description

Program evaluates, assesses and maps geologic and seismic hazards. Program also analyzes the State's mineral assets and maps its mineral resources. This information is used by Federal, State and local governments, as well as the general public, to make well informed land-use decisions.

Program Reduction

(1) Mineral Resources and Assessments *($82K - GF; $400K - FF; 1 PY)*
- a. Reduction of Mineral Land Classification Mapping
- b. Reduction of natural occurring Mineral Hazards Mapping
- c. Cancellation of CO_2 Sequestration Reservoir Analysis and Mapping Project

(2) Forestry and Watershed Geology *($189.5 - GF; 1.8 PYs)*
- a. Reduction of Timber Harvest Reviews

(3) Regional and Hazard Mapping *($97K – GF; $100K – FF; 1.8 PYs)*
- a. Reduction in geological base maps production for all dependent programs; reduced products from other derivative programs

(4) Seismic Hazard Zonation *($31K – GF; .6 PY)*
- a. Reduction of zone work under Alquist-Priolo Earthquake Fault Zoning Program

(5) Seismic Hazards Assessments Program *($112.5K – GF; 1 PY)*
- a. Terminate ability to complete Probabilistic Seismic Hazards risk analysis and property damage loss assessments (HAZUS)

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

(1) The Department's California Geological Survey (CGS) will have to eliminate all collaborative efforts with the California Energy Commission for the completion of the CO_2 Sequestration Project. CGS provides the statewide geological analysis and is scheduled to perform reviews of site specific geological reports (structural, stratigraphic, and reservoir) for California's proposed CO_2 Sequestration injection operations. CGS must proportionately match the Commission's funds from its own General Funds. A 10 percent reduction in GF to the CGS Minerals Program will result in the cancellation of the CO_2 Sequestration grant/contract, since CGS will not be able to meet its fund matching obligations.

(2) CGS will need to reduce its review of Timber Harvest Plans (THP) for the California Department of Forestry and Fire Protection. THP's are the functional equivalent of CEQA (California Environmental Quality Act) reviews for the Timber Industry. Currently, CGS provides its own General Fund monies to perform the geological reviews for these environmental reports. This proposal will reduce the state-level technical review on the environmental impacts caused by damage to the region's geology within the proposed area to be harvested.

(3) CGS will curtail by approximately 50 percent its STATEMAP mapping program because it will no longer provide matching State funds to Federal funds. This mapping provides geologic information for regional planning maps and statewide development programs such as Caltrans highways and tunnels, railroads, bridges, electrical transmission corridors, product pipelines, coastal and harbor developments and installations, levee and canal construction projects, dam construction and de-commissionings, and underground communication cables (telephone and Internet), and for the State's Probabilistic Seismic Hazards Map which is used in the State's Building Code. These geological maps form the basic maps from which derivative maps are produced under legislatively mandated programs (Geological Mapping, Seismic Hazards Zone Maps, Alquist-Priolo Earthquake Fault Zone Maps, Surface Mining and Reclamation mineral land classification maps, Strong Motion Instrumentation Act ground siting maps).

(4) CGS will reduce its Alquist-Priolo Earthquake Fault Zoning Program. Reduction of zone mapping may result in some local cities and counties currently covered by existing maps to be unable to obtain revised maps that would affect their local General Plans and local zoning for residential and business developments. Some communities that have not yet been mapped may not be able to comply with the requirements of the A-P Act.

(5) CGS will terminate its ability to produce, update, and maintain the State's Probabilistic Seismic Hazards Map. The Probabilistic map incorporates the latest geologic rock-type mapping with the latest values for ground shaking expected from nearby earthquake faulting. These data are incorporated into the State's Building Codes on an area by area basis, thus reducing the construction costs in many localities where the probability of strong and damaging ground shaking is demonstrated to be subdued.

Timing of Implementation

The reduction will commence in FY 2008/09.

Statutory and/or Regulatory Change

No legislation required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3540 California Department of Forestry and Fire Protection (CAL FIRE)
Office of the State Fire Marshal
Title: Elimination of SSM II and Division Chief Positions and Operating Expenses

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,235				
Reductions					
Governor's Budget	$1,235				
2008-09					
Workload Budget	$3,151				
Reductions	$315			$315	1.9
Governor's Budget	$2,836				

Program Description
The State Fire Marshal (SFM) is responsible for the statewide protection of life and property through the development and application of fire protection engineering, education and enforcement. The five major programs under the oversight of the SFM are Code Development and Analysis, Fire and Life Safety, Fire Engineering, Pipeline Safety and State Fire Training.

Program Reduction
To meet the General Fund Reduction goal, the SFM will need to:

- Eliminate the Division Chief position of the Code Development and Analysis Division. This position manages the programs and staffing established for the mission described above and advises the SFM, Assistant SFM, Deputy Directors, staff, local fire authorities and the public on matters arising in the regulation of fire safety laws and coordinates the work of the SFM Code Development and Analysis Division staff with other SFM programs, state departments, governmental jurisdictions and local fire authorities. This position is also responsible for preparation of the Division's budget, develops Budget Change Proposals, legislative bill analysis, administers the division's budget, arranges training of staff, evaluates performance of staff and takes appropriate disciplinary

action as necessary.

- Eliminate the Staff Services Manager II (SSM II) position and associated operating expenses in the SFM Executive Administration Division. The SSM II position assists the Division Chiefs, Assistant SFM and SFM on a wide variety of administrative and program area related assignments, often of a confidential nature. This position reviews and evaluates the more complex classification proposals, examination needs, staffing and reorganizations. Additionally, this position recommends and participates in the formulation of policies and procedures and is responsible for disseminating policy, procedures and other pertinent data to SFM employees as well as develops, coordinates and assists in the planning and execution of the SFM Strategic Plan. Other functions of this position are to chair the SFM Information Technology committee; coordinate and oversee all SFM web-based services and database development and implementation; interprets regulation/procedures and makes recommendations to executive management regarding information technology issues.

Reduction Impacts
The elimination of these positions will have an impact on the Code Development and Analysis program as well as oversight of the administrative staff. Additionally, these positions interact and consult with the building and construction industry and high level officials from various state, local and federal agencies. Elimination of operating expenses from the Code Development and Analysis Division will reduce funding to purchase code books for staff and travel expenses to attend code hearings, meetings and conferences, impacting the ability of SFM to have input in Code Development on a state and national level.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3540 California Department of Forestry and Fire Protection (CAL FIRE)
Resource Management
Title: Reduction in Resource Management Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$29,252				
Reductions					
Governor's Budget	$29,252				
2008-09					
Workload Budget	$29,527				
Reductions	$2,953			$2,953	20.9
Governor's Budget	$26,574				

Program Description
California's state and private forest, range, watershed lands and urban forests provide multiple human and environmental benefits. The objective of this program is to maintain and enhance those benefits and to minimize damage to these resources from natural catastrophes and human development. Objectives are met by regulation of timber harvesting, technical assistance to non-industrial landowners, operation of state demonstration forests, operation of forest nurseries, vegetation management projects and administration of federal forestry assistance programs.

Program Reduction
To meet the General Fund reduction goal of 10% annually, the following actions will be taken with the following estimated savings in the Resources Management areas:

Forest Practice	$870,000
Fire and Resource Assessment Program	50,000
Forestry Assistance	600,000
Nursery	150,000
Sacramento Headquarters' Soil Scientist Position	190,000
Vegetation Management Program	1,093,000
Totals, 22 positions	$2,953,000

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Program impacts to the *Forest Practice Program* will affect CAL FIRE's capacity to process Timber Harvesting Plans and Non-Industrial Timber Management Plans. It will reduce the Department's capacity for active inspections and enforcement actions. Staff reductions will reduce CAL FIRE's ability to enforce environmental protection standards and provide staff to assist in statewide fire emergencies such as the recovery/rehabilitation work done recently in Southern California and the Tahoe Basin. Staff reductions to the Forest Practice Program will also reduce the number of licensed professional foresters available to address post fire impacts to life and property.

Forestry Assistance and Nursery PS reductions to the General Fund will not result in layoffs under the assumption that these positions can be funded through FRIF and we have FRIF revenue. CAL FIRE anticipates that Jackson Demonstration State Forest issues will be resolved by Spring 2008, and expects FRIF revenues to resume in 2008-09 to cover these positions as Research/Technology transfer specialists.

Loss of the HQ position will eliminate the soil scientist position within the Department. This will impact support to the field when technical support is needed regarding, soil erosion, runoff and cumulative impacts associated with timber harvesting. In addition, technical support for CAL FIRE staff assigned to Burned Area Emergency Response (BAER) teams will be reduced.

Impacts to Vegetation Management Program delivery will be minimal, since Department staff not directly funded by the VMP program also assists with the program's implementation. However, when not directly working on VMP projects, VMP program staff support the department's Fire Protection mission. Loss of the seven Heavy Equipment Mechanics will impact the availability of fire protection equipment such as fire engines and bulldozers.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3540 California Department of Forestry and Fire Protection (CAL FIRE)
Administration
Title: Reduction in Administration

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$49,771				
Reductions					
Governor's Budget	$49,771				
2008-09					
Workload Budget	$47,642				
Reductions	$4,764			$4,764	43.7
Governor's Budget	$42,878				

Program Description

The objective of this program is to provide executive leadership, policy direction and administrative services required for the successful completion of the Department's objectives. Department headquarters provides leadership through the executive office and through central services in accounting, budgeting, business services, human resources, information technology, program accountability, and program and systems analysis. Department field units provide localized general support services in a variety of locations throughout the state.

Program Reduction

To meet a General Fund reduction goal of 10% annually, the following actions will be taken with the following estimated savings:

Elimination of Program 20 Portion of Price Increase	$322,000
Elimination of IT Funding/Increased Sal. Sav. - CAL FED Operations	150,000
Elimination of 2PY/OE Funding at CAL FIRE Academy	512,000
Reduction of 50% of Hazardous Material Cleanup Funding	165,000
Elimination of Websense Internet Blocking Software License	100,000
Elimination of 44 various Administrative Positions @ ave: $80K per	3,515,000
Total, Administration:	$4,764,000

Specifically:

- The CALFED administration will need to absorb an additional PY worth of information technology workload, impacting its ability to meet the needs (including reporting efforts) of the Bay-Delta activities.
- Elimination of two positions and additional operating expense funding at the CAL FIRE Academy will impact the ability of the Department to provide Company Officer and Firefighter training, which will reduce the number of trained staff.
- Reduction of 50% of Hazardous Material Cleanup Funding will impact the Department's ability to remediate fuel leaks resulting from underground fuel storage tanks. The Department is currently facing several "clean up and abate" orders from local jurisdictions which may ultimately result in fines to the state.
- Elimination of internet blocking software, which increases the risk of lost productivity by employees who may use the internet for unauthorized purposes.
- Elimination of 44 administrative positions throughout the Department.

Reduction Impacts

This reduction will reduce CAL FIRE's ability to provide administrative support to its base missions. A few examples of the impact of the reductions include:

- Reduced ability of field administrative staff to: (1) submit invoices to the accounting unit in a timely fashion and (2) pursue local and federal cost reimbursements for fire suppression activities.
- Reduced ability of the Department's Human Resources Office to schedule exams to fill positions from staff in-house. This will impact the department's succession planning and delay or hamper promotions in operations management.
- Reduced ability to process contracts in a timely manner. This increases the likelihood that audit exceptions will be identified, and potential losses incurred.
- Reduced ability to meet firefighter training needs. This will reduce the availability of trained staff.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3540 California Department of Forestry and Fire Protection (CAL FIRE)
Fire Protection
Title: Reduction in Fire Protection Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$467,880				
Reductions					
Governor's Budget	$467,880				
2008-09					
Workload Budget	$464,278				
Reductions	$44,652			-$44,652	0.0
Governor's Budget	$419,626				

Program Description
The Department provides for a system of basic fire protection to keep damages to life, property and natural resources at or below a level acceptable within social, political and economic constraints. The objective is to quickly and aggressively attack all fires in areas where the Department has assumed primary direct protection responsibility by virtue of law, contract or mutual understanding and to continue aggressive suppression operations until the fire is under control. The level of initial attack and follow-up action is relative to values threatened and control difficulty with the intent to control all unwanted fires within the first burning period.

Program Reduction
The Governor's Budget proposes to initiate a surcharge on homeowners' and commercial insurance policies to be used to fund a variety of fire protection efforts. The Administration proposes to fund the 10% General Fund reduction in CAL FIRE's fire protection program from revenues generated by this surcharge. Without this funding, the Department will need to eliminate the following:

- Eleven Conservation Camps located at Chamberlain Creek, Pine Grove, Valley View, Highrock, Devil's Garden, Baseline, Ventura, Fenner Canyon, Norco, La Cima, and Bautista. These specific camps were chosen based on proximity to other resources, insufficient availability of juvenile inmates, location of all camps

in relation to response times, and the conditions of individual camps.

- Twenty Single-Engine Stations located at Butte Meadows, Soquel, Sea Ranch, Los Posadas, Hopland, Auburn, Almaden, Buckhorn, Ono, McDoel, Hermit Springs, Hornitos, Millerton, Visalia, Antelope, Cayucos, Highland, Corona, San Marcos, and Elk Camp. These stations were selected for elimination based upon proximity to other stations; initial attack statistics; proximity to historically large, damaging fires; station conditions; and immediate locale vegetation conditions (grassland).
- Elimination of the Alma Helitack Base. This helitack base was chosen to minimize the coverage impacts of the lost resources.
- Reduction in Contract County Single Engine Station funding of $3.8 million.

Reduction Impacts
This proposal would achieve General Fund savings to CAL FIRE'S Fire Protection program through a fund shift to the Insurance Fund. Consequently, this proposal will have no programmatic impact.

Nevertheless, if the fund shift is not approved, the GF reductions would have the following impact:

Camp closures would result in fewer fire crews statewide and will impact the Department's ability to perform pre-fire vegetation management projects, which would increase fire risk. Elimination of stations would have an affect on response times, risk to citizens, as well as CAL FIRE's ability to meet initial attack efforts and conduct defensible space inspections.

Reducing CAL FIRE's General Fund without providing the backfill will impact CAL FIRE's ability to meet its mission of limiting 95% of all fires at 10 acres or less. Larger fires would adversely affect not only the state's natural forest resources, but would also impact air quality, greenhouse gas emissions, watersheds, protected species ecosystems, and, depending on the location of large damaging fires, the state's tourism industry. This latter effect was most recently evident subsequent to the Angora Fire and Southern California Firestorm, when the tourism industry in the affected areas suffered for many weeks thereafter. Approving the reduction would result in estimated savings of $44.6 million General Fund and 380 positions. However, as a result of the increased number of potentially large fires, the savings would be offset by an indeterminate amount due to increased E-Fund costs.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3560 California State Lands Commission (SLC)
Mineral Resources Management
Title: Oil and Gas Lease Management & Royalty Verification

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,452				
Reductions	$0			$0	0.0
Governor's Budget	$3,452				
2008-09					
Workload Budget	$3,350				
Reductions	$335			$335	1.9
Governor's Budget	$3,015				

Program Description

The SLC Mineral Resources Management Program manages the use of energy and mineral resources on more than 130 oil, gas, geothermal and mineral leases covering more than 95,000 acres of state-owned lands. The program goals are to ensure public safety, protect the environment, and maximize revenue. 2006-07 General Fund revenues were in excess of $252 million.

Program Reduction

Reduce oversight of royalty income and development of oil and gas leases ($335,000 and 2 positions).

Reduction Impacts

Increased oil prices have resulted in an acceleration of development activities. These activities result in workload to the existing seven General Fund engineering staff. They are responsible to ensure that development of the oil reservoir is consistent with best interests of the State goal of maintaining production over the long term to ensure the flow of revenues to the State, and to not develop the reservoir in such a way as to extract only the most readily available oil to maximize operator short term profits. This reduction reduces the number of engineering staff and support.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3560 California State Lands Commission (SLC)
Land Management
Title: Land Title/Boundary Support—Surface Lease Appraisals and Rent Reviews

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$7,245				
Reductions	$0			$0	0.0
Governor's Budget	$7,245				
2008-09					
Workload Budget	$6,110				
Reductions	$611			$611	5.7
Governor's Budget	$5,499				

Program Description
Primary responsibility is the surface management of all sovereign and school lands in California, including the identification, location, and evaluation of the State's interest in these lands and its leasing and management. 2006-07 Revenues were in excess of $12 million.

A fundamental function of the Land Management Program is the title and boundary support of ownership determination requests from developer and local jurisdictions. The program also supports litigation by the Attorney General in issues regarding State lands ownership such as quiet title actions, trespass and unauthorized use or extraction of State resources and ensures that the State receives a fair rent for the use of its land and a fair price for the sale, purchase or exchange of real property. The annual rent for most of the revenue-generating leases issued by the Commission is established through appraisals prepared by staff appraisers. Most leases contain a five-year rent review provision.

Program Reduction
This reduction will decrease the Commission's ability to respond and/or participate in land title and boundary ownership determination requests from developer and local

jurisdictions as well as its ability in support of litigation by the Attorney General for issues regarding State lands ownership, such as quiet title actions, trespass and unauthorized use or extraction of State resources. It will also diminish the appraisal unit to one position and reduce the staff available to perform rent reviews, negotiate lease terms and process new lease applications. ($611,000 and six positions)

Reduction Impacts

The Commission performs a considerable volume of work in support of land title and ownership issues for other jurisdictions as well as in support of litigation by the Department of Justice. The inability to perform this work may require other state agencies and the Attorney General to contract out the work to private survey and title companies. The legal and boundary staff's advice to the Wildlife Conservation Board, Coastal Conservancy, Santa Monica Mountains Conservancy, San Joaquin River Conservancy, Caltrans and State Parks on acquisition issues may also be reduced as well as support to legislative grantees in determining Public Trust boundaries within their jurisdictions. Important activities such as title settlements, land exchanges and litigation support will be at risk of receiving little or no support.

This reduction impacts the Commission's ability to ensure the State receives a fair rent for the use of its land and a fair price of the sale, purchase or exchange of real property plus delays processing of new applications and eliminates the possibility to explore new rental revenue sources.

Timing of Implementation

The title and boundary reduction will be delayed till January 1, 2008 due to layoffs the remainder reductions would be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3600 California Department of Fish and Game (DFG)
Biodiversity Conservation
Title: Reduction in Biodiversity Conservation Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$39,122				
Reductions	$1,400			$1,400	0
Governor's Budget	$37,722				
2008-09					
Workload Budget	$35,800				
Reductions	$3,580			$3,580	20.9
Governor's Budget	$32,220				

Program Description

This program encourages the preservation, conservation, maintenance, and restoration of wildlife resources, including the Ecosystem Restoration Program, under the jurisdiction and influence of the state. Activities involve the conservation, protection and management of fish, wildlife, native plants, and habitat to ensure maintenance of biologically sustainable populations of those species.

Program Reduction

1. This proposal will reduce funding available for fisheries restoration grants by $1.4 million in 2007-08 and $400,000 ongoing beginning in 2008-09.
2. This proposal will reduce the department's Timber Harvest Plan (THP) review program by $350,000 and two positions and will decrease the number of THPs reviewed in the central and southern Sierra regions.
3. This reduction will eliminate $430,000 of contract funds for Geographic Information System (GIS) data products concerning sport and commercial fisheries produced for support of the Marine Life Protection Act (MLPA) process and for fishery research to support MLPA implementation.
4. The department proposes a reduction of $200,000 and two positions, which will reduce California Environmental Quality Act (CEQA) review support to local government and industry statewide.
5. The department proposes a reduction of $500,000 and four positions for California Endangered Species Act (CESA) review and mitigation planning.

6. The department proposes a reduction of $300,000 and three positions for coho salmon recovery activities.
7. The department proposes a reduction of $400,000 and three positions for activities in support of water projects statewide.
8. The department proposes a reduction of $850,000 and 8 positions for regional and policy support for the Natural Community Conservation Planning (NCCP) program.

Reduction Impacts

1. Reduced funding will be available for grants to local salmonid restoration organizations primarily on the North Coast. This proposal will reduce grant funding only and will retain four positions in the program. This reduction will allow the department to retain federal funding of $7.8 million currently allocated to the State for this program.
2. The effects of timber harvesting on fish and wildlife may be underestimated or misunderstood with reduced DFG participation in the THP review process. Timber harvesting that would have a deleterious effect on fish and wildlife could be approved without sufficient consideration of the impact.
3. GIS products for fishery research and recreational fisheries regulation development will be postponed or eliminated. Implementation and monitoring of marine protected areas will be delayed or reduced.
4. This proposal will result in a 10 percent reduction in the department's ability to review and comment on environmental impact reports and other CEQA documents.
5. This proposal will reduce statewide capacity for preparation, review and support for developing incidental take permits, as well as conservation bank preparation and review. This reduction will result in decreased response to industry and local government for preparation and review of conservation banks.
6. This proposal will reduce DFG's ability to provide contract management and technical support staff to contractors and non-governmental organizations engaged in coho salmon recovery efforts.
7. This proposal will reduce the department's ability to provide staff in support of water rights, water quality, and water management activities, including interfacing with local and regional water districts and the Department of Water Resources (DWR). This reduction will not affect the department's support of the Bay Delta Conservation Plan efforts, which are funded through reimbursable contracts with DWR.
8. This proposal will reduce capacity in the regions to assist in development of NCCPs, support local government implementation of NCCPs, and industry and local government support for policy and management of NCCPs.

Timing of Implementation

Current year reductions will be effective March 1, 2008. Budget year reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal does not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3600 California Department of Fish and Game (DFG)
Hunting, Fishing and Public Use
Title: Reduction in Hunting, Fishing and Public Use Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$12,844				
Reductions	$165			$165	0
Governor's Budget	$12,679				
2008-09					
Workload Budget	$11,890				
Reductions	$1,189			$1,189	2.9
Governor's Budget	$10,701				

Program Description

This program facilitates diverse and sustainable hunting, fishing (recreational and commercial), trapping, and other public uses and associated economic benefits to the state by conserving and managing game species. Activities include collection and assessment of information on the distribution and abundance of game fish and wildlife to determine appropriate regulations (bag limits, gear restrictions, etc.) and to monitor the effects of those regulations.

Program Reduction

1. This reduction will eliminate $165,000 of contract funds for white seabass field sampling in 2007-08. In addition, the State Fisheries Evaluation program will be reduced by $400,000 and three positions beginning in 2008-09. These activities currently support the department's implementation of the Marine Life Management Act (MLMA).

2. DFG proposes a reduction of $474,000 in contract funding currently supporting the department's efforts in implementing the bottom trawl statute.

3. The department proposes a reduction of $315,000, which will decrease avian influenza funding and regional monitoring by approximately 37 percent.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

1. This reduction will eliminate field sampling that recovers white seabass released through the Hubbs White Seabass enhancement hatchery program. Reduction of the State Fisheries Evaluation program will delay the development of current and future fishery management plans.

2. This reduction will reduce the department's ability to enforce the bottom trawl statute. Reduced efforts in this area could result in environmental damage caused by increased cases of unlawful bottom trawling.

3. This reduction will reduce the department's ongoing funding for avian influenza monitoring by approximately 37 percent. Funding will remain in place through statewide programs to accomplish the portion of avian influenza monitoring conducted through department headquarters. Funding also is available from the federal government for detection purposes.

Timing of Implementation

Current year reductions will be effective March 1, 2008. Budget year reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change

These reductions do not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3600 California Department of Fish and Game (DFG)
Administration
Title: Reduction in Administration

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$9,868				
Reductions	$152			$152	0
Governor's Budget	$9,716				
2008-09					
Workload Budget	$9,635				
Reductions	$964			$964	0
Governor's Budget	$8,671				

Program Description

The Administration program performs a wide range of administrative support functions department wide. These services include information technology, training and development, accounting and budgeting, human resources, and support for the law enforcement and education programs.

Program Reduction

1. The department proposes a reduction of $152,000 per year beginning in 2007-08 for application development and database maintenance for the Lands Branch and the Wildlife Branch.

2. The department proposes a reduction of $400,000 per year for training programs, including $200,000 in training contract funds and $200,000 for group training for the various divisions and programs within the department.

3. The department proposes a reduction of $287,000 in contract funding for the Accounting Services Branch (ASB). These contracts provide the ASB with temporary, qualified staff to assist during heavy workload periods in helping the department meet its fiscal and administrative responsibilities, including executive and legal financial obligation of timely and accurate accounting reports, accounting workload and payment of invoices.

4. This proposal will eliminate Law Enforcement Division funding for the hunter education program ($81,000) and funding for an Administrative Officer position ($44,000).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

1. This reduction will reduce the abilities of the Information Technology Branch to provide services to the Lands Branch and the Wildlife Branch.

2. This proposal will result in a reduction of leadership and supervisory academies provided through contract funds. All divisions and programs in the department that require group training will be affected by this reduction. A reduction in the department's training budget could adversely affect the implementation of the Leadership Development and Succession Plan to ensure leadership and continuity in key positions.

3. Payment of invoices could be delayed resulting in the department incurring late payment penalty fees due to the Prompt Payment Act.

4. This reduction will have a minor impact on the department's operations. Most of the funding previously in the Enforcement Program (Program 40) for hunter education has been moved to the new Communications, Education and Outreach Program (Program 45). In addition, the Administrative Officer position has been moved to a different funding source.

Timing of Implementation

The reduction will be effective March 1, 2008 for the information technology reduction. The other reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change

These reductions do not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3600 California Department of Fish and Game (DFG)
Enforcement
Title: Reduction in Enforcement Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$29,434				
Reductions					
Governor's Budget	$29,434				
2008-09					
Workload Budget	26,340				
Reductions	$2,634			$2,634	36.1
Governor's Budget	$23,706				

Program Description
California Game Wardens are the front line law enforcement for the State's wildlife, habitat and off-highway pollution events. They serve as peace officers to the State with the primary mission of public safety. Currently, there are 370 sworn positions within the Law Enforcement Division.

Program Reduction
This proposal will eliminate 38 warden positions that are currently vacant. However, between new cadets and lateral transfers, the department expects to have all currently vacant positions filled by March 2008. Warden positions are classified as Warden Cadets when candidates enter the academy, scheduled to begin in February 2008, and are then considered filled. In addition, the department has received applications from 14 officers from other law enforcement agencies requesting lateral transfers to warden positions.

Reduction Impacts
This position reduction will require layoffs of warden cadets in the sixth month of the academy and of the newly hired wardens from the lateral transfer list. Loss of the identified positions will eliminate newly mandated law enforcement for the central coast marine protected areas (established in September 2007), inspection of vessels for invasive species (i.e. quagga mussel) at boat ramps and other facilities, and recently

established condor protections through the use of non-lead ammunition. Some pollution events and hazardous materials spills may not be investigated and illegal commercialization of wildlife would likely increase.

Timing of Implementation

The reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction does not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3640 Wildlife Conservation Board (WCB)
Wildlife Conservation Board Program
Title: Operating Expenses Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$204		$4,152		
Reductions					
Governor's Budget	$204		$4,152		
2008-09					
Workload Budget	$204		$4,142		
Reductions	$20			$20	-
Governor's Budget	$184		$4,142		

Program Description
The Wildlife Conservation Board (WCB) administers a statewide program to acquire, restore, and enhance wildlife habitat and develop wildlife-oriented public access and recreational facilities.

Program Reduction
To achieve the 10 percent reduction, the WCB will reduce its operating expenses by $20,000.

Reduction Impacts
The WCB's General Fund monies comprise less than 5 percent of its total support appropriation and are used to support positions and associated operating expenses in both its land acquisition and development programs.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3720 California Coastal Commission
Coastal Management Program
Title: Reduction to Coastal Management Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$9,488				
Reductions	$0			$0	0
Governor's Budget	$9,488				
2008-09					
Workload Budget	$9,564				
Reductions	$956			$956	14.3
Governor's Budget	$8,608				

Program Description
The objectives of the Coastal Management Program are to implement coastal resources conservation through planning and regulation. Activities include;

- Reviewing and approving of local coastal programs, port master plans, and university long-range development plans for consistency with the Coastal Act.
- Reviewing coastal development permit applications for new development in areas without a certified local coastal plan, areas of permanently retained jurisdiction, and coastal development permit actions that can be appealed to the Commission.
- Monitoring and enforcement of coastal development permits.
- Reviewing federal activities for consistency with the Coastal Act.
- Protecting and expanding opportunities for public coastal access and recreation.
- Implementing a coastal water quality protection program.
- Providing technical information and assistance to support effective coastal management.
- Implementing a coastal and ocean resource public education program.

Program Reduction
A reduction of 15 positions (14.3 PY) will be needed to meet this 10% reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Delays in permit processing and LCP review will result in delays in new commercial and residential development, enforcement cases, and local coastal program amendments.

Timing of Implementation
The reduction will be effective July 1, 2008. However, due to the length of the layoff process, actual savings may not materialize until October 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3720 California Coastal Commission
Coastal Energy Program
Title: Reduction to Coastal Energy Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$509				
Reductions	$0			$0	0
Governor's Budget	$509				
2008-09					
Workload Budget	$516				
Reductions	$52			$52	0
Governor's Budget	$464				

Program Description
The Coastal Energy Program addresses coastal energy issues including, but not limited to, offshore oil and gas development, alternative energy projects, electricity generating power plant expansion and development, and siting and development of liquefied natural gas and desalination facilities.

Program Reduction
No permanent positions will be eliminated, but staff may be reassigned to other assignments. Hours spent by limited term staff will be eliminated.

Reduction Impacts
This reduction will decrease the resources available for reviewing industrial and infrastructure projects. Delays in project review will increase.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3720 California Coastal Commission
Administration Program
Title: Reduction to Administration

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,712				
Reductions	$0			$0	0
Governor's Budget	$1,712				
2008-09					
Workload Budget	$1,729				
Reductions	$173			$173	1.9
Governor's Budget	$1,556				

Program Description
The objective of the Administration Program is to provide administrative support including accounting, budgeting, business services, support services, information technology, and personnel to other departmental programs.

Program Reduction
A reduction of 2 positions (1.9 py) will be needed to meet this 10% reduction.

Reduction Impacts
This reduction will decrease the resources available for administrative support to the Coastal Management Program and the Coastal Energy Program. Delays may occur in response or service to state control agencies, other state agencies, non profits, and the private sector.

Timing of Implementation
The reduction will be effective July 1, 2008. However, due to the length of the layoff process, actual savings may not materialize until October 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3780 Native American Heritage Commission (NAHC)
Native American Heritage Commission
Title: Program Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$780				
Reductions	$0			$0	0
Governor's Budget	$780				
2008-09					
Workload Budget	$786				
Reductions	$79			$79	1.4
Governor's Budget	$707				

Program Description
The NAHC provides protection to Native American burial grounds from vandalism and inadvertent destruction, provides a procedure for the notification of most likely descendants regarding the discovery of Native American human remains and associated grave goods, brings legal action to prevent severe and irreparable damage to sacred shrines, ceremonial sites, sanctified cemeteries and places of worship on public property, and maintains an inventory of sacred places.

Program Reduction
Reduce $79,000 General Fund and 1.5 positions that support the NAHC.

Reduction Impacts
The effort to develop rules and regulations for the implementation of the California Repatriation Oversight Commission (Health and Safety Code 8010) may be delayed for several years.

NAHC's ability to effectively protect sacred places, sanctified cemeteries, places of worship, and ceremonial places on public lands may be compromised. This proposal will also reduce the ability of the staff to mediate disputes between landowners and Native Americans.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3790 Department of Parks and Recreation (Parks)
State Park System
Title: Reduction to State Parks

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$156,213	$6,434	$263,979		
Reductions	$1,000			$1,000	-
Governor's Budget	$155,213	$6,434	$263,979		
2008-09					
Workload Budget	$147,533	$6,335	$261,940		
Reductions	$13,322		$3,700*	$13,322	129.2
Governor's Budget	$134,211**		$261,940		

* This reflects the estimated loss in SPRF revenue; however, due to uncertainties in the projections, the authority to collect and spend the revenues will be retained.

** This Governor's Budget number reflects the 2008-09 workload budget less the budget balancing reduction. However, the Governor's Budget actually proposes $137.211 million General Fund, including a $3 million policy augmentation to detect and prevent of fires in state parks.

Program Description

The State Park System has 278 units, including beaches, trails, wildlife areas, open spaces, off-highway areas, and historic sites. The State Park System consists of approximately 1.5 million acres, including: over 300 miles of coastline, 970 miles of lake, reservoir and river frontage, approximately 15,000 campsites and alternative camping facilities, and 4,000 miles of non-motorized trails.

Program Reduction

This proposal includes the following reductions:

- A reduction of $1 million in fiscal year 2007/08 that will be equitably distributed across the Department's general operational support budget.
- A reduction of $13.3 million that is to be proportionately distributed between the field units of the state park system ($8.883 million and 124 positions) and the administrative and managerial support functions of the department ($4.439 million and 12 positions).

Under this proposal, up to 48 park units (approximately 17 percent of the 278 state park system) will either be closed, unopened or placed into caretaker status (i.e., no or

significantly reduced public access) to reduce workload and eliminate positions. Such closures in the long term will produce the identified savings to the General Fund; however, this proposal would require the Department to reduce its permanent workforce through the transfer and/or lay-off process. Given that the transfer and/or lay-off process is expected to take approximately 12-18 months to fully implement, the Department will need to initiate short-term actions beginning March 1, 2008, to fully realize the reductions in fiscal year 2008/09. These short-term actions include but are not limited to the total elimination of priority equipment purchases (approximately 60 percent of the fleet is beyond its useful life), training (including the peace officer academy), travel, on-going maintenance projects, and seasonal staffing such as public health and safety services (i.e. lifeguards, daily restroom maintenance and trash removal) and revenue generation. It is important to note that in the first year of such a reduction the overall budgetary loss to the Department will exceed the $13.3 million GF reduction by approximately $3.7 million due to the loss of seasonal staffing which is essential to maximize the collection of park fees that also support state park operations.

Since 2001-02, the Department's operating budget has been reduced by a net amount of $10.5 million. Over that period, the GF budget was reduced by $65 million, but that reduction was partially offset by increases in revenue and transfers of $54.5 million, resulting in the net $10.5 million reduction. As a result of these reductions, staffing levels at park units have already been reduced to levels at or below those needed for continued operation, while the state park system and attendance have continued to grow. Further budget reductions can only be accommodated by closing parks and reducing public access.

Reduction Impacts
Access to selected state parks would be restricted and/or prohibited, impacting an estimated 6.4 million of the 75 million total annual park visitors. The loss of public access and visitation may have an impact on some local economies. Pending further analysis, there may be opportunities for certain park units to be operated by an entity other than State Parks, which would mitigate local economic impacts. Employees will be impacted through the transfer and/or lay-off process. The Department's contingent of peace officers would be reduced.

Timing of Implementation
The efforts necessary to successfully implement this reduction will begin March 1, 2008.

Statutory and/or Regulatory Change
This proposal does not require statutory changes; however, Budget Act approval or Legislative notification may be necessary if State Parks pursues an Operating Agreement with an outside entity in order to maintain public access to those units that will be closed or placed into a caretaker status. In addition, some closures may be subject to review under the California Environmental Quality Act (CEQA) and/or the California Coastal Act.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3820 San Francisco Bay Conservation and Development Commission (BCDC)
Bay Conservation and Development
Title: General Fund Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,530				
Reductions	$0			$0	0
Governor's Budget	$4,530				
2008-09					
Workload Budget	$4,569				
Reductions	$457			$457	3.8
Governor's Budget	$4,112				

Program Description

The Bay Conservation and Development program maintains the San Francisco Bay Plan, issues or denies permits for filling, dredging, and land development projects within the Bay, along the Bay shoreline and within other "managed wetlands" adjacent the Bay. The Program also implements the Suisun Marsh Preservation Act of 1977 and is responsible for managing the Bay segment of the California coastal zone under the federal Coastal Zone Management Act that develops and implements the federally approved coastal management program for the Bay and exercises authority over federal activities otherwise not subject to state control.

Program Reduction

General Fund reduction of $457,000, 4.0 positions (3.0 Coastal Program Analysts and 1.0 Office Technician) and related operating expenses.

Reduction Impacts

A 10% reduction in General Fund support for BCDC will affect the following programs:

- Strategic plan objectives dealing with key planning issues, such as sea level rise, port development, dredging and wetland restoration may have to be postponed or eliminated.
- Geographic Information Systems (GIS) and other data management capabilities will be compromised.
- Permit streamlining efforts will be reduced, resulting in delays in permit issuance, and reduction in the quality of the application analysis.
- An inadequate monitoring of activities may result in some violations either going undetected or not prosecuted.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3860 California Department of Water Resources (DWR)
Continuing Formulation of the California Water Plan
Title: Water Management Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$14,878				
Reductions	$0			$0	
Governor's Budget	$14,878				
2008-09					
Workload Budget	$15,832				
Reductions	$1,583			$1,583	(5.0)
Governor's Budget	$14,249				

Program Description

The California Water Plan (Plan) is the state's strategic plan for the efficient use, management and development of the state's water resources. The Plan is updated every five years to provide decision-makers and water and resources managers information on current and future water demands and supplies. The Plan identifies management strategies such as conservation, recycling, desalination, transfers, storage, conveyance, quality, watershed management, ecosystem restoration, and urban land use management to help meet future demands in light of uncertainties and unexpected catastrophic events. The Plan also includes an assessment of regional water needs.

In addition, this program identifies ways for the state to: (1) assist local agencies and governments prepare integrated regional water management plans on a watershed basis and diversify their regional water portfolios, (2) assist cities, counties and local agencies prepare a Water Element for their General Plans, Urban Water Management Plans and Agricultural Water Management Plans, and (3) help local agencies and governments improve coordination between water and land use planning.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

The Department will reduce funding for:

- Staff salaries ($813,000) for preparation of the California Water Plan, which will result in the redirection of 5 of 12 positions.
- Staff salaries ($9,000) for Delta-related water quality studies, which will result in the partial redirection of staff time to other computer modeling efforts.
- Staff salaries and related operating costs ($137,000) for printed publications and technical assistance provided to local and state water agencies, which will result in the partial redirection of staff time to other programs.
- Staff salaries and related operating costs ($624,000) for data collection and evaluation used for strategic planning in support of the California Water Plan, which will result in the partial redirection of staff time to other programs.

Reduction Impacts

Impacts of this reduction on the California Water Plan Update 2009 are:

- Reduced data collection, modeling of future water use alternatives, development of regional input on water issues, and the writing and publication of the final report. The resulting public document will be smaller, with elimination of much of the detailed water supply and usage data, and no capability to update the Volume 3 regional reports.
- Reduced facilitation and communication with the Public Advisory Committee, the State Agency steering committee, and loss of input from regional water interest groups.
- Reduced information included in the CWP Update will make it less valuable as a State strategic planning guide for water management, and may result in less coordinated planning between regions and programs.
- Reduced availability of detailed statewide water resource information to the public for current and projected regional agricultural, urban and environmental water uses for the ten hydrologic regions of the State.

This reduction will also delay computer modeling that is critical to Delta-related water quality studies, eliminate the Water Conservation News and curtail other publications, and reduce technical assistance support to local and state water agencies. While this reduction will result in administrative cost savings relative to the Water Management program, the Department's total administrative costs will not decrease. Administrative costs will be redistributed across other continuing and expanding departmental programs.

Timing of Implementation

These reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change

These reductions will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3860 California Department of Water Resources (DWR)
Public Safety and Prevention of Damage
Title: Flood Management Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$45,245				
Reductions	$200			$200	
Governor's Budget	$45,045				
2008-09					
Workload Budget	$53,733				
Reductions	$5,373			$5,373	
Governor's Budget	$48,360				

Program Description
This program protects life and property from damage by floods. Activities include preventive floodplain management to discourage unwise development in areas subject to flooding, protection of already developed floodplains, issuance of flood warnings in cooperation with the National Weather Services, operation of flood control facilities, coordination and supervision of flood fighting activities, and annual levee and flood channel maintenance and inspection. This program also buys land, easements, and rights-of-way for federal flood control projects.

Program Reduction
The Department will reduce funding for:

2007-08
- Staff salaries for the Floodplain Management program ($200,000).

2008-09
- Construction contracts for erosion repairs ($3,015,000).
- Construction contracts for sediment removal ($1,015,000).
- Staff salaries for mapping riverine floodplains administered under the

Floodplain Evaluation and Delineation (mapping) program ($648,000) which could result in a partial shift of staff time to bond funds.
- Staff salaries for the Floodway Protection program ($186,000) which could result in a partial shift of staff time to bond funds.
- Consultant contracts for studies administered under the Delta Levees System Integrity program ($509,000).

This reduction does not reduce administrative costs. Because program reductions will be partially offset by the availability of bond funds, the associated administrative costs will also shift to the bonds.

Reduction Impacts

In the short run, program reductions will be partially offset by the availability of bond funds from Propositions 1E and 84. Impacts of this reduction on the Flood Management Program are:

- Reduced funding to repair erosion sites that threaten the integrity of the levees. Remaining funding will be used to identify and prioritize damage sites, develop designs and obtain permits for the most urgent repairs. Funding for construction will be obtained from bond funds in the short run.
- Reduced funding to clear channels that have restricted flow capacity due to sediment accumulation. Remaining funding will be used for planning, project development, and permitting at a reduced level. Funding for construction will be obtained from bond funds in the short run.
- Reduced funding for floodplain evaluation resulting in approximately 2,000 fewer riverine miles mapped each year. DWR provides awareness mapping of floodplains in areas of current and future growth that are not currently mapped by the Federal Emergency Management Agency or other floodplain mapping programs. There are 20,000 miles of riverine floodplains remaining to be mapped. This reduction will delay the development of floodplain maps for communities and property owners in areas of new growth where there is no other flood hazard data available.
- Reduced funding for staff salaries required for the review of applications for encroachments into project floodways and designated floodways, and preparation of permits under the Floodway Protection program, as well as the enforcement and abatement of unauthorized levee and floodway encroachments.
- Reduced funding for contracts to study subsidence reversal and methods to reduce and manage island subsidence on Delta levees. Projects studying the potential for carbon sequestration on Delta lands will be delayed.

Timing of Implementation

A reduction of $200,000 from the Floodplain Management program will be effective March 1, 2008. A reduction of $5,373,000 will be effective July 1, 2008.

Statutory and/or Regulatory Change

These reductions will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3860 California Department of Water Resources (DWR)
Central Valley Flood Protection Board
Title: Central Valley Flood Protection Board Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$0				
Reductions	$0			$0	
Governor's Budget	$0				
2008-09					
Workload Budget	$2,000				
Reductions	$200			$200	
Governor's Budget	$1,800				

Program Description
The Board's mission is to control flooding along the Sacramento and San Joaquin Rivers and their tributaries in cooperation with the Army Corps of Engineers to provide public safety through flood protection in the Central Valley. The Board cooperates with various agencies of the federal, State and local governments in establishing, planning, constructing, operating, and maintaining flood control works. The Board also maintains the integrity of the existing flood control system and designated floodways through its regulatory authority by issuing permits for encroachments that comply with Board standards.

By early January 2008, DWR anticipates finalizing a Memorandum of Agreement that will formalize the new structure and identify the positions to be transferred to the Board, outline administrative processes, etc. A BCP has been submitted to establish a new Program Element 35.10 for the Board within DWR's budget and to ensure $2 million in General Funds is identified in the Governor's FY 2008-09 Budget to support the Board and to implement flood-related legislation enacted in 2007. However, this BCP lacks details of the resources required to support the Board. A more detailed proposal outlining specific existing and new staff and resources will be made through a 2008-09 Spring Finance Letter. At that time, it will be possible to identify specific cuts to achieve the target $200,000 reduction for this program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This reduction will reduce funding that supports the Board's operations. While this reduction will result in minimal administrative cost savings relative to the Central Valley Flood Protection Board, the Department's total administrative costs will not decrease. Administrative costs will be redistributed across other continuing and expanding departmental programs.

Reduction Impacts
To ensure adequate funding for Board member salaries, the reduction will only impact operating expenses and equipment funding.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3860 California Department of Water Resources (DWR)
Services Program
Title: Watermaster Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,357				
Reductions	$0			$0	
Governor's Budget	$1,357				
2008-09					
Workload Budget	$1,357				
Reductions	$136			$136	
Governor's Budget	$1,221				

Program Description
The Watermaster Service Program assures that water is distributed in accordance with the provisions of court decrees, court agreements and/or State issued water rights, which define rights to the use of surface or groundwater in Northern, Central, and Southern California.

The Department of Water Resources has provided watermaster service in the Shasta and Scott river watersheds for over 50 years. Due to the listing of Coho Salmon in both watersheds, DWR is about to enter into an Incidental Take Permit (ITP) with the Department of Fish and Game, and DWR has been working with the State Water Resources Control Board (SWRCB) to implement their Total Maximum Daily Load (TMDL) requirements.

Program Reduction
This reduction eliminates support for the ITP and TMDL water quality requirements imposed by DFG and the Regional Water Quality Control Board in Shasta and Scott River service areas. While this reduction will result in minimal administrative cost savings relative to the Watermaster Service program, the Department's total

administrative costs will not decrease. Administrative costs will be redistributed across other continuing and expanding departmental programs.

Reduction Impacts
Local water right holder's fees may be increased to cover the cost of the Watermaster Service program or water rights holders may request to form a locally-funded watermaster district under the provisions of Chapter 246, Statutes of 2006 (SB 775) and Chapter 416, Statutes of 2007 (AB 1580).

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3900 - Air Resources Board (ARB)
Program 25 – Stationary Program
Title: Stationary Source Program: Research

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,377		$6,404		
Reductions	$100			$100	0.0
Governor's Budget	$2,277		$6,404		
2008-09					
Workload Budget	$2,432		$6,558		
Reductions	$243			$243	0.0
Governor's Budget	$2,189		$6,558		

Program Description
The Air Resources Board (ARB) sets and enforces emission standards for motor vehicles, fuels and consumer products; sets health-based air quality standards; conducts research; monitors air quality; identifies and sets control measures for toxic air contaminants; provides compliance assistance for businesses; produces education and outreach programs and materials; and oversees and assists local air quality districts which regulate most non-vehicular sources of air pollution.

Program Reduction
This proposal would reduce General Fund support for ARB's air pollution research contracts by $100,000 in FY 2007-08 and $243,000 in FY 2008-09.

Reduction Impacts
The research program provides science supporting the Board's regulatory efforts. The research program provides science supporting the Board's regulatory efforts. The General Fund reductions will decrease research funding opportunities for air pollution reduction technologies applicable to non-vehicular and non-greenhouse gas sources. These include research projects related to isoprene emissions from vegetation in the Central Valley and its contribution to ozone in the foothills, as well as atmospheric

deposition of mercury onto sensitive water bodies. In turn, regulatory actions and rulemaking may be compromised.

Timing of Implementation

The proposed 2007-08 reduction of $100,000 will be effective March 1, 2008, and savings will be realized in the current year. The 2008-09 proposed reduction will be implemented upon enactment of the 2008-09 Budget Act, and is fully achievable in the budget year.

Statutory and/or Regulatory Change

The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3940 – State Water Resources Control Board (SWRCB)
Program 10 - Water Quality
Title: Water Quality Program Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$38,013	$38,430	$426,982		
Reductions	$0	$0	$0	$0	0.0
Governor's Budget	$38,013	$38,430	$426,982		
2008-09					
Workload Budget	$39,059	$38,322	$421,096		
Reductions	$3,659	$0	$0	$3,659	10.0
Governor's Budget	$35,400	$38,322	$421,096		

Program Description – Program 10 – Water Quality
This program ensures the highest possible quality of water for the state, consistent with the use of the water. Specific activities are to:

- Formulate, adopt and update water quality control plans and policies that set standards and provide guidance in water management decisions.
- Monitor water quality to determine compliance with control plans, permit terms, conditions and water standards; implement the Total Maximum Daily Loads program to address pollution in the state's most seriously impaired water bodies by developing plans that allocate responsibility for reducing pollution.
- Ensure that the waters of the state are not degraded by hazardous waste spills or tank leaks, or by spills or tank leaks from solid and hazardous waste treatment, storage, and disposal facilities.
- Require waste dischargers, including storm water dischargers, to prevent and abate water pollution and inspect dischargers to determine compliance with requirements.
- Assist owners and operators of underground tanks in financing the cleanup of unauthorized releases from their tanks.

Program Reduction
The $3,659,000 General Fund reduction will reduce the Water Board's total water quality funding by 0.86 percent and reduce staffing by 10 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The impact of this reduction will be as follows:

- **TMDL** contract funds for scientific research, monitoring and assessment will be reduced, and could delay the implementation of TMDLs.
- **Water Quality Control Planning** (basin plans) staff working to update outdated Basin Plans statewide will be decreased, resulting in delays in basin plan updates.
- **Forest Activities** staff that conduct water quality compliance reviews for timber harvest plans will be reduced.
- **Underground Storage Tank Program** staff that oversee non-petroleum tank Brownfield cleanups will be reduced by 2.0 positions, thereby slowing the progress of cleanup activities.
- **Spills, Leaks, Investigations, & Cleanups** (SLIC) staff working on enforcement activities related to recalcitrant sites will be reduced, as well as the oversight of activities related to orphan Brownfield sites.
- **Leviathan Mine** funding is used for staff and contracts for cleanup activities related to the mine. The reduction in cleanup activities will result in project delays.
- **Agriculture Regulatory Program** staff working on enforcement activities that control the state's agricultural runoff will be reduced.
- **NPDES Program** staff will review fewer permit applications which will result in a slight increase in the current backlog.
- **Nonpoint Source Program** staffing related to forest-related activities and the review and evaluation of timber impacts on water quality will be reduced.
- **CalFED** water quality activities in the Delta will be reduced.
- **Coastal Initiative** staff working on ocean planning activities and the development of sediment quality objectives will be reduced.
- **Regional Wetlands Management Plan** staff working on high value wetlands projects in the San Francisco Bay will be reduced.
- **Salton Sea Program** staff working to protect the Salton Sea from the various environmental impacts related to the continuing rise in the sea's salinity will be reduced.
- **Cruise Ship Waste Discharge Prohibition** staff working to address cruise ship discharges to California's waters and the required regulations will be reduced.

Timing of Implementation
The proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3940 – State Water Resources Control Board (SWRCB)
Program 20 - Water Rights
Title: Water Rights Program Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,901	$148	$7,681		
Reductions	$0	$0	$0	$0	0.0
Governor's Budget	$3,901	$148	$7,681		
2008-09					
Workload Budget	$3,957	$148	$8,511		
Reductions	$390	$0	$0	$390	2.0
Governor's Budget	$3,567	$148	$8,511		

Program Description – Program 20 – Water Rights
The program ensures that California's water resources are put to beneficial use, while protecting prior rights, water quality and the environment. Specific activities are to:

- Allocate the unappropriated waters of the state to ensure the use of water in accordance with state laws.
- Maintain a record of title of appropriative water rights initiated and maintained since 1914, including those for stockponds, livestock and small domestic use ponds.
- Maintain records of water diversion and use under riparian and pre-1914 rights, stockpond water rights, groundwater extractions in four southern counties, and cessation of, or reduction in, extractions of groundwater by use of water from a contributory source.
- Enforce permit and license terms and conditions, abate illegal diversions, protect public trust resources, and prevent waste or unreasonable use under all rights.
- Assist the courts in determining existing rights to surface water throughout the state through court reference and statutory adjudication proceedings, and in determining rights to groundwater though the groundwater adjudication process.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
The Division of Water Rights has General Fund resources in the Permitting, Petitions, Ground Water Recordations, Complaint Investigations, and Bay Delta Programs. The Division would propose to cut ten percent ($390,000) and two positions (one position from the Complaints Program and one position from the Permitting Program).

Reduction Impacts
The workload consequences would be a 20 percent workload reduction on complaint investigations and a four percent reduction of permitting activities. On average, annual complaint field inspections would reduce from 45 to 35, and complaint case resolution would reduce from 35 to 27. The water rights permitting backlog will increase by two permits annually; currently about 500 permits are included in the backlog.

Timing of Implementation
The proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3940 – State Water Resources Control Board (SWRCB)
Program 30 - Administration
Title: Administrative Services Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,532	$1,266	$17,299		
Reductions	$0	$0	$0	$0	0.0
Governor's Budget	$2,532	$1,266	$17,299		
2008-09					
Workload Budget	$2,531	$1,268	$17,342		
Reductions	$253	$0	$0	$253	0.0
Governor's Budget	$2,278	$1,268	$17,342		

Program Description – Program 30 - Administration
This program includes management, program and policy direction, budgeting, accounting, human resources, data processing, legislation and public information for the Board's programs, and coordination with the nine Regional Water Quality Control Boards.

Program Reduction
General Fund covers approximately 12 percent of the administrative costs at the Water Boards; the remaining 88 percent are covered with special, federal, and other funds. Administrative costs include salaries and operating expenses and equipment. The proposed reduction represents one percent of our total administrative budget.

Reduction Impacts
This reduction will cause the Water Boards to decrease expenditures on various general expense items, such as office supplies, maintenance contracts, and minor equipment items.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3960 Department of Toxic Substances Control (DTSC)
Program 12 – Site Mitigation and Brownfields Reuse
Title: Emergency Response and Illegal Drug Lab Removal Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$23,375		$1,953		
Reductions	$1,250			$1,250	0.0
Governor's Budget	$22,125		$1,953		
2008-09					
Workload Budget	$24,981		$1,953		
Reductions	$2,498			$2,498	0.0
Governor's Budget	$22,483		$1,953		

Program Description
General Fund supports illegal drug lab cleanups (including development of cleanup guidelines), emergency removals of off-highway spills, removal and remedial actions at the Stringfellow Hazardous Waste Site, and emergency operations at the BKK Hazardous Waste Landfill.

Program Reduction
Program reductions will impact illegal drug lab and off-highway spill cleanups. No reductions will be taken for the Stringfellow Hazardous Waste Site given the state's court-ordered responsibilities. No reductions will be taken in the emergency operations at the BKK Hazardous Waste Landfill due to the critical public health and environmental protection that these activities provide.

Reduction Impacts
These program reductions may impede DTSC's ability to assist local agencies in responding to illegal drug labs, most of which are methamphetamine labs, and off-highway spills.

The DTSC does not clean the lab sites, but instead removes the gross contaminants. Cleanup is responsibility of landowners and local governments. Absent state funding, local governments will perform these removals. Current statute requires the DTSC to conduct these removals if funding is available. The state's inability to provide timely and adequate removal response and outdated health-based cleanup standards and procedures for local agencies, could add to the number of brownfield sites that must be cleaned up before they can be returned to productive use. Contaminated sites may pose health and safety risks until they can be fully cleaned.

Because of the recent wildfires in Northern and Southern California, the DTSC has expended 75 percent of its off-highway appropriation, and funds may be insufficient to accommodate all requests for materials removals for the remainder of the current fiscal year.

Timing of Implementation
The proposed 2007-08 reduction will be effective March 1, 2008, and savings will be realized in the current year. The 2008-09 proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3960 Department of Toxic Substances Control (DTSC)
Program 20 – Science, Pollution Prevention and Technology
Title: Biomonitoring Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,550				
Reductions	$0			$0	0.0
Governor's Budget	$1,550				
2008-09					
Workload Budget	$341				
Reductions	$34			$34	0.0
Governor's Budget	$307				

Program Description

General Fund supports DTSC's efforts in partnering with the Department of Public Health and the Office of Environmental Health Hazard Assessment in the development and implementation of the California Environmental Contaminant Biomonitoring Program (CECBP). The program will establish baseline levels and trends for the presence of chemicals of concern in Californians, identify sources of exposure, provide insights into linkages between chemicals and diseases, emerging environmental health issues and strategies for regulatory interventions. The DTSC will analyze human biological specimens from a representative sample of Californians for the presence of chemicals of concern. This data will enable CECBP to draw conclusions on the state of California's environment, evaluate the effectiveness of programs designed to reduce exposures, and set priorities for the future, in particular Cal/EPA's Green Chemistry Initiative.

Program Reduction

The Budget Year reductions will reduce funding for biomonitoring equipment maintenance, and potentially staff training and travel.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Human biomonitoring is an emerging field with rapidly changing laboratory technologies, requiring state-of-the-art equipment and advanced training for laboratory personnel. The program currently includes funding for preventative maintenance and any necessary repairs The program also includes funding for staff training and travel to enable DTSC staff to obtain expert training and consultation that is only available from the Center for Disease Control located in Atlanta, GA.

The DTSC is purchasing the equipment in 2007-08 and the equipment will be under warranty for the first year. Limited maintenance is anticipated in 2008-09. However, beginning in 2009-10, the reduction in funds available for maintenance and repairs could lead to equipment downtimes and delayed analysis of human biological specimens for chemicals of concern for the CECBP.

Timing of Implementation
The 2008-09 proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The reductions will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3960 Department of Toxic Substances Control (DTSC)
Program 19 – Administration
Title: Administration Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$959				
Reductions	$50			$50	0.0
Governor's Budget	$909				
2008-09					
Workload Budget	$962				
Reductions	$96			$96	0.0
Governor's Budget	$866				

Program Description
General Fund supports the administrative needs of the General Fund programs in Site Mitigation and Brownfields Reuse and Science, Pollution Prevention and Technology programs. Distributed Administrative services includes but is not limited to accounting, budgeting, contracting, human resources, facilities, and telecommunications.

Program Reduction
DTSC will reduce expenditures in general expense, facilities and travel.

Reduction Impacts
General Fund does not support its full share of distributed administrative costs. This reduction will require DTSC to reduce expenditures in travel and facilities.

Timing of Implementation
The proposed 2007-08 reduction will be effective March 1, 2008, and savings will be realized in the current year. The 2008-09 proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change
The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

3980 - Office of Environmental Health Hazard Assessment
Program 10 – Health Risk Assessment
Title: Health Risk Assessment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$9,290	$514	$8,249		
Reductions	$100			$100	0.0
Governor's Budget	$9,190	$514	$8,249		
2008-09					
Workload Budget	$9,557	$514	$8,247		
Reductions	$956			$956	4.5
Governor's Budget	$8,601	$514	$8,247		

Program Description

The Office of Environmental Health Hazard Assessment (OEHHA) is the lead state entity for the assessment of health risks posed by chemical contaminants in the environment. OEHHA's assessments form the scientific basis for California's drinking water standards, ambient air quality standards, the identification of toxic air contaminants, and the placement of substances on the state's Proposition 65 list of chemicals known to cause cancer, birth defects and other reproductive harm. OEHHA also plays a key role in the registration and regulation of pesticides, provides guidance to other agencies in the assessment of urban "brownfields" and other contaminated sites, issues advisories concerning harmful contaminants in sport fish, and is engaged in several activities to better assess risks to children. OEHHA also is helping to implement the state's new biomonitoring program.

Program Reduction

This proposal would reduce $100,000 in consultant and professional service contracts in
FY 2007-08 in activities associated with biomonitoring and pesticide risk assessment programs. An additional reduction of $956,000 and 4.5 positions is proposed for FY 2008-09, in the following areas: 1) Fuels evaluations; 2) Safe Harbor Numbers for

chemicals under the Proposition 65 program; 3) Toxic Air Contaminants; 4) Public Health Goals; and, 5) Executive and Administrative support.

Reduction Impacts

A reduction of $956,000 and 4.5 positions would negatively impact OEHHA as follows:

- OEHHA will be unable to provide the Air Resources Board (ARB) with the full mandated support (health impacts and lifecycle analyses) required by Health and Safety Code Section 43830.8 to address potential impacts of new fuel specifications.
- OEHHA will be unable to provide businesses with safe harbor levels for at least three chemicals annually under the Proposition 65 program.
- OEHHA will be unable to evaluate the required 15 Toxic Air Contaminants annually (Health & Safety Code 396695c). This reduction would result in three fewer evaluations per year.
- The proposed reduction will reduce OEHHA's capacity to establish and/or review two to three public health goals (depending upon the availability of new evaluation information) that the Department of Public Health uses to develop the state's drinking water standards.
- The proposed reduction will reduce the overall administrative support to OEHHA's technical programs.

Timing of Implementation

The proposed 2007-08 reduction of $100,000 will be effective March 1, 2008, and savings will be realized in the current year. The 2008-09 proposed reduction will be implemented upon enactment of the 2008-09 Budget Act and is fully achievable in the budget year.

Statutory and/or Regulatory Change

The proposed reductions will not require a statutory change or necessitate emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4120 Emergency Medical Services Authority
Emergency Medical Services
Title: Emergency Medical Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$12,828				
Reductions	$1,003			$1,003	0
Governor's Budget	$11,825				

Program Description

The Emergency Medical Services Authority (EMSA) prepares for and responds to medical emergencies. Specifically, the EMSA mobilizes and coordinates emergency medical services' mutual aid resources in coordination with the Governor's Office of Emergency Services (OES). It is the EMSA's role to plan for and manage the state's response to medical disasters, and to serve the entire state population in this effort. A reduction of $1,003,000 General Fund is proposed in the EMSA's budget. The reduction will be taken from a variety of areas including poison control, regional disaster medical health specialist, multi-county agencies, and mobile medical assets as described in further detail below.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4120 Emergency Medical Services (EMS) Authority
Emergency Medical Services
Title: California Poison Control System (CPCS)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$690			$690	0
Governor's Budget					

Program Description
Since 2003, EMSA has provided support to the University of California, San Francisco to operate the California Poison Control System (CPCS). The CPCS is a statewide network of trained experts providing immediate free treatment advice and assistance to California Citizens over the telephone in case of exposure to poisonous or hazardous substances. The CPCS is California's leading source of poison help and information to both the public and health professionals and is accessible, toll-free, 24 hours a day, 7 days a week, 365 days a year. Interpreting services in more than 100 languages and TTY capability make the emergency/information telephone number accessible to all California residents. The CPCS has four divisions located at UC Davis Medical Center in Sacramento, San Francisco General Hospital in San Francisco, Children's Hospital Central California in Fresno/Madera and the UC San Diego Medical Center in San Diego. Since 1997, the CPCS has managed over 2.5 million cases and has been supported with a combination of state General Fund, federal funds, and private grants.

Program Reduction
The $6.9 million local assistance contract to the CPCS will be reduced by 10 percent.

Reduction Impacts
Reduction will lead to reduced state funding available for program staffing. A reduction

in program staffing would reduce the program's capacity to provide assistance to callers in a timely manner.

Timing of Implementation
The proposed reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposed reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4120 Emergency Medical Services Authority (EMSA)
Emergency Medical Services
Title: EMS Multi-County Agencies

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$242			$242	0
Governor's Budget					

Program Description

The Emergency Medical Services Authority (EMSA) provides support to seven multi-county Emergency Medical Services (EMS) agencies in large rural areas and those with smaller populations and limited financial and health care resources. Multi-county EMS agencies were developed to improve the existing level of emergency medical services and to establish coordinated EMS delivery mechanisms, ensuring the effective deployment of EMS services when needed. State support provides the essential minimum services necessary to operate the system including manpower and training, communications, transportation, assessment of hospitals and critical care centers, system organization and management, data collection and evaluation, public information and education, and disaster response. The seven multi-county EMS agencies cover over two-thirds of the State's geography and provide services to a total resident population of 6.5 million. It is estimated that at least 30 percent of ambulance response in these areas is for non-residents as a result of seasonal visitors to the regions.

Local EMS agencies provide matching funds of at least $1 for each dollar of state funds received. In addition, no agency may receive more state money than they are able to match with local cash or direct in-kind support from the member counties. Multi-county agencies with a population of 300,000 or less shall receive the full

amount for which they are eligible if they provide a cash match of $0.41 per capita or more.

Local EMS agencies estimate that some areas periodically experience a 500 percent or more increase in population size as a result of vacationers and at least 30 percent of ambulance responses are for non-residents. The EMS resources in the region are routinely taxed by the seasonal influx of tourists.

Program Reduction
Seven contracts will be reduced for a combined total of $242,000 or 10 percent each. Reductions range from $22,000 to $52,000. $2.2 million of funding will be allocated to the California's seven multi-county EMS agencies.

Reduction Impacts
This proposal will reduce the amount of state funding available to the seven regions to manage their EMSA systems.

Timing of Implementation
The proposed reduction will be effective October 1, 2008.

Statutory and/or Regulatory Change
This proposed reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4120 Emergency Medical Services Authority (EMSA)
Emergency Medical Services
Title: Regional Disaster Medical Health Specialist (RDMHS)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
2008-09 Workload Budget					
Reductions	$36			$36	0
Governor's Budget					

Program Description

The Emergency Medical Services Authority (EMSA) provides local assistance to six Local Emergency Medical Services Agencies (LEMSA) in support of Regional Medical Health Specialists (RDMHS). Each RDMHS is located within one of six Office of Emergency Services (OES) Mutual Aid Regions throughout California. The RDMHS manages the regional medical and health mutual aid and emergency response system for that particular OES Mutual Aid Region. The RDMHS is responsible for managing and improving the regional medical and health mutual aid and mutual cooperation systems, coordinate medical and health resources, support development of the Operational Area Medical and Health Disaster Response System, and support the State medical and health response system through the development of information and emergency management systems.

Program Reduction

The local assistance funding for each of the six RDMHS contracts will be reduced by 10 percent.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reduction will result in decreased RDMHS hours dedicated to program activities including the management of the regional medical and health mutual aid and emergency response system for OES Mutual Aid Regions.

Timing of Implementation
Funding reductions would take effect July 1, 2008.

Statutory and/or Regulatory Change
This proposed reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4120 Emergency Medical Services Authority
Emergency Medical Services
Title: Mobile Medical Assets

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$35			$35	0
Governor's Budget					

Program Description
In recent years, the Administration has recognized the need to create a new state field medical response capability. The Emergency Medical Services Authority (EMSA) has responded by building upon its disaster planning and Emergency Operations Center (EOC) capacities to include a significant mobile medical asset program that can be deployed as needed. Through a combination of state and federal funds, EMSA has procured equipment and vehicles for a rapid, field medical response system, including Mobile Field Hospitals, Disaster Medical Support Units, California Medical Assistance Teams, and Management Support Vehicles.

Program Reduction
Reduce general operating costs, including asset oversight and training activities, related to the mobile medical assets, by 1 percent.

Reduction Impacts
Ongoing asset oversight and training will be minimally reduced.

Timing of Implementation
Funding reductions would take effect July 1, 2008.

Statutory and/or Regulatory Change
This reduction proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4140 Office of Statewide Health Planning and Development
Health Care Workforce Development
Title: Healthcare Workforce Development Division

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$5,059				
Reductions	$506			$506	0
Governor's Budget	$4,553				

Program Description

The Healthcare Workforce Program supports development and expansion of primary care and allied health training throughout the state and promotes recruitment of students into health professions. The Governor's Budget proposes reductions in the following programs:

- Song-Brown Healthcare Workforce Training Program-Grants funds to family practice residency, nurse practitioner, physician assistant, and registered nurse training programs to increase the number and improve the distribution of these professionals in underserved areas of the state.
- Health Professions Education Foundation (a non-profit public benefit corporation)-Provides scholarship and loan repayments to health professional students and graduates who agree to provide direct patient care in a medically underserved area of California for 2 to 3 years.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4140 Office of Statewide Health Planning and Development (OSHPD)
Healthcare Workforce Development Division
Title: Song-Brown Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$497			$497	0
Governor's Budget					

Program Description

The Song-Brown Program provides funds to Family Practice Residency Programs, Family Nurse Practitioner (FNP) and Physician Assistant (PA) Training Programs and Registered Nurse (RN) Education Programs to increase the training and education of primary care providers that will increase access to health care in rural and urban inner city areas of unmet priority need in the State.

Program Reduction

Local assistance reductions will reduce the annual number of grants provided to education institutions offering Song-Brown funded disciplines. State operations reductions will reduce the dollars available for program staff providing support and general administration of the program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The Song-Brown reduction may have a health care reform impact, in that the purpose of the Song-Brown Training Program is to improve healthcare workforce diversity and increase the number of health professionals available to provide care in medically underserved areas including registered nurses, family practice physicians, family nurse practitioners and physician assistants.

Reduction Impacts
Local assistance reductions of $469,000 to the Family Practice, FNP, PA and RN training programs will impact the number of family practice physicians, FNP's, PA's and RN's graduating each year and reduce the number of providers that provide healthcare to the State's indigent and uninsured population. Specifically, the reduction will result in a reduction of 24 fewer nurses, 2.5 resident slots, and 44 FNP/PA slots.

A $28,000 state operations reduction will impact various operating expense line items including travel-in-state which is used to conduct site visits and attend commission meetings. In addition, general expense, printing, postage, and communications line items will be reduced to accomplish this reduction.

Timing of Implementation
The reduction will be effective July 1, 2008 and will affect the funds for the Song-Brown Family Practice Residency Training Programs that will be awarded in August 2008 at the California Healthcare Workforce Policy Commission meeting. Also affected will be the Family Nurse Practitioner and Physician Assistant Programs that are awarded in November 2008 and the Registered Nurse Education Programs in February 2009.

Statutory and/or Regulatory Change
The reduction will not require a change in Song-Brown Program statutes or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4140 The Office of Statewide Health Planning and Development (OSHPD)
Health Professions Education Foundation
Title: State Nursing Assumption Program of Loans for Education (SNAPLE)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$9			$9	0
Governor's Budget					

Program Description
The Health Professions Education Foundation (Foundation) receives General Funds in the amount of $95,000 to perform statewide marketing and outreach activities for the SNAPLE Program administered by the California Student Aid Commission. The General Funds are used to support a 0.5 PY and the general operating costs associated with program marketing and promotion.

Program Reduction
The $11,000 funding reduction will limit or restrict the number of marketing and outreach activities scheduled, as well as the production of marketing materials to promote the SNAPLE Program.

Reduction Impacts
The funding reduction in general operating expenses will reduce the annual number of outreach events from six to four and will reduce the availability of print materials available to publicize the program.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$62,650	$149,665	$4,127		
Reductions	$6,265	$3,281	$71	$9,565	3.0
Governor's Budget	$56,385	$146,365	$4,056		

Program Description

The California Department of Aging promotes the independence and well-being of older adults, adults with disabilities, and families through access to information and services to improve the quality of their lives, opportunities for community involvement, and support from family members providing care. A reduction of $6.265 million General Fund is proposed in the CDA's budget. The reduction will be taken from a variety of program areas including Administration, Nutrition, Senior Community Employment, Supportive Services, Special Projects, and the Senior Legal Hotline.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in thousands)

4170 California Department of Aging
Program 50 - Administration
All Program Support – Administration – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$57**	**$94**	**$52**	**$203**	**2.5**
Governor's Budget					

Program Description
Program 50 Administration includes Business Services, Budgets/Accounting, Human Resources, Information Technology, Community Relations, Public Information, Legislation and Executive Management.

Program Reduction
Administration would be reduced by 2.5 positions, which would result in a $57,000 GF savings. Reductions include the Community Relations Officer, which also manages the Senior Farmers Market Nutrition (SFMN) Program, the Legislation Analyst, and .5 Office Technician in Business Services.

Note: the above figures include the dollars associated with the administration position managing the Senior Farmers Market Nutrition Program. The rest of the funding reduction associated with the SFMN Program is shown under Program 30-Supportive Services.

Reduction Impacts
Administrative services would be reduced, including the tracking and coordination of legislative bills and hearings; business support for the California Commission on Aging; participation in community outreach events that state departments routinely attend, and special mail processing tasks. Delays will likely occur in contract processing and

meeting mandated reporting requirements. Staffing for the Senior Farmers Market Program would be eliminated. Fewer educational materials and brochures will be developed, updated and distributed and responses to consumer requests for information will likely be delayed.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 10- Nutrition
Title: Home-Delivered Meals – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$316			$316	0.0
Governor's Budget					

Program Description

The Home-delivered Meals program provides nutritious meals, nutrition education, and nutrition risk screening to individuals 60 years of age or older who are homebound by reason of illness or disability or who are otherwise isolated. Therefore, these seniors are more fragile than those receiving Congregate Meals. The program targets minority low-income seniors. Program goals are targeted to the reduction of social isolation and the promotion of better health through nutrition. Meals meet nutritional standards by incorporating the Dietary Guidelines for Americans and providing a minimum of one-third of the Dietary Reference Intakes (DRI).

Most home-delivered meal programs provide their clients with a hot meal five days a week delivered by staff or volunteer drivers. For those seniors most in need, six or seven meals a week are provided. In addition, nutrition education is provided and nutrition counseling may be available.

The program is funded by the federal Older Americans Act, the State General Fund, participant donations, and local funds. Services are provided through a network of 33 Area Agencies on Aging (AAAs) and their contracted service providers.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

The proposed $316,000 reduction is a very minimal reduction to the $35,000,000 Home-Delivered Meals program because the program is largely funded by federal dollars. The $316,000 reduction would be allocated statewide across the 33 AAAs based on existing funding formulas.

Reduction Impacts

This reduction would likely result in 240 older adults not receiving meals. Currently, more than 59,000 older adults receive home delivered meals. The reduction; therefore, represents a .4 percent decrease in the number of seniors served through this program.

Calculation Methodology:

- $316,000/$6.93 (cost per meals) = 45,598 meals
- Average number of days of service per senior per year is 190
- 45,598 meals/190 meals per senior = 240 seniors
- $316,000 reduction = 240 seniors not served

Many home delivered meal programs continuously review the level of need among program participants, seeking to move those most at risk into the program and those who may have only had a need for a limited time period off the program. Nonetheless, this reduction would result in an additional 240 impacted seniors who would likely end up being placed on a waiting list rather than receiving services as quickly as needed.

Because the state provides some overmatch in nutrition, no federal funds would be lost.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 10 - Nutrition
Title: Congregate Nutrition – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$253			$253	0.0
Governor's Budget					

Program Description

The Congregate Nutrition program provides nutritionally balanced meals, nutrition education, and nutrition risk screening to Californians 60 years and older. The program targets low-income minority elderly Californians and provides socialization, disease prevention and health promotion activities. The program encourages the use of volunteers and gives all participants the opportunity to contribute to the cost of the meal (voluntary contributions).

The program is funded by the federal Older Americans Act, the State General Fund, participant donations, and local funds. Services are provided through a network of 33 Area Agencies on Aging (AAAs) and their contracted service providers.

Program Reduction

The proposed $253,000 reduction is a very minimal reduction to the $38,000,000 Congregate Meal program because the program is largely funded by federal dollars. The $253,000 reduction would be allocated statewide across the 33 AAAs based on existing funding formulas.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

The proposed reduction would likely result in 380 older persons not receiving meals. The Congregate Nutrition Program serves more than 8 million meals to more than 145,000 individuals aged 60 and older. The reduction, therefore, represents a .26 percent decrease in the number of seniors served through this program.

Calculation Methodology:

- $253,000 reduction/$9.94 (cost per meal; one meal per day per senior) = 25,453 meals
- Average number of meals per senior per year is 67
- 25,453 meals/67 meals per senior per year = 380 seniors
- $253,000 reduction = 380 seniors not served

Because the state provides some overmatch in nutrition, no federal funds would be lost.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 20 - Senior Employment (Title V)
Title: Senior Community Employment – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,500			$1,500	0.0
Governor's Budget					

Program Description
The Senior Community Services Employment Program (SCSEP) is a federally-funded employment and training program for unemployed, low-income persons (125 percent of poverty) aged 55 and older. This program is mandated by the federal government through the Older Americans Act and is funded through the Department of Labor (DOL). Implemented regulations and law require the State to pay the prevailing State minimum wage to individuals who participate in the program even though resources allocated by DOL are based on the federal minimum wage.

Program Reduction
A reduction of $1.5 million can be achieved because of the recent increase in the federal minimum wage, which resulted in a higher federal allocation to the State and a concomitant reduction in the State's required share of the minimum wage. Because of this new federal minimum wage, DOL provided additional federal funds to meet the mandate, freeing up State General Funds.

Reduction Impacts
None

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 30 - Supportive Services
Senior Farmers Market Elimination/Public Outreach Reduction – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$130**	**$661**		**$791**	**0.0**
Governor's Budget					

Program Description
The Senior Farmers Market Program is a discretionary program funded through an annual grant from the U.S Department of Agriculture. This annual grant of approximately $661,000 provides $20 coupon booklets to 30,000 low income seniors that can only be spent at certified farmers markets. State General Fund costs associated with operating this program include contract funds ($86,000) for the coupon printing and redemption tracking as required by the USDA grant regulations and 1.0 position for grant administration. The reduction for the position is shown in Program 50-Administration and is not included in the above figures. CDA has submitted the required Senior Farmers Market State Plan for 2008. The federal grant award will be made in March 2008.

This Program 30 reduction also includes General Fund operating expense ($44,000), which is used by the Community Relations Office to print nutrition guidelines required to be disseminated to Senior Farmers Market participants (a grant requirement). The $44,000 is also used to print, translate and distribute public information about services and to promote health and safety for seniors.

Program Reduction
This proposal would reduce $86,000 GF to support the Senior Farmers Market Program. While it is a popular program at the local level, the 2007 USDA grant

regulations have made this an increasingly costly program to operate. This is a discretionary grant, and faced with the other reductions, continuing to operate this program cannot be justified.

Furthermore, this proposal eliminates $44,000 General Fund used for printing nutrition guidelines required to be disseminated to Senior Farmers Market participants. It is also used for updating, translating, designing and printing the CDA's brochures that identify local home and community services and publicize the statewide toll free 800 number to reach those services, emergency tip sheets, health promotion tip sheets, etc. Additionally, this funding provides for registration and travel costs for the CDA to participate in community outreach events that state departments are expected to attend.

Reduction Impacts
Approximately 30,000 seniors would not receive $20 worth of produce annually from farmers markets. The state would no longer apply for and receive $660,000 in federal USDA funds.

Translation of more CDA materials into other languages and reprinting brochures and tip sheets will only be done in years when expenditures result in available funds for these activities. Updates in English will continue to occur on the website. The CDA will also need to reduce its attendance at community outreach events that state departments routinely attend.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 30 - Supportive Services (Ombudsman and Elder Abuse)
Title: Long-Term Care Ombudsman – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$250**			**$250**	**0.0**
Governor's Budget					

Program Description
Long-Term Care (LTC) Ombudsman representatives act as advocates for frail, elderly, and disabled residents who live in more than 9,000 LTC facilities throughout California. There are 35 local programs located within 33 Area Agencies on Aging which represent the Office of the State Long-Term Care Ombudsman. The local LTC Ombudsman programs employ 163 paid staff that supervise 937 part-time LTC Ombudsman volunteers. Staff and volunteers received, investigated, and attempted to resolve more than 46,000 complaints made by or on behalf of residents in Fiscal Year (FY) 2005-06. The program also receives and investigates reports of suspected elder and dependent adult abuse and neglect in LTC facilities throughout California.

Program Reduction
Reductions would be made to all local LTC Ombudsman programs and would be allocated in FY 2008-09 using the LTC Ombudsman Funding Formula that is in Welfare and Institutions Code Section 9719.5. This formula allocates funding to all 35 local programs based on the percentage of LTC beds, facilities, and square miles in proportion to the total of these factors statewide. To achieve the necessary reductions totaling $250,000, reductions would have to occur in staffing and operating expenses. Local program reductions would range from $980 to $33,000 depending upon the size of the program. Most programs would eliminate part-time staff positions and reduce operating expenses, such as reimbursement to LTC Ombudsman volunteers for

mileage and travel expenses.

Reduction Impacts
With reduced staff, there would be delays in investigations of complaints and suspected elder abuse and neglect since paid Ombudsman staff conduct most of those investigations. If reimbursement for mileage and travel expenses is reduced, some volunteers may leave the program resulting in fewer LTC Ombudsman representatives to investigate complaints. LTC residents that may need immediate help could have to wait longer to have their complaints addressed.

No state match is required for the LTC Ombudsman program.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 - Special Projects
Title: Adult Day Health Care – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$19**		**$19**	**$38**	**0.5**
Governor's Budget					

Program Description
The Adult Day Health Care (ADHC) Program is a licensed community-based day health program. It provides services to frail older persons and adults with disabilities to delay or prevent their institutionalization. It seeks to maintain these individuals in their homes and communities for as long as possible. ADHC center services include: skilled nursing, physical, occupational, and speech therapies; psychiatric services; social services; nutrition services; therapeutic activities; and transportation, as needed. Over 92 percent of ADHC program participants are Medi-Cal beneficiaries. ADHC program participants have a wide range of diagnosis, including approximately 13 percent who have Alzheimer's disease or other dementias. The California Department of Aging's (CDA) ADHC Branch performs mandated activities associated with the certification of ADHC centers for participation in the Medi-Cal Program.

The CDA performs approximately 200 certification renewal and follow-up surveys annually to meet State statutory requirements for performing biannual certification renewal surveys of California's 324 licensed and certified ADHC centers.

The Local Assistance funding for ADHC does not reside in the CDA's budget.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
The proposed $38,000 ADHC program reduction will be accomplished by eliminating 0.5 Aging Program Analyst position. There are currently 27 budgeted positions in the ADHC program.

Reduction Impacts
The reduction will require other ADHC staff to perform increased workload associated with mandatory Medi-Cal certification activities, including certification surveys, certification application processing, and certification renewal. The impact on work is as follows: fewer non-required surveys on ADHC centers since all staff time will be needed to complete the mandatory surveys; less non-essential technical assistance and follow-up on corrective actions to ADHC centers or other preventive-type work; and, delayed processing of certification applications and performing necessary on-site monitoring and follow-up.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 - Special Projects (Community Based Services Program)
Title: AAA Administration – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$99**			**$99**	**0.0**
Governor's Budget					

Program Description
General Fund for Administration is provided to Area Agencies on Aging (AAAs) to administer Community-Based Services Programs (CBSP) at the local level. Administration activities include planning, contract administration, financial management, training, and policy development.

Program Reduction
The Department contracts with 33 Area Agencies on Aging to provide the administrative support for these programs. The proposed reduction of $99,000 will be allocated statewide across those AAAs that use a portion of CBSP funds for administration.

Reduction Impacts
The proposed reduction will not decrease the workload associated with the administration of the CBSPs. However, each AAA will be allowed to implement the funding reduction based on their local administrative requirements. The overall impact of this reduction on the AAAs will range from about $1,000 to $10,000, depending on the size of the program.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 - Special Projects (Community Based Services Program)
Title: Alzheimer's Day Care Resource Center – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$416**			**$416**	**0.0**
Governor's Budget					

Program Description
The Alzheimer's Day Care Resource Center (ADCRC) program provides day care for persons with Alzheimer's disease and other related dementias who are often unable to be served by other programs due to their advanced dementia. The ADCRC program is designed to provide facilities with the enhanced infrastructure needed to meet the needs of persons with moderate to severe levels of dementia.

Program Reduction
The $416,000 reduction will be allocated proportionately across the 33 Area Agencies on Aging (AAA) based upon their existing share of the total program funding. There are a total of 60 ADCRCs throughout the state, with each AAA funding at least one center. The total funding per AAA and per center varies greatly. Each center is required to have at least $80,000 of support from all funding sources (not just General Fund) for each center funded. The range of ADCRC funds each AAA receives is $40,000 to $527,000.

Reduction Impacts
Funding from the State allows adult day programs to provide specialized staffing, training, education, and support systems to provide care to persons suffering from moderate to severe levels of dementia. Local ADCRCs would have to determine

whether to reduce staff (and reduce clients) and/or programs or services such as outreach, transportation, etc. as a result of the reduction.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 – Special Projects (Community Based Services Program)
Title: Brown Bag Program – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$60			$60	0.0
Governor's Budget					

Program Description
The Brown Bag Program is a State-funded program that provides surplus and donated edible fruits, vegetables and other food products to low income individuals 60 years of age and older. The food is distributed to help supplement the nutritional needs of these older individuals. There is no fee charged to participants, although voluntary contributions can be made. Approximately 29,000 seniors are served annually in this program.

Food through the Brown Bag Program is distributed at various locations throughout the State. The types and amounts of food distributed vary depending on the season and other factors. Volunteers, the majority of whom are older individuals, sort and distribute the food items.

The Brown Bag Program was established in 1981 and is currently authorized under the Older Californians Act. The Area Agencies on Aging contract with local organizations to obtain food and distribute it to California's eligible population. These foods are procured at minimal or no cost from farmers, food manufacturers, grocery stores, and food banks.

Program Reduction
The reduction of $60,104 will be spread equally across all 600 Brown Bag sites, resulting in a loss of approximately $100 per site. Approximately 25 providers in

California, including food banks and other community agencies, provide service at over 600 BB sites.

Reduction Impacts
Currently, each provider receives an average of $23,000 per year in General Funds to operate the program. The $60,104 reduction would be spread equally across all sites, resulting in a loss of $100 per site.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 – Special Projects (Community Based Services Program)
Title: Linkages – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$544**			**$544**	**0.0**
Governor's Budget					

Program Description
The Linkages Program provides care management services to elderly and younger adults aged 18 and older with functional impairments who are at risk of institutionalization. Many of these programs operate at the local level in conjunction with Multipurpose Senior Services Programs (MSSP) and other Older Americans Act case management programs, providing referrals and cross-support. Linkages clients do not need to be eligible for Medi-Cal, but many of them are or are very close to spending down and may easily become eligible. The Linkages Program is provided through 36 sites throughout the state. In FY 2005-06, the program served an estimated 5,229 individuals.

Program Reduction
The proposed $544,000 reduction would be allocated equally across all sites.

Reduction Impacts
This proposal would result in a $15,111 reduction to each of 36 sites and would reduce the number of individuals served statewide by 335.

Calculation Methodology:

- $544,000/$1,622 cost per client = 335 clients

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The clients who will be terminated from the program will be placed on a waiting list if they cannot find alternative supports.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 – Special Projects (Community Based Services Program)
Title: Respite – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$35**			**$35**	**0.0**
Governor's Budget					

Program Description
The Respite Purchase of Service (RPOS) program provides limited funding for the purchase of temporary services for frail elderly or adults with functional impairments. These respite services temporarily relieve family caregivers of their caregiving duties. There are 29 Area Agencies on Aging (AAAs) that administer this program. In Fiscal Year 2005-06, approximately 377 families received services through the RPOS Program.

Program Reduction
$35,265 will be reduced from 29 Respite programs. This means that each program will be reduced by $1,216. Approximately $450 is allocated to each client for services. Therefore, this reduction will result in 78 fewer clients being served.

Calculation Methodology:

- $35,265/$450 (total amount allowed per client per year) = 78 clients

Reduction Impacts
As program funds are reduced, AAAs may determine if operation of this small program is no longer feasible. Also, RPOS Programs operate in close coordination with the Linkages Program; Linkages programs are permitted to

use RPOS funding to augment their ability to provide respite services. Therefore, this reduction also negatively impacts Linkages.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 - Special Projects (Community Based Services Program)
Title: Senior Companion Program – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$35**			**$35**	**0.0**
Governor's Budget					

Program Description
The Senior Companion Program (SCP) is a dual purpose program. It provides services to seniors with physical, emotional or mental health limitations, the majority of which are considered at-risk for placement in a nursing home, and it provides low-income senior volunteers a tax exempt stipend of $2.65 per hour to provide peer support to frail older persons in their local communities.

A volunteer must be 60 years of age or older, serve at least 5 frail senior clients, work between 15 to 40 hours per week, and have an income that does not exceed 125% of the poverty level.

Program Reduction
The proposed $35,000 reduction would be allocated to the 16 funded SCPs statewide.

Reduction Impacts
A volunteer position (the Senior Companion) is funded annually at a rate of $4,676 per volunteer. This reduction would result in a reduction of 8 volunteer positions statewide ($35,000/$4,676=7.49 positions). In order to spread the reduction equally among the 16 programs, each SCP's allocation would be reduced by $2,188 ($35,000/16=$2,188) or the approximate equivalent of one-half of a volunteer position.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The proposed reduction would result in a loss of income to 16 volunteers who would be reduced to a half-time position. Additionally, 40 clients (ratio is 5:1) currently being visited by a Senior Companion would no longer be served.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 40 - Special Projects (Multipurpose Senior Services Program)
Title: Multipurpose Senior Services Program – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,526	$2,526		$5,052	0
Governor's Budget					

The Multipurpose Senior Services Program (MSSP) is a Medi-Cal home and community-based service (HCBS) waiver administered through an agreement between the Department of Health Care Services (DHCS) and the CDA and operated by 41 MSSP sites statewide. The MSSP's primary objective is to maintain elderly (65+) Medi-Cal individuals, who meet the nursing home level of care, in community settings, thus preventing or delaying inappropriate nursing facility placement. MSSP General Fund expenditures are matched by federal reimbursement. The current Federal Medical Assistance Percentage rate is 50 percent.

The Local Assistance (L/A) budget, although shown residing with CDA in the Governor's Budget, is not administered by the CDA. The funds are automatically transferred to DHCS immediately after the budget is enacted (Budget Act of 2007, Section 4170-101-001, Provision 3). Therefore, although this L/A reduction is a part of the reduction to CDA's budget, the actual control and disbursement of the L/A funds rests with DHCS. Also, if this proposal is enacted, the CDA's budget would reflect a $2.526 million reduction, although the total reduction would be $5.052 million ($2.526 million experienced by DHCS).

Program Reduction
The proposed reduction in MSSP L/A will be achieved by reducing the MSSP L/A

budget by 10 percent. This will result in a General Fund reduction of $2.526 million and a corresponding Federal Fund reduction of $2.526 million (the latter reduction would be experienced by DHCS). The total L/A reduction will be $5.052 million

The cut will be distributed equally among the 41 MSSP sites. This equates to an overall reduction of 1,179 client slots ($5.052 million/$4,285 per client slot). Each slot supports 1.17 individuals. Therefore, 1,380 clients will be reduced from the program statewide.

Reduction Impacts
Reduction of 1,179 client slots. The 10 percent reduction to L/A will be spread across all MSSP sites.

Each of the 41 sites will see a reduction in the number of client slots available. These reductions range from 94 to 2 slots. The MSSP waiver requires a 40:1 staffing ratio (40 clients per care manager). Each site would have to follow its own HR policies and procedures if staff reductions are required.

The GF reduction will have a corresponding reduction in the ability to claim Federal Funds.

Timing of Implementation
Federal waiver requirements do not allow a reduction in clients due to state budgetary shortfalls/cuts. Therefore, the reductions at each site will need to take place by attrition. However, CDA will monitor budget deliberations closely to provide as much advance notification of budget reductions as possible to local programs to ensure full annual cost savings are achieved during the budget year.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4170 California Department of Aging
Program 97 - Senior Legal Hotline
Title: Senior Legal Hotline – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$25**			**$25**	**0.0**
Governor's Budget					

Program Description
The Senior Legal Hotline (SLH) provides brief telephone services to older Californians age 60 and older who seek legal help with issues including wills, landlord/tenant disputes, social security and health benefits, and scams. SLH, a program provided by Legal Services of Northern California, relies on Older Americans Act funds (Title III), private foundation grants, and donations to support its activities. This is the first year the SLH has received state funding. Previously, SLH had received approximately $100,000 annually in federal discretionary grant funds from the Administration on Aging, but that federal grant is now only available to state agencies. The CDA partnered with the SLH in August 2007 to apply for the three-year grant but was unsuccessful in its effort.

Program Reduction
The proposed $25,000 reduction represents a 10% reduction in the allocation to the SLH. The CDA has no state operations supporting this program.

Reduction Impacts
This reduction will have some impact on the SLH's ability to expand services statewide but should not impact its ability to continue services at the current level.

This is the first fiscal year that this program has received a General Fund appropriation so there is no data available on the known impacts of a reduction. The CDA's current

year contract with SLH requires SLH to provide a minimum of 3,000 hours in legal casework, which amounts to approximately 2,500 new cases.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a statutory or regulatory change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)
Alcohol and Other Drug Programs

Title: Alcohol and Other Drug Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$154,207	$280,949	$100,355		
Reductions	$2,517	$400		$2,917	0
Governor's Budget	$151,690	$280,549	$100,355		
2008-09					
Workload Budget	$161,054	$279,647	$103,946		
Reductions	$16,105	$ 8,559		$24,644	5.8
Governor's Budget	$144,949	$271,088	$103,946		

Program Description
The Alcohol and Other Drug Services Program assists counties in providing appropriate prevention, treatment, and recovery services to help Californians have healthy lives free of alcohol and other drug-related problems and become contributing members of their communities.

Program Reduction
Local Assistance: This reduction will reduce Drug Medi-Cal reimbursement rates and contract allocations to counties and other providers of drug treatment, prevention, and recovery services.

State Support: This reduction will reduce 5.8 positions and reduce contract funding for projects such as the California Methamphetamine Initiative and implementation of HIPAA.

Exempt Programs: The workload budget exempts $8.9 million General Fund for Parolee Services, which is passed through to the Department of Corrections and Rehabilitation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)
Title: Non-Drug Medi-Cal Regular

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$244			$244	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$733			$733	
Governor's Budget					

Program Description
These funds provide counties with the flexibility to meet local alcohol and other drug (AOD) needs and can be used for all AOD activities and ancillary services, to all populations. Services funded can cover the full range of the continuum of services – prevention, intervention, screening, assessment, referral, treatment and recovery services, drug testing, case management, and transportation to and from treatment. These funds can be used to serve men, women and youth who are not in the criminal justice system, court referred, or a Medi-Cal beneficiary.

Program Reduction
Local Assistance: This reduction represents a decrease to county allocations that support discretionary AOD activities at the local level.

State Support: A corresponding State Support reduction in contract dollars will also be implemented in FY 2008-09.

Reduction Impacts
This reduction will result in decreased funding to counties and fewer persons served. However, since these funds are used based on the local needs determined by each county, the impact on clients is unknown at this time.

Timing of Implementation
This reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)

Title: Drug Medi-Cal Program Rates

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$100	$100		$200	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$8,846	$ 8,472		$17,318	5.3
Governor's Budget					

Program Description

The Drug Medi-Cal (DMC) Program provides substance abuse services to those persons lacking health insurance and meeting income eligibility requirements, currently those with incomes up to 250% of the federal poverty level. The DMC program provides confidential substance abuse services to youth through age 20. Services include: Outpatient Drug Free (ODF), Naltrexone, and Narcotic Treatment Program (NTP). In addition, Day Care Rehabilitative (DCR) services and Residential Treatment are available for pregnant and postpartum women full scope and youth whose family meets income eligibility.

Program Reduction

Local Assistance: This reduction represents an across-the-board 10% decrease to the developed rates by DMC modality, beginning in 2008-09.

State Support: A corresponding decrease of 5.3 positions and $388,000 General Fund and $388,000 in federal fund reimbursements from the Department of Health Care Services is included in this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
A reduction in provider rates may reduce the scope of DMC services available to eligible individuals.

Timing of Implementation
This reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Since this will deviate from the rate development methodology outlined in statute, Trailer Bill Language will reflect this reduction to the rates for FY 2008-09. This permits the continuation of medically needed services to Medi-Cal patients by program providers whose costs are within the rate.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)
Title: California Methamphetamine Initiative

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$360			$360	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,000			$1,000	0
Governor's Budget					0

Program Description
The California Methamphetamine Initiative (CMI) is a statewide campaign to reduce and prevent abuse of methamphetamine among gay men and men who have sex with men, women of child bearing years, and teens.

The components of the CMI include a statewide social marketing campaign, a Methamphetamine Toolkit to educate treatment practitioners on effective treatment practices and an educational/informational DVD series for treatment providers, families and county administrators.

Program Reduction
This proposal would result in a $1 million reduction from the social marketing campaign.

Reduction Impacts
Reducing the campaign budget means that fewer people will see the campaign message; the ad buy will be smaller and the campaign would develop fewer collateral materials. A smaller budget could reduce the number of people who stop or do not start methamphetamine abuse.

Timing of Implementation
This reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)

Title: Drug Court Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$1,031			$1,031	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$3,093			$3,093	0.5
Governor's Budget					

Program Description

The Department of Alcohol and Drug Programs (ADP) funds and oversees three drug court programs: the Comprehensive Drug Court Implementation (CDCI), Drug Court Partnership (DCP) and Dependency Drug Court. The funding for CDCI are in support of adult, juvenile, dependency, and family drug courts. DCP funds are in support of adult drug courts. Dependency Drug Court funding serves cases with a substance abuse charge against a parent.

The goals of drug court programs are to:

- reduce drug usage and recidivism;
- provide court supervised treatment;
- integrate drug treatment with other rehabilitation services to promote long-term recovery and reduce social costs;
- reduce the number of children in the Child Welfare System
- access federal and State support for local drug courts.

Program Reduction

Local Assistance: This reduction represents a 10% decrease to the current county funding for CDCI, DCP and Dependency Drug Court programs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

State Support: A corresponding reduction of 0.5 positions in State Support would be eliminated.

Reduction Impacts

Adult Drug Court programs currently serve approximately 2,118 adult felons per year, 974 dependents who were reunified with one or both parents, and 121 juvenile clients. The reduction in local assistance would decrease the number of clients served; however, the decreased number of clients served is unknown due to the nature of the program. The following are additional impacts associated with this reduction:

- If drug offenders are sentenced to jail/prison without the benefit of treatment to help minimize relapsing criminal behavior, this would create a gap in service delivery and could result in an increased recidivism.
- Counties may decrease the number of positions for counseling, probation, and services funded for drug courts and may reduce contracts with providers for services.
- Counties sentence clients into drug courts based on the number of program slots and other services available in the county. Decreased funding may result in more clients serving jail/prison terms and an increase in associated state and local costs.

Timing of Implementation

These reductions will be effective March 1, 2008.

Statutory and/or Regulatory Change

None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)

Title: Non-Drug Medi-Cal Perinatal

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$782			$782	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,346			$2,346	
Governor's Budget					

Program Description
The Perinatal program provides alcohol and other drug (AOD) treatment and ancillary services to pregnant and parenting women with children up to age 18. Services funded can cover the treatment assessment, intake, treatment planning, individual and group counseling, education, parenting skills, case management, transportation to and from treatment and medical care.

Program Reduction
Local Assistance: This reduction represents a decrease of $2.3 million to the current $23.5 million allocation to counties for perinatal services.

Reduction Impacts
This reduction will impact the number of pregnant and parenting women served. However, since these funds are used based on the local needs determined by each county, the impact on clients is unknown at this time.

Timing of Implementation
This reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)

Title: HIPAA

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$87	$87		$174	
Governor's Budget					

Program Description
The ADP Health Insurance Portability and Accountability Act (HIPAA) project is a multi-year project assessing and implementing changes as a result of the various HIPAA rules.

Program Reduction
State Support: This reduction represents a decrease of contract dollars in support of HIPAA activities. There is a corresponding $87,000 reduction in federal fund reimbursement from the Department of Health Care Services.

Reduction Impacts
No significant impact is anticipated, as this project is near completion.

Timing of Implementation
This reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)

Title: Substance Abuse Offender Treatment Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$20,000				
Reductions	$667			$667	
Governor's Budget	$19,333				
2008-09					
Workload Budget	$20,000				
Reductions	$2,000			$2,000	0.4
Governor's Budget	$18,000				

Program Description

The Substance Abuse Offender Treatment Program (OTP) was enacted by Assembly Bill 1808 (Chapter 75, Statutes of 2006), adding Health and Safety Code Division 10.10. The intent of OTP was to improve treatment program outcomes for Substance Abuse and Crime Prevention Act (SACPA) offenders and ultimately enhance cost savings identified through the University of California Los Angeles (UCLA) Cost Analysis Report 2006. Ongoing funding is pending annual appropriation.

The funding for SACPA and OTP is used to achieve the following:

1 Preserve jail and prison beds for serious and violent offenders;
2 Enhance public safety by reducing drug related crime; and
3 Improve public health by reducing drug abuse through proven and effective treatment strategies.

Program Reduction

Local Assistance: This reduction represents a 10% decrease ($1.97 million) to the current county allocation of $19.7 million for OTP treatment services to SACPA-eligible clients. SACPA/OTP currently serves approximately 48,000 clients a year.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

State Support: A corresponding reduction of 0.4 position and $30,000 in State Support would be eliminated at the state level to oversee OTP.

Reduction Impacts
Reduced funding for treatment services and supervision may increase the risk to public safety, as some offenders may be released without access to treatment services. With reduced treatment services, criminal justice supervision; recidivism and associated costs may increase for the State General Fund through the Department of Corrections and Rehabilitation (CDCR).

Timing of Implementation
These reductions will be effective March 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4200 Department of Alcohol and Drug Programs (ADP)

Title: Substance Abuse and Crime Prevention Act

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$100,046				
Reductions	$3,336			$3,336	
Governor's Budget	$96,710				
2008-09					
Workload Budget	$100,079				
Reductions	$10,008			$10,008	3.0
Governor's Budget	$90,071				

Program Description

California voters approved the Substance Abuse and Crime Prevention Act (SACPA) on November 7, 2000, and the measure became effective on a statewide basis July 1, 2001. Under SACPA eligible nonviolent drug offenders are sentenced to drug treatment rather than jail or prison.

The funding for SACPA has been used to accomplish the following:

1 Preserve jail and prison cells for serious and violent offenders;
2 Enhance public safety by reducing drug related crime; and
3 Improve public health by reducing drug abuse through proven and effective treatment strategies.

Program Reduction

Local Assistance: This reduction represents a 10% decrease to the current county allocation for SACPA treatment, supervision and other ancillary activities.

State Support: A corresponding elimination of 3.0 positions is necessary in state support costs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reduced funding for treatment services and supervision may increase the risk to public safety, as some offenders may be released without access to treatment services. With reduced treatment services, criminal justice supervision; recidivism and associated costs may increase for the State General Fund through the Department of Corrections and Rehabilitation.

Timing of Implementation
These reductions will be effective March 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal State Operations
Title: Summary of Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$				
Reductions	$			$	0.0
Governor's Budget	$				
2008-09					
Workload Budget	$125,141	$249,860	$22,998		
Reductions	$6,662	$7,700	$0	$14,362	113.3
Governor's Budget	$118,479	$242,160	$22,998		

Program Description
Medi-Cal program staff are responsible for coordinating and directing the delivery of health care services to low-income Californians. Medi-Cal provides access to quality medical care in a fiscally prudent manner through both fee-for-service and managed care delivery systems. Medi-Cal activities are carried out through 12 Divisions and 2 Program Offices. The Divisions include: Medi-Cal Benefits, Waivers Analysis, and Rates; Medi-Cal Managed Care; Medi-Cal Eligibility; Long Term Care; Pharmacy Benefits; Provider Enrollment; Utilization Management; Third Party Liability and Recovery; Safety Net Financing; Fiscal Intermediary and Contracts Oversight; Systems of Care; and Audits and Investigations. The Program Offices include: Office of Medi-Cal Procurement and the Office of Health Insurance Portability and Accountability Act (HIPAA) Compliance.

Program Reduction
Reduction proposals include elimination of positions and reductions in contract funding. Details for each proposal are provided in the individual write-ups. The Third Party Recovery and the Audits and Investigations Divisions (totaling $5.537 million General Fund) were exempted from the reduction since they are revenue producing activities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The impacts for each reduction proposal are provided in the individual write-ups.

Timing of Implementation
These reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change
These reductions will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division

Title: Reduction in Clerical Support Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$35	$35		$70	1.0
Governor's budget					

Program Description

The Pharmacy Benefit Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These outpatient drug and product lists are used by physicians when prescribing appropriate drug therapies and other treatments for fee-for-service (FFS) Medi-Cal patients. Generally, products not specifically listed, or listed with utilization controls, remain a Medi-Cal benefit subject to prior authorization from a Medi-Cal consultant. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies. The Office Technicians (OT) provide administrative and clerical support to the Division Chief, as well as the professional and non-professional staff in PBD. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is for the PBD clerical support is 3.0 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would reduce 1.0 Office Technician.

Reduction Impacts
The clerical staff supports approximately 60 positions in the division. The positions respond to telephone inquiries from Medi-Cal beneficiaries on pharmacy issues, type correspondence, maintain contracts for data reference materials, proofread and prepare documents for signature, and track assignments, correspondence, and reports. The OT position being reduced also maintains the Division Chief's calendar, schedule meetings, arranges conference calls with State and Federal agencies and other departmental offices, and handles travel expense claims.

The loss of one OT will reduce the availability of clerical assistance to PBD, resulting in backlogs in processing contracts and incomplete assignments due to the lack of tracking activities.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division

Title: Reduction in Pharmacy Data Unit Staff by 2 positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$104	$104		$208	2.0
Governor's Budget					

Program Description

The Pharmacy Benefits Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These outpatient drug and product lists are used by physicians when prescribing appropriate drug therapies and other treatments for fee-for-service (FFS) Medi-Cal patients. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies.

Created in 2004, the Data Unit within PBD is responsible for data mining and analytical support for the division. Specifically, Data Unit staff perform a variety of data matching, analysis, trending, and statistical activities to enhance PBD' cost savings including: supporting provider education, managing reports used to re-evaluate and/or develop new policy, and provide progress indicators on a variety of PBD' program activities. The

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The current authorized staffing for the Pharmacy Data Unit is 4.0 positions, consisting of a Pharmaceutical Consultant II Supervisor (PCII), a Research Program Specialist II (RPS II), a Research Program Specialist I (RPS I) and a Research Analyst II (RA II). The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction
This proposal would eliminate 1.0 RPS II position and 1.0 RA II position in the Pharmacy Data Unit within PBD.

Reduction Impacts
Internally, there will be a direct impact on those who use the Data Unit's services including: the contract negotiating pharmacists within PBD; the Audits and Investigations Division, which works with the Data Unit on a regular basis regarding fraud and abuse cases; the CalMEND Program, which has depended on the Data Unit for data analysis; and the DUR Board, for which the Data Unit performs various analyses on drug utilization.

The loss of the two research and analytical positions would significantly reduce the amount of data analysis support that can be provided for the PBD. The response time for immediate data analysis that is often requested by higher levels of DHCS management would be extended or would impede the completion of ongoing staff work. Research support for the Drug Utilization Review (DUR) Board, the CalMEND program (a multi departmental effort to develop and implement a statewide mental health care management program), drug contracting, and other product contracting would be diminished, thus potentially delaying the implementation of policy decisions that would improve the quality of care in the Medi-Cal program. Over time, the drug contracting decisions would be made without research information, which would impact DHCS' ability to make informed policy decisions and the quality of medications provided to Medi-Cal beneficiaries.

In addition, the Data Unit has supported the Audits & Investigation Division (A&I) by helping them use SURS Prospector, a pharmacy claims database designed to identify fraud. Without these positions, this support would be greatly reduced.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division

Title: Reduction in Pharmacy Policy Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$46	$121		$167	1.0
Governor's Budget					

Program Description

The Medi-Cal Pharmacy Benefit Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These outpatient drug and product lists are used by physicians when prescribing appropriate drug therapies and other treatments for fee-for-service (FFS) Medi-Cal patients. Generally, products not specifically listed, or with listed with utilization controls, remain a Medi-Cal benefit subject to prior authorization from a Medi-Cal consultant. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies.

The Policy Branch, created in 2002, is responsible for the development of budget proposals and estimates, analysis of State and Federal law, regulation and policy changes; consultation with legal staff on court actions, with Fiscal Intermediary Contract Oversight Division and the fiscal intermediary on changes to the pharmacy claims

processing system and the Rebate Accounting Information System. The branch also analyzes, responds to and develops alternate decisions to provider appeals and fair hearings. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Pharmacy Policy unit is 7.0 positions

Program Reduction
This proposal would eliminate 1.0 Pharmaceutical Consultant II, Specialist (PCII) position.

Reduction Impacts
Policy Branch staff are working on a number of labor intensive projects and the loss of a PCII would create additional burden on the other PCII staff. Implementation of new policies or programs will be delayed due to the additional workload, leading to a reduction in General Fund Savings.

A good example of this is the implementation of the new Average Manufacturer Price based Selling Price and Maximum Allowable Ingredient Cost reimbursement for pharmacy providers pursuant to the 2007 Health Budget Trailer Bill. Significant analysis of comparable drugs and their pricing has to occur to implement this new reimbursement methodology. It is anticipated that there could be Local Assistance savings associated with this change, which is indeterminate at this time.

The loss of a PC II would delay implementation or oversight of quality of care programs such as CalMEND and the Drug Utilization Review Advisory Committee, resulting in extended response times for immediate policy analysis that is often requested by higher levels of DHCS management. Ongoing work with the Office of Legal Services on current and potential lawsuits, will also be impacted.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division

Title: Reduction in Enteral/Medical Supply Benefit Branch Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$46	$121		$167	1.0
Governor's Budget					

Program Description

The Pharmacy Benefit Division (PBD) in the Department of Health Care Services (DHCS) maintains the Medi-Cal List of Contract Drugs, the lists of contract medical supplies, incontinence supplies, and nutritional products. This work improves the quality of products provided Medi-Cal beneficiaries and reduces the cost of the Medi-Cal program. These lists are used by physicians when prescribing appropriate drug therapies and/or medical treatments for fee-for-service (FFS) Medi-Cal patients. Generally drugs not specifically listed or listed with utilization controls remain a Medi-Cal benefit subject to prior authorization from a Medi-Cal consultant; however medical supplies and enteral nutritional products not specifically listed are not a benefit of Medi-Cal and are not available through prior authorization. The PBD also is responsible for administering policy development, interpretation, and implementation of State and Federal statutes, collection of rebate monies from product manufacturers, development of issue papers, legislative proposals, regulation changes and policy proposals on a variety of pharmaceutical policy issues related to Medi-Cal and technical support for DHCS programs and multiple other State agencies.

The Enteral/Medical Supplies Benefit Branch within the PBD, created in 2002, is responsible for establishing and maintaining the policy governing the disposable medical supply and enteral nutritional benefit for PBD. Specifically, the Branch

performs a variety of contracting, policy-making, legislative review, systems analysis, rebate invoicing, and stakeholder communication activities. These activities provide PBD' cost savings through contracted acquisition and rebate based contracting, development and implementation of policy to prevent fraud and abuse of Enteral/Medical supply products, and through improvements in the policies regarding medical supply/enteral supply claims processes. The Branch also works with federal agencies, such as the Centers for Medicare & Medicaid Services, to establish coding and claims processing standards for Enteral/Medical supplies. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Enteral/Medical Supply Benefit Branch is 6.5 positions.

Program Reduction

This proposal will reduce the Enteral/Medical Supply Benefit Branch by 1.0 PCII position.

Reduction Impacts
The DHCS contracts for medical supply products and maintains a List of Contract Medical Supplies for purposes of savings to the State. The loss of approximately 50 percent the PC II medical supply staff would significantly reduce the amount of medical supply product category reviews (PCR) and the number of medical supply contracts that can be negotiated by PBD. Improvements to claims processing made possible for providers through establishing a contracted list of medical supply products would be significantly delayed, and administrative costs for maintaining a claims processing system dependant on identifying and pricing non-contracted, non-reviewed, medical supply products would remain elevated.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Utilization Management Division (UMD)

Title: Reduction of Two Positions and Contract Funding in the Program Support Section

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$134	$134		$268	2.0
Governor's Budget					

Program Description

The Program Support Section (PSS) within the Utilization Management Division (UMD) provides administrative support for approximately 900 staff in seven Divisions. These Divisions, which have a total support budget of $150 million, are UMD; Safety Net Financing Division (SNFD); Long Term Care Division (LTCD); Systems of Care Division (SCD); Benefits, Waivers and Rates Division (BWRD); Eligibility Division (ED); and Pharmacy Benefits Division (PBD).

Staff in PSS oversee all activities concerning the monitoring of the budgets, review of Budget Change Proposals, hiring of personnel, processing and oversight of contracts, facilities management and space planning, purchasing of equipment and supplies, oversight and updating of the Medicaid State Plan, processing of training requests, and the review and processing of legislative bill analyses and legislative proposals for these seven divisions. In addition, PSS processes attendance and benefits for UMD and SNFD and functions as a liaison with DHCS' Privacy Office to ensure that confidentiality of protected health information is maintained at all times.

In addition, UMD administers the University Enterprise Inc., student contract. This contract provides student assistants who assist with Information Technology (IT) activities, appeals and litigation cases, as well as various clerical support duties.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The University Enterprise, Inc. contract provides 20 student assistants for SNFD, LTCD, UMD and the Deputy Director's Office. The PSS currently has 23 authorized positions. Vacancies are through normal attrition and are filled as quickly as possible.

Program Reduction
This proposal will reduce clerical support by 2.0 Office Technician (Typing) positions in the PSS and reduce the University Enterprises Inc. student contract funding from $233,000 per year to $86,000.

Reduction Impacts
This reduction will eliminate the PSS clerical support resulting in the redirection of clerical duties to analytical staff to provide day-to-day support functions (e.g., answering phones, typing correspondence, mail distribution, attendance, and benefits coordination). The volume of work per analyst will increase, causing significant delays in responses to information requests and fiscal inquiries from departmental staff, other state agencies, the legislature, contractors, and the general public.

Reduction of the student contract decreases student assistant staffing by 65 percent. The essential services provided by the student assistants will be reassigned to other staff resulting in increased workload of the analysts assigned to Treatment Authorization Request (TAR) appeals and litigation process. This will reduce the ability of DHCS to support the Attorney General in defense of TAR lawsuits and cause a delay in batching and coding of TARs in the field offices, which will extend processing time.

In addition, critical IT functions, such as inventory for hardware and office equipment, first level desktop support for software and hardware issues, installing software for end-users, setting up workstations, moving workstations, would not be done by knowledgeable staff in a timely manner and in some instances might not be completed at all.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Utilization Management Division (UMD)

Title: Treatment Authorization Section and Quality Assurance Unit Staff Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$395	$719		$1114	11.0
Governor's Budget					

Program Description

The Medi-Cal Utilization Management Division (UMD) adjudicates medical and pharmaceutical provider treatment authorization requests (TARs) for services to Medi-Cal beneficiaries. These TARs are adjudicated by medical staff based on the "medical necessity" of these services for Medi-Cal beneficiaries. The TAR process: (1) ensures that Medi-Cal only pays for high cost services that are medically necessary and at the lowest cost alternative that meets the beneficiary's medical condition; (2) ensures that Medi-Cal pays for safe and effective prescriptions that provide Medi-Cal with the lowest net cost to the State; (3) identifies beneficiaries who are getting more than six prescriptions a month, potentially from several pharmacies, and ensures that those prescriptions are medically necessary and that there are no harmful effects from the combination of medications the patient is taking, such as drug-drug interactions; and (4) saves the State $386 million, as many providers know Medi-Cal policy and do not request TARS for medically unnecessary services or for drugs that are not the lowest net cost to the State.

Should a TAR be denied or modified, Medi-Cal providers have the regulatory right to an appeal. These appeals, accompanied by associated medical files and documents, must be submitted to the UMD, TAR Administrative Remedy Section (TARARS). On an

average, 2,500 TARS are appealed each month. This process allows an independent review of the field office TAR decision.

In order to improve the uniformity and standardization of field office TAR processing, a Quality Assurance and Program Integrity (QAPI) Unit was established in UMD in July 2006. The QAPI Unit is responsible for providing utilization management oversight to ensure consistent adjudication of TARs and appeals, the uniform application of Medi-Cal policies, and the generation of reliable data to be used in the analysis of TAR data. This has improved UMD's ability to maximize quality assurance, ensure all provider's TARs are treated equally, and maintain program integrity in the Medi-Cal Field Offices statewide. The only vacancies in this unit are normal attrition and vacancies are filled as quickly as possible.

The QAPI Unit authorized staffing is 8.0 and the TARARS Section current authorized staffing is 45.8. In total the current authorized staffing is 53.8 positions.

Program Reductions
This proposal would reduce TARARS by 5.0 Nurse Evaluator II positions, 3.0 SSA positions, and 1 Medical Consultant I position. This Proposal would also reduce QAPI by 1.0 Office Technician (Typing) position and 1.0 AGPA position.

Reduction Impacts
Reducing nine staff in TARARS will lengthen the response time for the provider to receive a final TAR appeal decision, and increase the existing backlog of appeals. Increasing the backlog will delay when the provider can submit a claim for reimbursement of services if the appeal is granted, and extend the wait time for providers to find out if their appeal is denied.

Ensuring consistent TAR decisions based on consistent adjudication criteria improves program integrity, quality of care, and access to care, and contributes toward the prudent fiscal management of resources. Reducing two staff from the QAPI Unit will diminish the ability to measure, diagnose and develop corrective actions to produce and maintain consistency in TAR adjudications.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division (SNFD)

Title: Reduction of One Hospital Audit Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$46			$46	1.0
Governor's Budget					

Program Description

The Non-Contracting Hospital Recoupment Unit (NHRU) administers a cost containment program that was established in 1981. The cost containment program is applicable to hospitals that do not contract with DHCS under the Selective Provider Contracting Program for the provision of inpatient hospital care for Medi-Cal beneficiaries. Non-contract hospital inpatient claims are paid at a percentage of charges (an interim reimbursement rate). The NHRU conducts cost-containment audits that result in a final allowable rate of reimbursement. If a hospital has been paid over the allowable rate, the NHRU initiates a recoupment of the overpayment. Recoupment demands have appeal rights which result in administrative law hearings and court cases. Currently, approximately 200 hospitals are subject to this program audit.

The NHRU [6 positions, approximately $417,000 Total Funds, $208,500 General Fund (GF)] is responsible for administering this program. This unit has collected overpayment of approximately $2.5 million annually over the past three years. The position proposed for reduction is currently filled. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction

Reduction of 1.0 Health Program Auditor III position.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The proposed staff reduction will likely result in delays determining the appropriate cost containment rate for non-contracting hospitals as the workload currently handled by this staff cannot be absorbed by the other HPA IIIs without impacting the quality of the audits.

It could also result in having to reduce the time spent on each audit to keep up with the workload, thus potentially impacting the quality of the audits and the collection of GF overpayments. These delays in the collection of overpaid GF would also allow for the loss of potential interest earned.

Timing of Implementation
The position reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division (SNFD)

Title: Reducing DSH Eligibility and Payment Processing Staff by Two Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$90			$90	2.0
Governor's Budget					

Program Description

The Disproportionate Share Hospital (DSH) program was established in 1991 to reimburse hospitals for the uncompensated care costs for providing health care services to Med-Cal beneficiaries and low-income, uninsured individuals. Effective July 1, 2005, all but a very small amount of the $1.03 billion annual DSH allotment is distributed to public hospitals. Designated public hospitals (DPHs) receive federal funds from the DSH allotment based on their certified public expenditures (CPEs) and intergovernmental transfers (IGTs). Nondesignated public hospitals (NDPHs) receive federal funds from the DSH allotment using State General Fund (GF) monies to draw down the federal funds. Private hospitals receive what is called "DSH replacement" payments comprised of GF and federal funds. These federal funds are not drawn down from the annual DSH allotment. DSH replacement payments for eligible private hospitals are estimated to be $464 million (TF).

DHCS estimates that it will provide over $2.1 billion in reimbursement payments to participating DSH hospitals in Fiscal Year 2007-08.

The combined DSH Eligibility and Payment units (14 positions, approximately $1.2 million Total Funds, $600,000 GF) are responsible for administering this program. These units determine the hospitals' DSH eligibility; collect hospitals' data; compute the

hospitals' pro-rata DSH share; and disburse DSH and DSH replacement payments.

On an annual basis, the DSH Eligibility Unit reviews and analyzes more than 400 licensed hospitals to determine which hospitals are eligilible to participate in the DSH program. The DSH Eligibility Unit provides each hospital an opportunity to review and correct the underlying data that results in an eligibility determination. The DSH Payment Unit determines the pro-

rata DSH amount to the 150 DSH-eligibile hospitals based on paid claims data, health plan surveys, and other surveys that are required under the Medicaid State Plan. In accordance with State law, the DSH Payment Unit makes monthly DSH payments to NDPHs and private hospitals, based on the formula specified in the State Plan. In addition, the DSH Payment Unit invoices, collects, and tracks IGTs from DPHs that are used as the non-federal share of some of the DSH payments. Any overpayments to DSH hospitals are collected by the DSH Payment Unit and redistributed to other DSH-eligible hospitals. Both positions proposed for reduction are currently filled. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for DHS Eligibility Unit is 14.0 positions.

Program Reduction
Reduction of 1.0 Research Analyst II position from the DSH Payment Unit and 1.0 Research Analyst II position from the DSH Eligibility Unit.

Reduction Impacts
The staff reduction in these DSH Units might result in indeterminate delays in both determining the eligibility of the 150-160 hospitals each year, and the dispersment of the monthly DSH payments of $2.1 billion to DPHs, NDPHs and private hospitals. It may also impact the quality of the review process that is used for DSH eligibility decisions. The workload performed by these staff cannot be redirected to other staff without adversely impacting their current responsibilities.

Timing of Implementation
The position reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division (SNFD)

Title: Reducing Hospital Payment Processing Staff by One Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$45			$45	1.0
Governor's Budget					

Program Description

The Construction/Renovation Reimbursement Program (CRRP) was established in 1988 by SB 1732. This is an ancillary program to the Medi-Cal Selective Provider Contracting Program, and is funded with State and federal funds. Under the CRRP, the Department of Health Care Services (DHCS) provides partial reimbursement of the debt service incurred on revenue bonds for the construction, renovation, replacement or retrofitting of hospitals and/or their ancillary or fixed equipment used to provide patient care. In addition, SB 1128 allows certain hospitals that maintain distinct-part nursing facilities that met certain criteria in 1998 to receive partial debt service reimbursement for similar construction and renovation projects as those allowed for CRRP. Currently, 24 hospitals are participating in the two programs. The Inpatient Contracts and Monitoring Section (ICMS) [14 positions, approximately $1.2 million Total Funds, $600,000 General Fund (GF)] is responsible for administering these programs. DHCS estimates that it will provide over $120 million in reimbursements to participating facilities in Fiscal Year 2007-08. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction

The reduction of 1.0 Associate Accounting Analyst (AAA) position and related operating expenses in the Safety Net Financing Division. The position proposed for reduction is the only position that addresses this workload and is currently filled.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The staff reduction will result in significant delays in processing payments to the 24 hospitals participating in the program. The workload will have to be absorbed by the ICMS' remaining AAA, thus delaying federal fund payments to State agencies and costs reconciliation for several supplemental reimbursement programs.

Increased phone calls from hospital representatives is also likely if hospitals become frustrated when the payments are not received in a timely manner.

Timing of Implementation
The position reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

Title: Reduce Policy and Breast and Cervical Cancer Treatment Program (BCCTP) Eligibility Staff

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$37	$37		$74	1.0
Governor's Budget					

Program Description
Policy Section C of the Medi-Cal Eligibility Division has responsibility for policy development, technical assistance and guidance to counties regarding inter-county transfers, annual redeterminations, income standards, county performance standards, share of cost, managed care liaison, eligibility for the aged and disabled, drafting of regulations, and Letters of Authorization for the Medi-Cal Program. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The Policy Unit C authorized staffing level is 7.0.

Program Reduction
This proposal would reduce 1.0 AGPA position from the Policy Unit C.

Reduction Impacts
The loss of one position will mean that the remaining staff will have to absorb the workload related to development of performance standards policies for eligibility that address annual redeterminations and error and worker alerts. There will therefore be delays in the workload related to other policy development and county technical

assistance in Policy C Unit regarding income, redeterminations, share of cost, inter-county transfers, Letters of Authorization, eligibility criteria for the aged and disabled, and Managed Care Liaison.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

Title: Reduce Policy and Breast and Cervical Cancer Treatment Program (BCCTP) Eligibility Staff

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$264**	**$101**		**$365**	**4.0**
Governor's Budget					

Program Description
Policy Section C of the Medi-Cal Eligibility Division has responsibility for making eligibility determinations for the Breast and Cervical Cancer Treatment Program (BCCTP). The BCCTP was established in January 2002 and makes determinations of eligibility for low income women with breast or cervical cancer and men with breast cancer. There are three units within BCCTP: two units with primary responsibility for initial and annual redeterminations for women who meet the federal BCCTP eligibility requirements (15 AGPAs) and one unit (7.5 AGPAs) with primary responsibility for initial eligibility determinations and terminating eligibility after 18 months (breast cancer) or 24 month (cervical cancer) of eligibility for women and men who do not meet federal eligibility requirements (state-only program). There are currently 6,900 women in the federal BCCTP and 2,400 new federal applications annually. There are 3,600 women and men in the state-only BCCTP, with 1,200 new applications annually. The only vacancies in this section are due to normal attrition, and vacancies are filled as quickly as possible. The current staffing for the BCCTP is 22.5 positions.

Program Reduction
This proposal would delete 2.0 AGPA positions from the BCCTP unit with primary responsibility for annual redeterminations of women who meet federal eligibility

requirements and 2.0 AGPA positions from the BCCTP unit with primary responsibility for eligibility determinations of state-only applicants.

Reduction Impacts
A backlog for new applications will develop in the state-only program and annual redeterminations in BCCTP will not be completed timely. Under the state-only BCCTP, an applicant cannot receive cancer treatment-only coverage until an eligibility determination is made, unlike the federal BCCTP with immediate access to full scope Medi-Cal. Staffing reductions in the state-only unit will create delays in initial eligibility determinations. Under the federal BCCTP, Medi-Cal eligibility must be redetermined annually. A reduction in staff for the federal BCCTP will reduce the number of annual redeterminations that can be completed each year, resulting in some women who are ineligible having continuous federal eligibility, which could result in federal audit exceptions.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

Title: Reduction of Six positions for County Performance Reviews

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$263	$264		$527	6.0
Governor's Budget					

Program Description

The Program Review Section has responsibility for performing mandated County Performance Standards (CPS) reviews, Medi-Cal Eligibility Quality Control (MEQC), Focused Reviews (FR), Payment Error Rate Measurement (PERM), forms management, and other administrative support functions. The CPS program was legislatively mandated in 2003 which requires DHCS to review the counties for compliance with established performance standards for processing Medi-Cal applications, redeterminations, Worker Alerts, and Bridging. Initially counties self certified compliance as staffing was not authorized until the 2005-06 budget, with two Permanent Full Time (PFT) and two Limited Term Associate Governmental Program Analyst (AGPA) positions that were made permanent in the 2006-2007 budget. CPS' staff work with the counties to correct identified performance deficiencies and document appropriate CPS compliance and corrective action plans (CAP). Counties found to be out of compliance after the CAP review period, are subject to a two percent withhold of their county administrative expense allocation in the subsequent fiscal year. MEQC is a State and federally mandated review program, which monitors California counties compliance with State and federal eligibility regulations. California's current exemption from potential fiscal sanctions, based upon MEQC reviews is predicated on maintaining the level of staff and review efforts that were in place at the inception of the Geographic Sampling Plan (GSP) pilot project. The GSP methodology, approved annually by the

federal government, authorizes California to sample cases in 25 of the largest urban counties. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is 16.0 positions.

Program Reduction
The proposed reduction is for 2.0 Program Technician I positions in the Administrative Support Unit and 4.0 Associate Analyst (AMEA/AGPA) positions.

Reduction Impacts
Administrative Support: The two Program Technician I reductions will reduce the ability to handle administrative support workloads (i.e., re-hearings, reception, forms, supplies, and Hospice Applications) by 50 percent. Reducing these positions will lengthen the amount of time to respond to re-hearing requests. Approximately 20 re-hearings are received monthly. A backlog in processing Hospice applications would result in delays or the inability for providers to bill for these services in lieu of more costly long term care or hospital in-patient care for terminally ill beneficiaries. Hospice Applications are received monthly which must be input into the Medi-Cal Eligibility Data System. These reductions would lead to less responsiveness toward the public and counties (forms inventory and access to policy documentation).

The three MEQC analyst reductions from a total staff of 15 would result in significantly fewer MEQC case reviews and focused reviews, less responsiveness for priority assignments and data requests. This could cost the State and its counties MEQC flexibility and efficiency.

If one of the four CPS positions is reduced, CPS case review, reporting, and technical assistance to county remediation efforts will be reduced by 25 percent. This would dramatically reduce county monitoring and program integrity efforts. Loss of this position would leave only three positions to cover this statewide function for all 58 counties.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division

Title: Reduction of Two Positions in Policy B

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$99	$95		$194	2.0
Governor's Budget					

Program Description
Policy Section B has responsibility for the administration of Medi-Cal Eligibility policy/procedures and county technical assistance for the Deficit Reduction Act of 2005 citizenship, Social Security Administration (SSA) Data Sharing Agreement and Remediation, MEDS, Application, SAWS Consortiums (county automated eligibility systems), Eligibility for Incarcerated Youths/Adults, Notices of Action, Minor Consent, Refugee Medical Assistance, PARIS and chairs workgroups with Healthy Families and advocates related to preceding subjects. Two Associate Governmental Program Analyst (AGPA) positions were administratively established for Policy B in January 2007 for workload related to DRA implementation. These positions were made permanent in the 2007-2008 budget. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

There are a total of 14 authorized positions within the unit.

Program Reduction
This proposal would reduce 2.0 AGPA positions from Policy B.

Reduction Impacts
The reduction of two Associate Governmental Program Analysts (AGPA) positions in

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Policy B will require that the remaining staff in the Section absorb additional workload that is necessary to maintain program operations or support county operations that perform the eligibility function. A reduction of two positions will impact Policy B's ability to adequately and timely respond to court cases, reduce ability to provide timely court ordered reports and analysis to proposed settlement agreements; delay in implementing new federal and State laws, reduce provision of technical assistance to county social service agencies requesting assistance and guidance on policy and regulations; and delay response times to constituent requests for eligibility status and information. The ability to continue participating and chairing workgroups with advocates and counties will not be possible.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Benefits, Waiver Analysis and Rates Division (BWRD)
50 Percent Reduction to Consulting Contract – Navigant and Myers & Stauffer

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$360	$360		$720	0.0
Governor's Budget					

Program Description

The Rates Branch of the Benefits, Waivers and Rate Division (BWRD) utilizes the professional services of two contractors (Navigant Consulting and Myers & Stauffer) to perform research in the defense of lawsuits, perform rate studies, and develop new rate setting methodologies. These contractors have extensive experience in developing and assessing rate methodologies. They work in many different states assisting the Medicaid program, and have become well respected for their high quality and timely work. In addition, these contractors have conducted various studies including the Medi-Cal v Medicare rate comparison study, hospital financing modeling and are currently working on the non-emergency medical transportation study. These contracts also work on the new AB 1629 nursing facility rate setting process. The current funding level for the consulting contracts is $1,440,000 TF [$1,000,000 (TF) for Navigant and $440,000 (TF) for Myers & Stauffer].

Program Reduction

This budget reduction will reduce the General Fund (GF) allocation by 50 percent as follows:

$250,000 (GF) savings from the Navigant contract
$110,000 (GF) savings from the Myers & Stauffer contract

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

Reducing the GF allocation by 50 percent will ultimately limit the use of contractor services and will require DHCS to prioritize contractor projects due to lack of funding. In addition, restricting contractor services will cause delays in the production or research of court ordered rate items requiring contractor expertise, including the rate studies, and hinder the implementation of changes to the long term care rate methodologies. In addition, projects that the contractors cannot perform may require State staff to perform. This reduction will negatively impact the ability of the Department to continue to improve the rate setting process and address stakeholder concerns.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Systems of Care Division

Title: Reduction of 2 positions from the Disease Management Pilot Projects

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$194	$258		$452	2.0
Governor's Budget					

Program Description
In recent years, the department has focused on creating systems of health care that are specific to persons with special health care needs. The special health care needs populations include Medi-Cal eligible persons who are chronically and catastrophically ill, and those with multiple chronic conditions. These individuals are also beneficiaries who are high cost users of health care that can benefit from receiving case management services. Program experience has demonstrated that significant reduction in costs can be achieved with appropriate, less expensive, in-home community-based services that assist in averting preventable declines in health and reductions in high cost services. As such, the department has initiated and implemented the Disease Management Program, which seeks to provide disease management intervention to four distinct high cost populations: (1) Medi-Cal beneficiaries with the specific disease conditions of Advanced Atherosclerotic Disease Syndrome, Asthma, Coronary Artery Disease, Diabetes, Congestive Heart Failure and Chronic Obstructive Pulmonary Disease; (2) individuals diagnosed with HIV/AIDS; (3) seniors and persons with disabilities and chronic conditions, or who may be seriously ill and near the end of life; and (4) persons with chronic health conditions and serious mental illnesses. The department has also entered into a contract with the University of California, Los Angeles (UCLA) Center for Health Policy Research, to evaluate the effectiveness of the Disease Management pilot projects.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Eliminate 2 Associate Governmental Program Analysts from the Systems of Care Division.

Reduction Impacts
Disease Management staff are responsible for the oversight of all care coordination, policy oversight, and the development of program design which requires extensive interface with the Centers for Medicare and Medicaid Services, coordination with various department staff in areas such as contract procurement, Information Technology, payment systems, and MIS/DSS staff. Additionally, Disease Management vendors are in constant contact with department staff to ensure Disease Management services are consistent with federal Medicaid policies and procedures. The lack of staffing and may prevent the department to provide the oversight necessary to ensure that the contractors are appropriately administering these new programs.

Another responsibility of these Disease Management staff is the monthly delivery of several Medi-Cal data files to the contractors. The staff ensures that data is accurate and received to the contractors in a manner mandated in each of their contracts.

Timing of Implementation
The reduction would take effect July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute nor promulgation of emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Benefits, Waivers Analysis and Rates Division (BWRD)

Title: Reduce 3.3 Positions in Provider Rate Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$161	$161		$322	3.3
Governor's Budget					

Program Description

The Rate Analysis Unit within the Provider Rate Section of the Benefits, Waivers and Rates Division (BWRD) was created in November 2000. The Unit is responsible for developing and implementing changes in reimbursement rates and methods for federally qualified health centers and rural health clinics, consistent with applicable laws, regulations, and policies. This Unit is currently developing the reimbursement methodology for adult day health centers. Additionally, this Unit coordinates all rate litigation, oversees the private contractor who performs rate utilization related studies, resolves various programmatic and system reimbursement issues, develops systematic controls to detect and prevent fraud and abuse, and approves in-home support services through a public authority and is assigned special ad hoc projects. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Rate Analysis Unit is 6 positions.

Program Reduction

This budget reduction option will reduce the funding for 3.3 positions [1 Staff Services Manager I (P/FT), 2 Research Analysts IIs (P/FT)] and .03 (Research Analyst II) in the Rate Analysis Unit.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reducing 3.3 staff from the Section will require the workload associated with the Rate Analysis Unit to be reassigned to other staff within the Section/Division. As a result, delays and backlogs are expected for the following activities: estimating fiscal impact and developing and implementing reimbursement rates for fee-for-service providers, including those associated with physician administered drugs, medicine, surgery, radiology, laboratory, and durable medical equipment; compliance with the code conversion of local codes to an approved national code set; updating code changes generated through the annual Healthcare Common Procedure Coding System (HCPCS) update; developing new reimbursement methodologies for long term care and adult day health care providers; providing technical assistance and fiscal estimates on rate studies and legislation regarding reimbursement rate methodologies used to establish rates for various provider types; developing special ad hoc reports, drills or studies that target rate increases and decreases for specific procedure codes or provider types; developing regulations and state plan amendments; and defense of lawsuits.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Waiver Analysis Section

Title: Reduction of Two Administrative Oversight Waiver Analysis Section Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$90	$90		$180	2.0
Governor's Budget					

Program Description

The Waiver Analysis Section (WAS) serves as liaison for the Centers for Medicare and Medicaid Services (CMS) and is responsible for a number of policy and administrative functions related to many waivers including six Home Community Based Services (HCBS) waivers, three of which are administered by other state departments and three are administered by the Long Term Care Division (LTCD) (i.e., HCBS branch, In-Home Operations Section). The Home & Community-based Waivers (HCBS) Unit under WAS is also currently collaborating with CMS and the Department of Developmental Services to develop a new waiver known as the Developmentally Disabled/Self-Directed Services waiver. The purpose of these waivers is to exempt the Medi-Cal program from certain provisions of federal statutes and regulations.

The WAS functions are as follows: administration of the interagency agreements; management of waiver renewal and amendment processes; development of waiver applications; resolution of policy, system and payment issues; analyses of proposed federal and state legislation and regulations; providing CMS with required quarterly and annual reports; and providing technical assistance to the programs that operate the waivers. LTCD (HCBS Branch, Monitoring and Oversight Section) performs the quality

assurance monitoring reviews of waivers operated by the other departments and oversees resolution of client care issues. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Waiver Analysis Section is 17 positions.

Program Reduction
Reduce 2.0 positions: 1.0 Staff Services Manager I and 1.0 Staff Services Analyst positions allocated to perform administrative oversight functions on the HCBS waivers within WAS and consolidate the HCBS waivers (IHO, ALWPP, and NF/AH) which the LTCD currently administers.

Reduction Impacts
WAS staff are the subject-matter experts on policy and administrative responsibilities related to waiver applications, renewals, amendments, federal and state regulations and are the primary liaison with CMS. The proposed reduction of WAS positions may hinder DHCS' ability to effectively operate and/or monitor waivers and jeopardize continued federal funding for these programs. This could also delay resolution of policy and fiscal issues on the waivers as well as submission of necessary waiver amendments.

Timing of Implementation
Position reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduction of Three Positions in the Developmental Services Waiver Oversight Unit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$130	$182		$312	3.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities services that enable them to live in their own homes or community-based settings as an alternative to placement in hospitals, nursing homes, intermediate care facilities or institutions for mental disease. Through the Monitoring and Oversight Section and its subordinate units, LTCD is responsible for monitoring and oversight of waivers administered by other State departments.

The Developmentally Disabled (DD) Waiver is administered by the Department of Developmental Services (DDS) and operated via 21 Regional Centers throughout the State. This wavier provides services enabling eligible beneficiaries with a developmental disability diagnosed prior to the age of 18 to remain in their own homes or community settings as an alternative to placement into a DD facility.

The Developmental Services Waiver Oversight Unit (DSWOU) was created in January 1998 to provide the monitoring and oversight function for the DD Waiver. The creation of this unit and oversight was mandated by the federal government as a condition of the renewal of the DD waiver and expansion of federal funding for this waiver. The

functions of the DSWOU include direct participation with DDS staff in the collaborative review process at each of the Regional Centers and direct contribution to the subsequent evaluation process. The collaborative review process includes a joint DSS/DSWOU on-site records review at the Regional Centers, as well as joint interviews with Regional Centers clients and providers. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for DSWOU is 10.0 positions.

Program Reduction
This proposal would reduce the staffing level of the DSWOU by 1.0 Research Analyst I, 1.0 AGPA, and 1.0 NE II.

Reduction Impacts
The reduction would not impact the number of persons served under the DD waiver. The reduction would result in a decrease in the amount of time DSWOU staff will spend in the collaborative review process with DDS staff, requiring some streamlining of the on-site review of the Regional Centers and reducing the extent of the technical assistance provided to them. The proposed reduction will decrease the DSWOU NE II staff by 17%, and eliminate analytical staff from the unit. There will be some delay in the production of monitoring reports for Departmental management and the federal Centers for Medicare and Medicaid Services (CMS). CMS required additional oversight of this waiver several years ago. A reduction in waiver oversight staffing may put DHCS out of compliance with CMS requirements and DD waiver funding at risk.

The reduction could negatively impact staff morale by increasing the time each nurse will be on travel status and necessitating more NE involvement in the preparation of monitoring reports.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
The reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduction of Community Options Monitoring and Assessment (COMA) Unit Staffing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$99**	**$247**		**$346**	**3.0**
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities
services that enable them to live in their own homes or community-based settings as an alternative to placement in hospitals, nursing homes, intermediate care facilities or institutions for mental disease. Through the Monitoring and Oversight Section and its units, LTCD is responsible for monitoring and oversight of waivers administered by other State Departments.

The Community Options, Monitoring and Assessment Unit (COMAU) monitors the Multi-Purpose Senior Services Program (MSSP) and the In-Home Supportive Services (IHSS) Plus Waiver Program.

The MSSP, administered by the California Department of Aging (CDA) serves eligible beneficiaries over the age of 65 and provides case management and coordination of in-home care as an alternative to intermediate care facility or skilled nursing facility placement. The COMAU staff directly perform collaborative reviews with CDA staff at each of the 41 MSSP sites and contribute to the subsequent evaluation reports.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The IHSS Plus Waiver, administered by the Department of Social Services (DSS), which provides continued access to IHSS for persons previously served in the IHSS state-only program, which was referred to as the residual program.

In addition, the COMAU directly administers the Intermediate Care Facility/ Developmentally Disabled-Continuing Nursing (ICF-DD-CN) Waiver pilot project. This pilot project provides a community setting for a maximum of 36 persons with a combination of developmental disabilities and the need for continuous, skilled nursing care. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The COMAU was created in July 2001 and contains 8.0 authorized positions.

Program Reduction
This proposal reduces the staffing level of the COMAU by one Nurse Evaluator III and two NE IIs, thereby decreasing the COMAU NE II staff by 40%, from five to three NE IIs.

Reduction Impacts
The reduction would not impact the number of participants served under the MSSP waiver, the IHSS Plus Waiver or the ICF-DD-CN pilot project. The reduction will impact the current joint review process between the DHCS and the CDA for the MSSP program and reduce the extent of the technical assistance provided to MSSP providers. The Federal Centers for Medicare & Medicaid Services required additional oversight of this waiver several years ago as a condition of renewing this waiver.

The reduction will also require a revision of the authorization process for ICF-DD-CN services and would reduce the extent of the technical assistance provided to ICF-DD-CN pilot project providers.

The reduction would not impact State revenues or fees.

The reduction may necessitate a reconfiguration of the COMAU and a redistribution of the current workload.

Timing of Implementation
This proposal will take effect July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduction of One Position from the California Partnership for Long-Term Care Unit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$50	$51		$101	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

LTCD manages and oversees the California Partnership for Long-Term Care (Partnership) which was created in 1995. The Partnership for Long Term Care is a federally recognized program that provides, through five selected insurance companies and CALPERS, high quality long-term care insurance policies to middle-income Californians. The Partnership provides Californians with an option to avoid improversing themselves due to the cost of long term care and going on Medi-Cal to obtain needed long term care coverage. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authrized staffing for the Partnership is 6.0 positions.

Program Reduction

This proposal reduces 1.0 Associate Governmental Program Analyst (AGPA) position from the Partnership.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reducing 1.0 AGPA from the Partnership will reduce analytical staffing by 33 percent, and will postpone plans to solicit new Partnership insurers and increase the number of Partnership policies sold in California. This proposal will also delay the Partnership's ability to approve changes to Partnership LTC insurance policies, approve additional Care Management Provider Agencies, review revised and updated marketing and training materials for Partnership insurance agents, and conduct outreach activities in local marketing areas throughout California in a timely fashion.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduction of Two Positions in the In-Home Operations Quality Assurance Unit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$81**	**$82**		**$163**	**2.0**
Governor's Budget					

Program Description
The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In-Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not available to the general Medi-Cal public, such as case management, private duty nursing, and home modifications. The IHO Section has operated

HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases. IHO's current provider network includes 1,200 waiver personal care services providers, 500 individual nurse providers, and approximately 200 health home agencies.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0 positions.

The IHO Quality Assurance Unit (QAU) is responsible for quality assurance parameters of federal HCBS waivers, Medi-Cal eligibility issues, and waiver personal care services issues. These issues include administration of the interagency agreement with the Department of Social Services, the Medi-Cal Assumptions (Estimate) process, budget change concepts and proposals, information technology issues related to the EDS TAR System (SURGE) and the Division's website, and waiver provider recruitment, waiver provider application processing, enrollment and billing issues. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the IHO quality Assurance Unit is 9.0 positions.

Program Reduction
This proposal would reduce 2.0 IHO QAU staff: 1.0 Staff Services Analyst and 1.0 Associate Medi-Cal Eligibility Analyst.

Reduction Impacts
Eliminating 2.0 staff in the IHO QAU does not impact the number of persons receiving HCBS under Medi-Cal waivers. Elimination of the Associate Medi-Cal Eligibility Analyst position will require other program staff to directly consult with state MEDS staff or county eligibility staff on complicated eligibility cases. Reduction of the Staff Services Analyst position may delay IHO's response time and the resolution of Medi-Cal eligibility issues for some Medi-Cal beneficiaries attempting to access waiver services.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduce In-Home Operations Northern Case Management Supervisor Staffing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$34	$85		$119	1.0
Governor's Budget					

Program Description
The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The IHO Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.
In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized

staffing is 77.0 positions. IHO Northern Case Management Unit comprises 13 Nurse Evaluator (NE) II positions and 3 NE III (Supervisor) positions. The NE III (Supervisor) provides supervision and overall direction to subordinate NE IIs through reviewing intake medical summaries and case management reports; provides technical assistance to waiver service providers, including yearly visits and completing reports; assists in resolving provider billing issues; conducts community in-services to interested parties regarding program services; and participates in the beneficiary fair hearing process, including developing position statements and representing IHO at state fair hearings. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is 16.0 positions.

Program Reduction
Reduce 1.0 IHO Northern NE III (Supervisor).

Reduction Impacts
Reducing 1.0 staff in IHO Northern Case Management will not impact the number of persons receiving HCBS under Medi-Cal waivers. It decreases supervisor (NE III) to case management staff ratio. The resulting ratio is within acceptable staffing standards for adequate supervision and mentoring of NE II staff. This reduction may delay the supervisiorial review of case management reports and reduce the amount of supervisor time available to mentor staff and develop their assessment skills from the current level. It may also take more time to resolve the most complex care planning and HCBS service delivery issues.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduce Early and Periodic Screening, Diagnosis and Treatment (EPSDT) TAR Processing Staff

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$33	$82		$115	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In-Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and Nursing Facility/Acute Hospital Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases. IHO Section's current authorized staffing is 77.0 positions.

The IHO Section also administers a statewide Treatment Authorization Request (TAR) processing function for Medi-Cal beneficiaries under 21 years of age who receive

private duty nursing and/or pediatric day health care under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit. In 1973, the Child Health and Disability Prevention Program was created and EPSDT was incorporated into Medi-Cal. In 1994, DHCS adopted regulations, subsequently amended in 1995, which clarified the state's implementation of EPSDT, including private duty nursing and pediatric day health care services.

The IHO EPSDT Unit comprises 1 Nurse Evaluator III (Supervisor) and 5 Nurse Evaluator IIs. These staff adjudicate more than 6,000 TARs annually for more than 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric health care services. Currently, initial authorizations for these services are for a 90 day period, with subsequent reauthorizations taking place at 6 month intervals. After the first 6 month authorization period, the IHO EPSDT Unit has found that most of the participants have stabilized conditions and need a predictable level of ongoing services. In 2006, the IHO Section expanded by 14.0 positions as a result of increases in waiver caseload and waiver personal care services timesheet processing. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

Program Reduction
Reduce 1.0 IHO EPSDT Unit staff.

Reduction Impacts
Reducing 1.0 Nurse Evaluator II staff in the 6 staff IHO EPSDT Unit will not impact the number of persons receiving private duty nursing and/or pediatric day health care services. It may delay the unit's work in processing reauthorization requests for participants.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduce Long-Term Care Division's Headquarters Clerical Support Staff by Two Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$62	$62		$124	2.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being cared for in hospitals, nursing homes, intermediate care facilities for the developmentally disabled or institutions for mental disease.

LTCD has many programs that operate under waivers to California's Medicaid State Plan that target specific subpopulations of Medi-Cal recipients, including the Nursing Facility/Acute Hospital Waiver, In-Home Operations Waiver, Assisted Living Waiver Pilot Project, In-Home Supportive Services Plus Waiver, Developmental Services Waiver, Multi-Purpose Senior Services Program and Senior Care Action Network Health Plan. LTCD authorizes private duty nursing and pediatric day health care services for approximately 3,000 Medi-Cal beneficiaries under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services benefit.

Also, LTCD has a federal Money Follows the Person grant ($130 million in federal funds over the next four years) to transition 2,000 Medi-Cal-eligible residents from long-term care institutions back to community living arrangements. This grant, called California

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Community Transitions, will operate through 10 local-level Community Transition Teams. The Operational Protocol for this project was drafted with the help of a 23-member stakeholder advisory committee and has been sent to the federal Centers for Medicare & Medicaid Services for approval. LTCD anticipates that the local Community Transition Teams will begin transitioning project participants in March 2008. In addition, the Program of All-Inclusive Care for the Elderly (PACE) is covered as an optional service under the Medicaid State Plan.

Furthermore, LTCD manages and oversees the California Partnership for Long-Term Care, a federally recognized program that provides, through five selected insurance companies and CALPERS, high quality long-term care insurance policies to middle-income Californians.

LTCD's current authorized staffing is 117.0 positions, including 88.0 positions in the Sacramento Headquarters Office.

The Headquarters Support Services Unit comprises 5 clerical staff and one supervisor. These staff perform the full range of clerical support duties, including answering the telephone, formatting documents, entering case data into a case management information system, routing Treatment Authorization Requests to nursing staff, filing, and performing the full range of mail duties for LTCD and mail delivery for Utilization Management Division (UMD), Systems of Care (SOC) Division, and Safety Net Financing Division (SNFD). The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing for the Support Services Unit is 6.0 positions.

Program Reduction
Reduce LTCD Support Services Unit staff by 2.0 Office Technician (Typing) positions.

Reduction Impacts
Reducing 2.0 staff in the LTCD Headquarters Support Services would reduce support services available including typing, mail delivery and phone service.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduce Support Staffing in In-Home Operations (IHO) Southern Regional Office

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$32	$33		$65	1.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to the Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0 positions.

The clerical support staff perform a full range of clerical support duties, including answering telephones, formatting documents, entering case data into a case management information system, routing Treatment Authorization Requests to nursing staff, filing, and opening/sorting/and distributing mail. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing of the IHO Southern Regional Office is 29.0 positions.

Program Reduction
Reduce IHO Southern Regional Office clerical support staff by 1.0 Office Technician (Typing).

Reduction Impacts
Eliminating 1.0 clerical support staff in the IHO Southern Regional Office will reduce support services available, including typing, phone services, mail delivery and filing.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Long-Term Care Division

Title: Reduce Nurse Staffing in In-Home Operations (IHO) Southern Regional Office

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$99	$99		$198	3.0
Governor's Budget					

Program Description

The Medi-Cal Long-Term Care Division (LTCD) is responsible for advancing the *Olmstead Decision* in California by providing Medi-Cal-eligible frail seniors and persons with disabilities with services that allow them to live in their own homes or community-based settings instead of being institutionalized.

The In Home Operations (IHO) Section administers the IHO Waiver and the Nursing Facility/Acute Hospital (NF/AH) Waiver. Both waivers are federal home and community-based services (HCBS) waivers that allow Medi-Cal fee-for-service beneficiaries at the acute hospital, subacute hospital, or nursing facility level of care to remain in their homes and communities with 12 services not generally available to Medi-Cal beneficiaries, such as case management, private duty nursing, and home modifications. The IHO Section has operated HCBS waivers in California since the early 1980s. The current number of active and intake cases of the IHO Waiver and NF/AH Waiver are 185 and 1,679 cases respectively, for an aggregate total of 1,864 cases.

IHO also administers a statewide Treatment Authorization Request (TAR) processing function for approximately 3,000 Medi-Cal beneficiaries under 21 years of age who receive private duty nursing and/or pediatric day health care under the Early and

Periodic Screening, Diagnosis and Treatment (EPSDT) supplemental services state plan benefit.

In 2006, the IHO Section expanded by 14.0 positions as a result of increases in caseload and waiver personal care services timesheet processing. IHO Section's current authorized staffing is 77.0.

The IHO Southern Regional Office is comprised of 29.0 staff, including 23.0 Nurse Evaluator (NE) II case managers who: conduct initial level of care determinations; assess and determine the need for program services; provide ongoing case management to waiver participants. The case management includes: periodic level of care determinations, assisting to develop plans of treatment and cost neutral program service packages, conducting home visits for health and safety assurances, and completing reports for home visits. This ongoing case management is for an indefinite time period, often for the life of the beneficiary. In addition, NE II case managers provide ongoing technical assistance to waiver service providers including yearly visits to the providers and resolution of provider billing issues. The Southern Regional Office has 23 case managers in total. The only vacancies in this Section are due to normal attrition, and vacancies are filled as quickly as possible.

The current authorized staffing is 29.0 positions.

Program Reduction
Reduce 3.0 IHO Southern Regional Office NE II case manager positions.

Reduction Impacts
Eliminating 3.0 NE II case manager positions in the IHO Southern Regional Office will reduce that office's case management staff by 13 percent, and will require existing cases to be spread around the remaining case managers. There may be a delay in intake services for new NF/AH Waiver eligible beneficiaries and the frequency of home visits. There also may be a delay response time to beneficiaries and providers who contact LTDC for assistance.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)

Title: Reductions of HIPAA Security Measures in Contract Funding

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$482			$482	0.0
Governor's Budget					

Program Description

In order to meet the federal requirements of the 1996 Health Insurance Portability and Accountability Act (HIPAA), the Office of HIPAA Compliance (OHC) within the Department of Health Care Services (DHCS) coordinates funding for Department-wide HIPAA assessment and remediation efforts. The law outlines a process to achieve uniform national health data standards and health information privacy in the United States. These "Administrative Simplification" provisions require all covered organizations to standardize the way they transmit and code health information for billing and record keeping purposes, and to protect the privacy and security of that information.

Because each rule has a unique start and end date, DHCS treats each rule as a separate project and all are managed centrally within OHC, established in the year 2000. Each rule may also be modified annually by the U.S. Department of Health and Human Services. Each rule that is implemented also has ongoing work associated with maintaining compliance.

DHCS is going through a process of assessment and remediation to become compliant with each of these standards, or "rules", to meet an implementation deadline that is typically within two years of when the rule is published as final in the Federal Register. Because the remediation work to achieve HIPAA compliance is often complex, and because additional HIPAA rules have yet to be published, the Department currently

uses a combination of baseline budget and limited term positions to fund HIPAA assessment and remediation work. Through an Inter-Agency Agreement, OHC will continue to provide HIPAA support to the California Department of Public Health (CDPH).

Program Reduction
Ten percent reduction in HIPAA contracting and purchasing funds.

Reduction Impacts
This reduction would impact the amount of HIPAA assessment, remediation, and maintenance activities for various security efforts throughout DHCS and the California Department of Public Health. The near-term impact of the reduction would result in discontinuing or delaying multiple security initiatives intended to bring DHCS and CDPH into compliance with HIPAA Security requirements and minimize data loss or breaches.

Reductions would include security consultants establishing methods to audit the Department's technical infrastructure and prepare the Information Technology (IT) environment for disaster conditions. The initiative to establish an alternate site for critical IT operations under disaster conditions, as well as another to conduct regular security assessments in DHCS, would be delayed until funding was available.

In addition, a reduction in the baseline HIPAA budget would reduce the Department's ability to assess and remediate current and future HIPAA rules for both DHCS and CDPH. Continued non-compliance with HIPAA may result in enforcement action, including federal monetary penalties and the loss of federal financial participation.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require changes in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medical Managed Care Division

Title: Reduce Support Contract Budget

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$687	$687		$1374	0.0
Governor's Budget					

Program Description
Medi-Cal contracts with licensed health care plans to provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Medi-Cal Managed Care Division (MMCD) currently has 164.5 budgeted positions and pays almost $5 billion TF in annual managed care capitation payments.

Program Reduction
The Medi-Cal Managed Care Division will reduce its support contract budget as follows: $600,000 GF from unallocated contract funds; $50,000 GF from a contract with UC Davis for language translation services, which serve all Medi-Cal programs and divisions; and $37,000 GF from the California State University, Sacramento (CSUS) contract for student assistants.

Reduction Impacts
The total reduction represents approximately 12 percent of MMCD's support contract budget. The reduction from the unallocated portion of the support contract budget will

reduce DHCS' ability to respond to critical needs that routinely come up. For example, when the Department decided it needed to develop a new managed care rate methodology, it used unallocated contract support dollars to obtain an actuary contract to do this work. This budget item serves as a vehicle for DHCS to quickly initiate special short-term projects as needed for emerging issues, and this reduction will reduce DHCS' ability to take advantage of this flexibility.

The reduction to the UC Davis contract will result in all Medi-Cal programs having reduced access to translation services. The reduction to the CSUS contract will reduce the program's reliance on student assistants that serve as a recruitment vehicle for hiring new State staff in entry level professional positions. The reduction will require notification to the affected contractors when appropriate; however, all contracts contain provisions that funding is contingent on securing funds in the State budget.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

Title: Reduce UC Berkeley Seniors and Persons with Disabilities (SPD) Outreach Project Contract by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$250	$250		$500	0.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans to provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Medi-Cal Managed Care Division (MMCD) currently has 164.5 budgeted positions and pays almost $5 billion TF in annual managed care capitation payments.

There are three models of Medi-Cal managed care: Two Plan, Geographic Managed Care (GMC) and County Organized Health Systems (COHS). With the exception of the COHS model, which operates in eight counties, seniors and persons with disabilities (SPDs) have the option to enroll in Medi-Cal managed care or remain in fee-for-service ("regular" Medi-Cal). Only six percent of SPDs have voluntarily elected to enroll in the Two Plan and GMC models, and DHCS secured funding in FY 06-07 to implement strategies to increase voluntary enrollment of this population and increase their access to primary care providers and specialists through a coordinated system of care. DHCS

has contracted with the University of California, Berkeley School of Public Health to promote voluntary enrollment of SPDs into Medi-Cal managed care. The contractor has met with key informants and worked in partnership with an advisory group to develop a consumer guide that will increase SPD awareness of their options under Medi-Cal managed care and promote their voluntary enrollment into the Two Plan and Geographic Managed Care health plans. The contractor will pilot test the guide in Alameda, Riverside and Sacramento counties beginning January 2008, and will use the pilot's findings to modify the guide and work with the program to create a statewide dissemination plan.

Program Reduction

The proposal will reduce contract funds by $500,000 ($250,000 General Fund). This represents a 50 percent reduction to the project's annual budget. This contract expires in 2009-10.

Reduction Impacts

Reduction of this contract will limit SPD's from receiving information explaining the benefits that the managed care program can offer them. Many of Medi-Cal's SPDs have chronic health conditions and would benefit from managed care's ability to assure access to primary care specialists and care management. This reduction is a lost opportunity to increase SPD enrollment in the Medi-Cal managed care to receive coordinated care and better manage their health. DHCS estimated an approximate 25 percent increase in voluntary enrollment of SPDs associated with this project, and reduced dissemination of the guide and development of other outreach materials and strategies would result in a lesser increase than estimated.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

Title: Reduce One Health Program Manager II Position

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$59	$59	$118		1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Managed Care Expansion Section is responsible for the planning, development and implementation activities of the 13 county managed care expansion. This Section serves as primary coordinator with DHCS branches and divisions, managed care plans and counties that have been identified to become a Geographic Managed Care (GMC), Two-Plan, or County Organized Health System (COHS) model for expansion. The Expansion Section's staff attend stakeholder meetings in counties that have been designated for expansion in order to ensure an effective expansion process.

The Medi-Cal Managed Care Division has 164.5 authorized positions and pays almost $5 billion TF in annual managed care capitation payments. The Managed Care Expansion Section has 8 authorized postions. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduce one Health Program Manager II (HPM II) position in the Medi-Cal Managed Care Expansion Section.

Reduction Impacts
Reducing the HPM II position would require another manager in the division to handle the responsibilities associated with it, resulting in a loss of sole, direct focus on the 13 county expansion. This reduction may diminish the Division's abilitiy to have senior management focus primarily on managed care expansion and be available to collaborate with county officials on expansion issues. There will be no direct impact on the implementation timetable. The position that will manage the expansion currently manages the section that oversees County Organized Health System and Geographic Managed Care contracts, and the imposition of expansion activities may result in a lesser focus on both areas.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

Title: Reduce One Staff Services Analyst from Operations Support Section

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$36	$36		$72	1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Operation Support Section provides support services to the Medi-Cal Managed Care Division (MMCD) by reviewing and approving all invoices for MMCD support purchases; coordinating with the Office of Legal Services on MMCD Public Record Requests; coordinating MMCD training requests; coordinating MMCD Records Retention Schedules; and serving as a liaison between DHCS' Accounting Section and Contract Management Unit (for support contracts).

The MMCD has 164.5 authorized positions and pays almost $5 billion TF in annual managed care capitation payments. The Operations Support Section has 15 authorized positions and any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The proposal will reduce one Staff Services Analyst (SSA) from the Operations Support Section.

Reduction Impacts
Reducing one SSA will require MMCD to transfer work to other staff in the Unit. This shift may impact MMCD's ability to be responsive by increasing necessary time to approve invoices. Any untimely payment of small business invoices may result in financial penalties. The processing time for MMCD's support contracts may also increase and Public Record Act requests may be delayed.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

Title: Reduce One Office Assistant Position from the Policy and Financial Management Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$30	$30		$60	1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Policy and Financial Management Branch (PFMB) establishes financial policy, develops health plan rates, processes notices of dispute and litigation, and develops federal waivers necessary to administer the managed care program. PFMB develops regulations, legislative analyses and procedures relevant to the managed care program. PFMB is responsible for clinical policy, which clarify contractual responsibilities for Medi-Cal managed care plans, and develops statewide Medi-Cal managed care quality improvement programs.

The Medi-Cal Managed Care Division (MMCD) has 164.5 authorized positions and pay almost $5 billion in annual managed care capitation payments. The PFMB has 83 authorized positions and vacancies are due to normal attrition and filled as quickly as possible.

Program Reduction

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduce one Office Assistant (OA) position in PFMB.

Reduction Impacts

The Medi-Cal Managed Care Division has eight authorized clerical staff to support the division, with two allocated to each branch. These positions provide clerical support to Branch Operations such as document preparation and finalization, filing, photocopying, answering phones, scheduling meetings and other general support. The workload is such that the division has had to rely on a retired annuitant to maintain support activities. This reduction represents a 50 percent reduction in clerical support for the PFMB, and it will result in the Branch's professional staff (e.g. analysts, nurses, pharmacists and researchers) having to perform more of their own clerical functions, thereby directing some of their time away from their professional duties. Despite being assigned to specific Branches, MMCD's clerical staff also provide support to each other by answering the Division's main telephone lines, processing major copy jobs and providing back up support to the Division Chief's executive secretary and the Deputy Directors' staff in Health Care Programs. Reducing this OA position will remove that critical back-up support. This reduction will result in some branch tasks, assignments, or projects being delayed, including slower responses to calls coming into MMCD's main telephone lines resulting in decreased support for the Division Chiefs' and Deputy Directors' Offices.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

Title: Reduce One Research Program Specialist I Position from Plan Monitoring and Program Integrity Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$49	$49		$98	1.0
Governor's Budget					

Program Description

Medi-Cal contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Plan Monitoring and Program Integrity Branch (PMPIB) monitors health plan performance to ensure that each plan complies with contract requirements for medical policies, facility site reviews, member rights and program integrity, including anti-fraud activities. The PMPIB is responsible for the External Quality Review Organization contract designed to ensure that the quality of care delivered by each health plan to Medi-Cal beneficiaries is measured and monitored for improvement. The Branch is also responsible for encounter data and research using a variety of data bases to provide information to the division. The program has 164.5 authorized positions and pays almost $5 billion in annual managed care capitation rates.

The Medi-Cal Managed Care Division currently has 164.5 authorized positions and pays

almost $5 billion TF in annual managed care capitation payments. The Branch has 38 authorized positions, with 8.0 positions in the Performance Measurement Unit. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction
Reduce one Research Program Specialist I (RPS I) in the PMPIB.

Reduction Impacts
The PMPIB has five staff in research/data related classifications. The RPS I designs, organizes and conducts research studies and analyses of Medi-Cal Managed Care program performance in the areas of health care outcomes. The RPS I also assists in reviewing targeted health plan quality improvement projects to assess project progress and outcomes. By reducing this position, the Branch will have to place increasing reliance on the remaining two RPS I positions and two Research Analyst IIs in the Unit, with minimal support from two RPS II positions reporting at the branch level; however, the remaining staff are already working at capacity and cannot absorb all workload from this position. Reduction of this position may affect tasks involving large data requests and subsequent analyses, provision of assistance to external researchers, and development of data reports to MMCD management that inform effectiveness of plan operations.

Timing of Implementation
This position reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division

Title: Reduce One Word Processing Technician from Plan Monitoring and Program Integrity Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$29	$29		$58	1.0
Governor's Budget					

Program Description

Medi-Cal managed care contracts with licensed health care plans provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The program has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Plan Monitoring and Program Integrity Branch (PMPIB) ensures that health plan performance complies with contract requirements for financial solvency, medical compliance, facility site reviews, member rights and program integrity, including anti-fraud activities. The PMPIB is responsible for the External Quality Review Organization contract designed to ensure that the quality of care delivered by each health plan to Medi-Cal beneficiaries is measured and monitored for improvement. The Branch is also responsible for encounter data and research using a variety of data bases to provide information to the division.

The Medi-Cal Managed Care Division (MMCD) has 164.5 authorized positions and pays almost $5 billion in annual managed care capitation payments. The PMPIB has 38

authorized positions and any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction
Reduce one Word Processing Technician (WPT) in the PMPIB.

Reduction Impacts
MMCD has eight authorized clerical staff to support the division, with two allocated to each branch. The workload is such that the division has relied on a retired annuitant to maintain support activities. This reduction represents a 50 percent reduction in clerical support for the Branch, and it will result in the Branch's professional staff (e.g. analysts, nurses, and researchers) having to perform more of their own clerical functions, thereby directing some of their time away from their professional duties. Despite being assigned to specific branches, the Division's clerical staff also provide support to each other by answering the Division's main telephone lines, processing major copy jobs, and providing back up support to the Division Chief's executive secretary and the Deputy Directors' staff in Health Care Programs. Reducing this WPT position will remove that critical back-up support. This reduction will result in some branch tasks, assignments or projects being delayed, resulting in slower responses to calls coming into the Division's main telephone lines and decreased ability to support the Division Chief's and Deputy Directors' Offices.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Managed Care Division (MMCD)

Title: Reduce One Staff Services Analyst Position and One Associate Governmental Program Analyst Position from Member Monitoring and Program Integrity

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$89	$89		$178	2.0
Governor's Budget					

Program Description

Medi-Cal managed care contracts with licensed health care plans to provide health care services to 3.3 million beneficiaries in 22 counties (with small contracts in two additional counties). The MMCD has recently undertaken expansion into 13 new counties. The first three of those expansion counties are scheduled to begin enrollments in the current fiscal year.

The Medi-Cal Managed Care Member Rights Monitoring Unit monitors contracted Medi-Cal managed care plans to assure they comply with statutory, regulatory and contractual requirements for particiaption in the Medi-Cal managed care program. The Unit staff provides support in MMCD's overall goal to assure that benficiaries have full access to health care services in a timely, professional and respectful manner. The Unit carries out its role by assessing the health plans' compliance with requirements to assure timely responses to member grievances, provide notifications to members about prior authorizations for certain health care services; and assure provision of language services for members who are limited English proficient and need critical materials and health care services in their own language.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

MMCD has 164.5 authorized positions and pays almost $5 billion TF in annual managed care capitation rates.The Member Rights Monitoring Unit has 10.0 authorized positions, and the only vacancies in the Unit are due to normal attrition and are filled as quickly as possible.

Program Reduction
Reducing one Staff Services Analyst (SSA) position and one Associate Governmental Progam Analyst (AGPA) position in the Member Rights Monitoring Unit.

Reduction Impacts
Reduction of these positions will require the Unit to reduce its annual onsite monitoring of all contracted health plans as well as the "in-office" workload associated with ongoing monitoring carried out between onsite visits. The Unit will have to revise its annual onsite monitoring schedule to approximately one every 18 months. The level of monitoring and assurance of onsite visits are important tools in assuring that health plans are meeting these critical requirements, and it provides the added benefits of identifying and meeting technical assistance needs of health plans before problems progress to the point of having adverse effects on beneficiaries.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This reduction will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

Title: Reduce Contract Staff in Management Services Division Decision Support System

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$48	$87		$135	0.0
Governor's Budget					

Program Description

The Fiscal Intermediary and Contracts Oversight Division (FICOD) Headquarters Management Branch (HMB) is responsible for the financial, administrative, and personnel functions for FICOD, including numerous activities related to the financial management of the Medi-Cal fiscal intermediary (FI) and Health Care Options (HCO) contracts. This includes analysis and development of FI and enrollment broker policy and procedures and fiscal and contract compliance matters. The HMB support budget includes external contract funds totaling approximately $200,000 ($75,000 GF). This funding enables the Branch to contract with outside consultants to address various contract policy issues.

Program Reduction

The proposal will reduce the HMB external contract support budget by $135,000 ($48,000 GF)

Reduction Impacts

Reducing the HMB External Contracts budget could impact flexibility to obtain consultant services necessary to implement Administration and legislative policies, such

as implementation of the Personalized Provider Directories pilot project and/or other needs that typically come up during each Fiscal Year (FY).

Timing of Implementation
This contract reduction would be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or require emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division
Title: Fiscal Intermediary Information Technology Management Branch
Reduction of 14 Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$415**	**$1,244**		**$1,659**	**14.0**
Governor's Budget					

Program Description
Originally created in the 1970's to oversee the Fiscal Intermediary (FI) contract, the Fiscal Intermediary Information Technology Management Branch (FIITMB) in the Fiscal Intermediary and Contracts Oversight Division (FICOD) manages changes to the Medi-Cal Claims processing system and the operations of the FI. The FI, currently Electronic Data Systems (EDS), is the contractor responsible for managing the system that processes Medi-Cal provider claims. The Branch sets priorities for system changes and problem correction activities, acts as project managers and subject matter experts on numerous systems development projects, monitors the FI operations, reviews and approves contract invoices, resolve contract issues, reviews notice of claim and change orders, and participates in resolving provider payment issues.

The Branch consists of three sections and seven units with 53 staff, supervisors, and managers. The level of staffing has remained relatively constant over the past 3 years. The only vacancies are due to normal attrition and positions are normally vacant for 2 to 3 months. The Branch is funded at a level of $1.6 million total funds 75 percent Federal Financial participation (FFP), 25 percent General Fund (GF). FIITMB activities impact the Medi-Cal Fiscal Intermediary Contract and payments to Medi-Cal Providers and indirectly affect access to health care for Medi-Cal beneficiaries.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

There has been no expansion in this Branch.

The FIITMB authorized staffing is 53 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction
Reducing 14 positions in the FIITMB section including: 1 Data Processing Manager II, 2 Data Processing Manager I, 4 Staff Information System Analysts, 1 Senior Information Systems Analyst (specialist), and 6 Associate Information Systems Analysts would correspond to a proposed reduction in the FI Systems Group in the Local Assistance budget which FIITMB oversees and the associated reduction in workload resulting from the FI systems group reduction. Because the FIITMB workload is related to the level of FI systems group staffing, if the associated reduction in the FI systems group is not approved, this proposal should also not be approved.

Reduction Impacts
While the staffing in the FI contractor's Systems Group has increased from 115 systems staff in 2002 to 190 in the current year, there has not been a corresponding increase in FIITMB staff. The FIITMB staff oversee the operation of the FI's Systems Group as well as manage system changes performed by the FI. The corresponding reduction in EDS' Systems Group staff will reduce the system development projects EDS can work on, and therefore reduce the Department's ability to timely and correctly implement changes to the Medi-Cal claims processing system.

EDS is still required to maintain and operate the existing systems, resolve system problems and correct erroneous payments to providers. The reduction in staffing in FIITMB will necessitate reprioritization of the operational oversight performed by FIITMB and likely mean delays in identifying and correcting erroneous payments, which would mean delayed recoupment of overpayments and payouts for underpayments. The reduction would also cause delays in review of problem corrections and invoices, reduced review of claim processing activity, reduced review of EDS' quality management reports, and delays in responding to provider claims problems.

The reduced oversight of the Fiscal Intermediary will likely result in increased costs for the Fiscal intermediary contract due to not having staff to catch invoice errors. There may also be an increase in Medi-Cal provider claims payment errors which could increase Medi-Cal program costs further.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The proposal will not require a change in statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

Title: Project Management Branch Reduction by Four Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$188	$188		$376	4.0
Governor's Budget					

Program Description

Fiscal Intermediary (FI) & Contracts Oversight Division (FICOD), Project Management Branch (PMB) was established in Fiscal Year 2007 and is responsible for leading the Department's effort to procure a replacement system for the Medi-Cal claims processing system called the California Medicaid Management Information System (CA-MMIS). This requires a Request For Proposal (RFP) for a new FI contract for Medi-Cal claims processing. CA-MMIS is a 30-year-old, mainframe, legacy system that annually processes medical claims that result in approximately $19 billion in payments to 80,000+ providers of health care services. It is a mission critical system for the Department of Health Care Services and for the State of California. The effort to replace this claims processing system has not been attempted for 30 years. It is the largest and most complex system of its kind in the nation. Attempts have been made to try to expand and modify some subsystems but due to the complexity of the legacy system it has been met with significant challenges. A recent CA-MMIS assessment recommended that the effort to replace the system begin immediately, to ensure the integrity of claims processing.

The PMB staff are responsible for completing work products necessary to support a RFP, so that bidders on the next FI contract clearly understand the requirements of

system replacement and operations. This is a massive and labor intensive effort as there are thousands of medical policy and business rules imbedded in the legacy system today that must be thoroughly reviewed and documented. PMB staff act as subject matter experts in identifying and validating Medi-Cal business rules for inclusion in the scope-of-work (SOW) for the new FI contract and the CA-MMIS replacement system. This procurement effort is on a compressed timeline as the current FI contract will expire June 30, 2010 and the reprocurement effort takes a miminum of 2 years. Adding the CA-MMIS replacement to this reprocurement requires significant time to the process.

The PMB authorized staffing is 17.0 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction
4.0 Associate Governmental Program Analysts from the PMB will be reduced. These staff are responsible for identifying and validating policy and business requirements for inclusion in the RFP for the following program areas: Systems of Care Division; Benefits Waivers & Rates Division; Medi-Cal Eligibility Division; and Managed Care Division.

Reduction Impacts
PMB dedicated project staff are already severely limited for the size and complexity of this project. This will reduce four of the seventeen current positions, and reduce the use of subject matter experts support to the CA-MMIS replacement procurement. As the time remaining on the current contract is fixed and the timeframe for procuring this contract cannot be extended or lengthened, the procurement will have to proceed without access to the necessary subject matter experts.

PMB will also have less staff to do its current workload and potentially risking the accuracy and quality of the procurement process. This could increase the risk of a new FI contract and claims processing system that does not meet the Department's needs, does not qualify for federal certification and/or incorrectly processes Medi-Cal claims. In addition, providers may be impacted by inaccurate claims processing.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division

Title: Headquarters Management Branch/Contract Administration Section Reduced by Two Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$79	$79		$158	2.0
Governor's Budget					

Program Description

The Fiscal Intermediary and Contracts Oversight Division (FICOD) Headquarters Management Branch/Contract Administration Section (HMB-CAS) performs a number of functions which include research and analysis of lawsuits brought against the Medi-Cal program, and support functions related to administration of the Medi-Cal fiscal intermediary contract. Currently, the Department of Justice is obligated, through an Interagency Agreement with DHCS, to represent DHCS in any litigation concerning the Medi-Cal program. The DHCS Office of Legal Services formally requests representation by the Deputy Attorney General (DAG) when served with a lawsuit on behalf of a provider. In turn, the DAG requires DHCS to provide all the research, analysis, recommendation and court appearances for each case, which is done by HMB-CAS litigation analysts.

The Medi-Cal program has been in existence since 1966 and continues to evolve due to significant federal mandates such as implementation of the Health Insurance Portability and Accountability Act of 1996 (HIPAA), which requires Medicaid programs to standardize their billing codes and provider identifier codes.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

These mandates are likely to result in additional lawsuits brought against the Medi-Cal program as Medi-Cal and its providers transition to these new billing codes, transaction formats and uniform billing numbers.

The HMB-CAS authorized staffing is 23.0 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction
The HMB-CAS will be reduced by 1.0 Associate Governmental Program Analyst (litigation analyst) and 1.0 Office Technician (OT) position.

Reduction Impacts
The flow of litigation cases that come into this unit can be very heavy during peak periods and this reduction will place heavy strain on the unit. Some of the loss of staff resources can be addressed by having supervisors assist with staff work during times of heavy workflow. However this will leave less time for supervisory duties. Further, litigation analysis is extremely complicated and can only be performed by well trained, experienced analysts. It takes approximately three months for a new employee to be trained on the process of conducting litigation research and the document retrieval systems and at least one year of experience for an employee to effectively analyze litigation claims independently. Any staff turnover will have a significant effect on this reduced unit during the training period. Court deadlines may be missed and cases may be analyzed incorrectly.

The OT position currently types or proofs and packages all correspondence to the Medi-Cal fiscal intermediary, provides phone coverage for the Branch and division and tracks the status of major assignments related to administration of the FI contract.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contract Oversight Division Health Care Options Section
Title: Internal Operations/Administration Unit Reduce by Five Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$187	$188		$375	5.0
Governor's Budget					

Program Description

The Health Care Options (HCO) Section is responsible for the overall administration, oversight, monitoring and change management of the HCO Enrollment Broker Contract (Contractor). The Contractor is responsible for informing Medi-Cal eligibles and applicants of the health care options available to them, and for enrolling eligibles into, and disenrolling them from, Medi-Cal Managed Care medical and dental plans in 13 counties. The HCO contract was recently rebid and will be moving to a new contract and new enrollment processing system with signficant improvements. The HCO program was created in 1986 and is authorized by the Welfare and Institution Code Section 14016.6. The HCO program is a federally funded program with a Federal Financial Participation (FFP) level of 50 percent FFP and 50 percent general fund. The Internal Operations\Administration Unit handles all of the office administration functions (budget estimates, assumptions, bill analysis, records retention, and general administration support) and monitors the Contractor's Call Center, Quality Assurance, Data Analysis, Centeral Operations, and Finance divisions. The External Operations Unit monitors the Mail House and Field Opertaions.

The Internal Operations/Administration Unit authorized staffing is 18.0 positions. Any vacancies are due to normal attrition and are filled as quickly as possible.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Reduce one Associate Governmental Program Analyst, one Staff Services Analyst, and one Word Processing Technician in the Internal Operations/Administration Unit. The External Operation Unit will be reduced by 2.0 Staff Services Analysts. The only vacancies in this unit are normal attrition and vacancies are filled as quickly as possible.

Reduction Impacts
The reduction of five staff will reduce the Department's abilty to perform the increased work related to monitoring operations under the current contract as well as monitoring Turnover/Takeover activicties that will overlap the start up of the new contract operations, which will begin on October 1, 2008. The reduction will reduce the Department's ability to monitor operations and assure compliance.

Reduction in staff will limit HCO's ability to monitor the Call Center (which will expand in the new contract) and to monitor material changes in the information booklets that are sent daily to Medi-Cal beneficiaries informing them of their enrollment choices. Also impacted will be HCO's abiltiy to monitor the 100 state-side contract Enrollment Services Representatives (ESRs). The ESRs have a 99 percent success rate in assisting the beneficiaries in making a managed care health plan choice, therefore reducing the default rate and saving the State a considerable amount annually. The proposed reduction will impede HCO's ability to fully monitor the ESRs in the field to ensure they are providing the best service to the beneficiaries and ensure the 99 percent success rate is maintained.

The reduction of HCO staff could result in potential federal sanctions if state oversight staff could not ensure that the contractor meets all federal requirements. If contract requirements are not closely monitored and the Enrollment Broker Contractor does not adhere to federal mandates, the State may lose Federal Financial Participation (FFP).

Lastly, the reduction will require the remaining 13.0 professional staff to assist the one remaining support staff with all of the Section's clerical functions (ie. answering telephone, formatting of letters, releasing correspondance, and importing of documents into electronic data storage, etc.).

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary Contract Oversight Division
Title: Medi-Cal Dental Services Branch Reduce by Three Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$133	$275		$408	3.0
Governor's Budget					

Program Description
The role of the Medi-Cal Dental Services Branch (MDSB) is to ensure that the fiscal intermediary (FI) contractor, Delta Dental of California, complies with the terms and conditions of its contract. Specifically, the MDSB oversees the FI's processing and payment of dental claims, enrollment/dis-enrollment of providers from the program, oversight of the quality of care being provided to Medi-cal beneficiaries and the auditing of providers to avoid misuse of program benefits. In addition, the MDSB oversees the FI for the implementation of any new state or federal mandates. There has been no recent program expansion. The current funding level of the MDSB is approximately $4.2 million.

The MDSB authorized staffing is 21 positions and any vacancies are due to normal attrition and will be filled as quickly as possible. There are currently 3 Dental Program Consultant (DPC), 2 Dental Consultants (DC) and 16 Staff Services Analysts (SSA)/ Associate Governmental Program Analysts (AGPA) in MDSB.

Program Reduction
This proposal would reduce the MDSB by 1.0 DC, 1.0 DPC, and 1.0 SSA/AGPA.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The DPC and the DC I provide professional and clinical advice and guidance to the Department concerning scope and quality of dental benefits under the provisions of the Denti-Cal Program. This position also provides clinical oversight of the Dental FI in claims adjudication, fraud detection and investigation processes. The reduction of the AGPA position will impact the ability to respond to issues of fraud and abuse on a timely basis. The AGPA performs all non-clinical activities related to these functions. Reducing these staff would have a noticeable impact on the branch's ability to respond to external organization needs (for example, providing investigatory assistance and expert witness testimony for Department of Justice). State revenues and fees would not be impacted by this proposal.

Timing of Implementation
This proposal would be implemented July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary & Contract Oversight Division
Title: Operations Management Branch Reduce by Two Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$75	$76		$151	2.0
Governor's Budget					

Program Description

The Medi-Cal program was established in 1967. The Fiscal Intermediary and Contracts Oversight Division (FICOD) is responsible for the overall administration and monitoring of the Medi-Cal fee-for-service medical Fiscal Intermediary (FI) contract with Electronic Data Systems (EDS) Corporation and the at-risk dental FI contract with Delta Dental Plan of California. These responsibilities include providing direction to both FI contractors on claims processing payment policies and procedures, monitoring and reviewing of the FI's operations, enforcement of contract provisions, negotiation of changes to the scope of the contracts, maximization of beneficiaries' entitlement to health care from other payers, and adjudication of provider appeals. FICOD is also responsible for the oversight of all Medi-Cal fee-for-service (FFS) payments. The FI Operations Management Branch (OMB) and FI Information Technology Management Branch (ITMB) within FICOD perform oversight of the $160 million per year medical FFS FI contract. The FIOMB and FI ITMB conduct continuous on-site reviews and analysis of the manual and computerized claims processing and provider assistance activities of the Medi-Cal medical FI contractor, oversee required changes to systems and processes, and continuously monitor the performance of the Medi-Cal medical FFS FI contractor. In addition, the Branches oversee and ensure the FI's contractual compliance.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The FIOMB is comprised of 34.5 authorized positions, which include eleven Associate Governmental Program Analyst (AGPA) positions and five Word Processing Technician (WPT) positions. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction
This proposal would reduce the FIOMB by two full-time equivalent positions; one AGPA and one WPT.

Reduction Impacts
This reduction will impact the Department's ability to research provider billing issues expeditiously; and properly update the California Medicaid Management Information System (CAMMIS); and provide adequate oversight to the FI's provider services function.

The remaining staff will not be able to monitor the quality management function of the FI at the same level and will not be able to do in-depth research on the same number of complex issues that it currently handles for provider payment problems. FIOMB has recently lost three (3) AGPA/RAII staff positions within this same Section/Unit due to the loss of limited term positions. The normal period of vacancy for positions in this Section is minimal, one to two months maximum. The loss of this WPT position will come at a time that an extended period of additional workload will be created when a high priority demand is being placed upon the Support Services for correspondence related to development and completion of both a new FI Request for Proposal (RFP) and a RFP for a new CA-MMIS.

Timing of Implementation
Implementation would be July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary Contracts Oversight Division/Office of Medi-Cal Payment Systems
Title: Reduce by Two Positions from Applications Development Section

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$59	$176		$235	2.0
Governor's Budget					

Program Description
The Fiscal Intermediary and Contracts Oversight Division (FICOD), Applications Development Section (created in 1999) is responsible for designing, developing and maintaining critical Medi-Cal operational applications, tracking, reporting systems, and databases used for program monitoring and day-to-day program operation for eleven Medi-Cal Divisions. In addition, the Applications Development Section coordinates with each Division to manage and upload Medi-Cal internet content. The applications developed by this Section are used by over 1,000 program staff in Medi-Cal. The applications are used to administer and monitor the Medi-Cal program. Support for the existing systems and ability to implement new applications is critical to the program. There is currently a backlog in application needs that the existing staffing level cannot address because of high volume work load.

The Applications Development Section authorized staffing is 7.0 positions and any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction
Reducing the Applications Development Section by two Staff Information System Analysts (SISA).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reducing two SISAs would leave one supervisor and three staff: one Senior Information System Analyst (Supervisor), one Staff Programmer Analysts and two Staff Information Systems Analysts in the Section.

Staff duties include developing and maintaining various Medi-Cal specific databases, tracking systems, applications, and electronic document management and imaging systems for many of the other 11 Medi-Cal Divisions. Applications Development staff are also responsible for a number of critical applications that ensure the efficiency and effectiveness of Medi-Cal operations, including: The Provider Enrollment Tracking System (PETS) The Office of Medi-Cal Procurement Evaluation Database, The Breast and Cervical Cancer Treatment Program (BCC-TP) Database, and The Third Party Liability (TPL) Division Imaging and Document Managing Systems.

There are currently five IT application analysts in this Section so the proposed reduction would reduce the programming capability by 40 percent. Workload priority would be shifted to the most essential activities. The impact of the reduction will affect all of the Medi-Cal Divisions who depend on the systems identified above and any new development projects that the program wants.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Systems of Care Division
Title: Medical Case Management (MCM) Program Staff Reduction of 10 positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$548	$548		$1,096	10.0
Governor's Budget					

Program Description
The Medical Case Management (MCM) Program was established in December 1992 (Assembly Bill 336, Chapter 35, Statutes of 1991 and Senate Bill 485, Chapter 722, Statutes of 1992) and is responsible for ensuring that timely and appropriate health care services are provided to fee-for-service (FFS) beneficiaries with severe chronic conditions or beneficiaries who are catastrophically ill. Since its inception, the MCM Program has successfully managed over 55,000 Medi-Cal beneficiaries. In fiscal year 2006/07, the MCM Program opened approximately 5,000 new cases as well as assessed an estimated 4,200 additional beneficiaries for case management, many of which were eventually opened to MCM in the subsequent FY and to date, are still being case managed.

The MCM target populations (chronically and catastrophically ill full-scope Medi-Cal beneficiaries) are high-risk users of health care that can benefit from receiving case management services. Program experience has demonstrated that significant reductions in costly hospitalizations can be achieved with appropriate less expensive in-home community-based services that assist in averting preventable declines in health and subsequent high cost for inpatient care.

Currently, six of the ten Program Technicians (PT II) key enter all MCM data into an automated Case Management Information System, which allows case managers more time in the field case managing clients and less time performing non-case management work. Statewide, the six positions enter approximately 350 cases per month resulting in 4,200 assessments annually. Of these assessments, approximately 70 percent or 2,940 potential cases annually would be realized. In addition, the remaining four PT II positions provide critical and necessary support to the MCM Program by providing all personnel and administrative support.

The MCM Program currently has 92 authorized nurse case manager positions and 10 authorized case manager support positions. Any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction
This proposal reduces ten PT II positions in the MCM program.

Reduction Impacts
The PT II positions proposed for reduction are located in each of six cities throughout the State: Los Angeles, San Diego, San Bernardino, Fresno, Sacramento, and San Francisco. There is only one support staff person in each of these cities (with the exception of LA) that is currently responsible for key data entry of critical client information. These staff are the only personnel available for critical administrative functions such as monthly time reporting, processing of all hiring documents, serving as coordinator or liaison to information technology support, telecommunications functions, business services, interface with the Department's Accounting personnel, and link to the Systems of Care Division office for dissemination of program operational information.

The loss of ten PT II positions will require nurse case managers to perform administrative functions in lieu of managing care for high cost Medi-Cal beneficiaries.

The loss of ten PT II positions will also result in a reduction in the number of beneficiaries who could be served in the MCM program. This will reduce the Department's ability to provide case management/care coordination for chronically and catastrophically ill Medi-Cal beneficiaries who are high-risk users of health care services and can benefit from receiving case management services. In addition, this reduction would have a negative impact on the Utilization Management Division (UMD) of the Department of Health Care Services in that Treatment Authorization Requests (TARs) that would have been processed under the MCM program would have to be shifted to UMD.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal does not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary & Contract Oversight Division
Title: Reduce one Staff Information Systems Analyst in the California Discount Prescription Drug Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$117			$117	1.0
Governor's Budget					

Program Description
Assembly Bill 2911 addressed the lack of access to affordable prescription drugs by creating the California Discount Prescription Drug Program (CDPDP), which allows the Department of Health Care Services (DHCS) to negotiate with drug manufacturers and pharmacies for rebates and discounts to reduce prescription drug prices for uninsured and underinsured low to moderate income Californians. Participation in the program is open to uninsured California residents with incomes below 300 percent of the federal poverty level, individuals at or below the California median family income with unreimbursed medical expenses equal to or greater than 10 percent of the family's income, share-of-cost Medi-Cal beneficiaries, and Medicare Part D enrollees that do not have Medicare coverage for a particular drug.

The DHCS has been approved for two Staff Information Systems Analysts (SISA) beginning July 1, 2008.

Program Reduction
The DHCS proposes to reduce one SISA from the CDPDP program support.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The SISA provides Fiscal Intermediary (FI) oversight and monitoring and issues change directives to the FI via Operating Instruction Letters, Change Orders, and System Development Notices. The SISA also performs lead analysis, design, development, and implementation efforts for designs and modifications to the CDPDP rebate system. The reduction of this position will impact the oversight of the contractor. Inadequate oversight of the program will reduce the State's ability to ensure an effective program and identify errors in the provider payment and drug rebate information systems. Additionally, the inability to timely initiate necessary changes to the system could result in an unknown impact on the program and the State.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Pharmacy Benefits Division
Title: Reduce One Position from the California Discount Prescription Drug Program (CDPDP)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$73			$73	1.0
Governor's Budget					

Program Description
The California Discount Prescription Drug Program (CDPDP) is a Legislative (Chapter 619, Statutes of 2006 (AB 2911)) effort designed to make prescription drugs more affordable to the estimated five million uninsured and underinsured Californians who are paying out-of-pocket for prescription drugs. The Legislation requires DHCS to negotiate drug discount agreements with manufacturers of single-source and multi-source drugs for rebates which are used to reduce the cost of prescription drugs for the eligible California population.

The policy and contracting staff for the CDPDP are located in the CDPDP Branch within the Medi-Cal Pharmacy Benefits Division. The CDPDP Branch consists of a Staff Services Manager III; a Pharmaceutical Program Consultant; 4 Pharmaceutical Consultant II, Specialists; two Associate Government Program Analysts and an Executive Secretary that would work directly for the Branch Chief for a total of 9.0 staff. Any vacancies are due to normal attrition and will be filled as quickly as possible.

Program Reduction
Reduce one Executive Secretary Position.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The loss of the Executive Secretary would leave the CDPDP Branch chief without clerical assistance. The Executive Secretary responds to complex, confidential, and sensitive telephone calls and email requests, including providing answers or direction, and delegates matters that can be handled by subordinate units as appropriate. This individual also arranges high priority calls in the proper sequence of importance, including calls from high-level DHCS staff, and Health and Human Services Agency officials as well as officials from various other State offices, legislators, and calls from the public.

The Executive Secretary also maintains calendars (both hard copy and electronic) for the CDPDP Branch Chief. He/she works closely with the offices of the Department's Director, Deputy Director, other divisions, division branches, other State departments, Health and Human Services Agency, industry representatives, and members of the public in scheduling meetings.

The expansion of the MPBD by the addition of the CDPDP Branch, places an additional need for administrative support. The reduction of the Executive Secretary position would result in additional workload for the remaining administrative staff (currently one Office Assistant and two Office Technicians (OT), one of these OTs is also being proposed for reduction under a separate proposal.)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Program - Local Assistance
Title: Summary of Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$14,111,498	$20,994,668	$1,987,210		
Reductions	$47,629	$47,589	$0	$95,218	0.0
Governor's Budget	$14,063,867	$20,946,868	1,987,210		
2008-09					
Workload Budget	$12,209,438	$21,874,624	$1,992,909		
Reductions	$1,078,260	$1,091,297	$0	$2,169,557	0.0
Governor's Budget	$11,131,178	$20,783,327	$1,992,909		

Program Description

Medi-Cal is California's Medicaid program. This is a public health insurance program which provides needed health care services for low-income individuals including families with children, seniors, persons with disabilities, foster care, pregnant women, and low income people with specific diseases such as tuberculosis, breast cancer or HIV/AIDS. Medi-Cal is financed equally by the State and federal government. Medi-Cal provides access to quality medical care in a fiscally prudent manner through both fee-for-service and managed care delivery systems.

Medi-Cal activities are carried out through 12 Divisions and 2 Program Offices. The Divisions include: Medi-Cal Benefits, Waivers Analysis, and Rates; Medi-Cal Managed Care; Medi-Cal Eligibility; Long Term Care; Pharmacy Benefits; Provider Enrollment; Utilization Management; Third Party Liability and Recovery; Safety Net Financing; Fiscal Intermediary and Contracts Oversight; Systems of Care; and Audits and Investigations. The Program Offices include: Office of Medi-Cal Procurement and the Office of Health Insurance Portability and Accountability Act (HIPAA) Compliance.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Reduction proposals impact all the major components of the Medi-Cal program, Some of the major reduction proposals include reducing provider payments, reducing optional benefits, restoring quarterly status reports for children and adults, ceasing payment of Part B premiums for Medi-Cal unmet share-of-cost beneficiaries, and reducing Medi-Cal payments to counties.

The Accelerated Enrollment program and implementation of Chapter 437, Statutes of 2006 (SB 437) were exempted from the reduction since they are part of the Children's Outreach Activities to support enrollment and retention of children in health care programs ($17.8 million General Fund). Nursing facility level Bs and intermediate care facilities for the developmentally disabled are excluded from the rate reductions because they pay a fee that helps pay for the cost of services. The state achieves budget savings from the fee; these fees are paid in lieu of the rate reductions. The value of the exempted payments is $2.446 billion General Fund.

Reduction Impacts
The impacts for each reduction proposal are provided in the individual write-ups.

Timing of Implementation
Most of these reductions will be implemented three months following enactment of the required statute changes.

Statutory and/or Regulatory Change
Most of these reductions will require a change in state statute and emergency regulations. Some of them also require a Sate Plan Amendment.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Benefits, Waivers Analysis, and Rates Division
Title: Reduce Provider Payments by 10%

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$33,433	$33,393		$66,826	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$602,400	$609,600		$1,212,000	
Governor's Budget					

Program Description

The Medi-Cal program was established by the Legislature to provide health care to uninsured Californians on March 1, 1966. Medi-Cal provides health care services for millions of low-income families with children, seniors, visually impaired, and disabled Californians. For approximately one half of the program, Medi-Cal pays providers directly through the traditional fee-for-service (FFS) method. In addition, the program contracts with managed care plans that develop their own provider networks to serve managed care beneficiaries. Approximately, 150,000 providers currently participate in the Medi-Cal FFS program.

Program Reduction

This budget reduction proposal reduces payments for FFS and managed care (which are derived from FFS payment levels) for Medi-Cal provider types/programs by ten percent. Except for the exemptions listed below, the payment reductions will apply to services rendered by any provider authorized to bill Medi-Cal for services. Under this proposal, managed care plans will reduce their provider payments and therefore managed care plans will also be reduced by an actuarially equivalent amount.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The following are exempt from the payment reductions for this proposal but in some cases are affected by other reduction proposals: acute hospital inpatient services, Hospice, Federal Qualified Health Centers and rural health clinics; and payments to long term care facilities, including but not limited to freestanding nursing facilities, distinct-part nursing facilities, intermediate care facilities for developmentally disabled individuals, sub-acute care units of skilled nursing facilities, rural swing beds, ventilator weaning services and special treatment program services. All other Medi-Cal providers are subject to this proposal.

Non-Medi-Cal programs affected by the payment reductions include the following: California Children's Services, Every Woman Counts, Family Planning Access, Care and Treatment, Genetically Handicapped Persons Program, and the Child Health and Disability Prevention Program.

Reduction Impacts
As a result of this proposal, certain providers may choose not to continue their participation in the program. This may cause some beneficiaries to seek replacement services from higher cost facilities, such as federally qualified health centers and emergency rooms. To the extent this proposal causes beneficiaries to seek services from higher cost facilities, the savings expected from the proposed payment reduction will be reduced.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
This payment reduction will require a change in State statute and authority to implement the changes with regulations. Public notice is required prior to this change being effective and State Plan Amendments would also be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division
Title: Increasing the Federal Reimbursement of the State-Funded Programs through the Safety Net Care Pool

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$7,750			$7,750	
Governor's Budget					

Program Description
The Safety Net Care Pool (SNCP) was established on July 1, 2005, to reimburse hospitals for uncompensated care they provide to the uninsured, as part of the *Medi-Cal Hospital/Uninsured Care Demonstration* (hospital financing waiver). There are 15 positions in the department that are authorized for implementiing the program. The SNCP makes $586 million available to be claimed using the certified public expenditures of designated public hospitals (DPHs) for uncompensated care to the uninsured, and by claiming State expenditures for four State-funded health care programs (called "federalizing"). Those State-funded programs include: the California Children's Services program; the Genetically Handicapped Persons Program; the Medically Indigent Adult – Long Term Care Program; and the Breast and Cervical Cancer Treatment Program. The federalizing of the four State-funded programs allows federal funds to replace State General Fund (GF) for up to 50 percent of the health care costs for documented beneficiaries who receive services under these programs.

The State GF freed up by the federalizing of the State-funded programs is used to provide stabilization funding for the DPHs, Non-designated Public Hospitals (NDPHs), private hospitals, and distressed hospitals, in addition to reimbursing the State for the $32.7 million GF increase that resulted from changes to hospital reimbursement under the hospital financing waiver.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The distribution of the SNCP is based on formulas specified in section 14166 et seq. (SB 1100 (Chapter 560, Statutes of 2005)), and as amended by SB 474 (Chapter 518, Statutes of 2007). Additionally, SB 474 requires that $100 million of the SNCP monies be allocated to the newly created South Los Angeles Medical Services Preservation Fund.

Program Reduction
The DPHs and the South Los Angeles Medical Services Preservation Fund would receive a ten percent reduction in SNCP payments. This ten percent would allow the Department to use more of the four State-funded program expenditures to claim additional Federal Financial Participation to replace GF in these four programs. The Department would not be required to use this additional GF savings for baseline or stabilization payments to the hospitals and instead would use these funds to reduce General Fund expenditures.

Reduction Impacts
In FY 2007-08, the DPHs are estimated to receive $542 million from the SNCP (including the South Los Angeles Medical Services Preservation Fund). The Department would reduce the amount of the SNCP payments to the DPHs and the Los Angeles County by 10 percent or $54.2 million. The additional federal funds, based on the expenditures of the four federalized State-funded programs, will replace GF in both the Family Health and Medi-Cal budgets.

A reduction in funding to hospitals funded under the hospital financing waiver may impact the hospital safety net delivery system, which could impact Medi-Cal beneficiaries and uninsured individuals' access to services.

The amount of stabilization to the NDPHs, privates, or distressed hospitals would not change.

Timing of Implementation
The reduction will be effective three months after the adoption of State legislation authorizing this change.

Statutory and/or Regulatory Change
Any change in the amount to be allocated to the hospitals or a change in the calculation of SNCP funds would require legislation including notice to the federal government of this funding change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division
Title: Reduction in Payments and Reimbursable Cost to Non-Contract Hospitals

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$30,033	$30,033		$60,066	
Governor's Budget					

Program Description
The Department of Health Care Services (DHCS) administers the Selective Provider Contracting Program (SPCP) which allows the State to selectively contract with hospitals to provide inpatient services to Medi-Cal beneficiaries. The California Medical Assistance Commission (CMAC) regulates hospital contracts and ensures Medi-Cal beneficiary health care access by maintaining the patient/hospital ratio throughout the state. CMAC negotiates per diem rates and supplemental payment amounts for contract hospitals on a competitive basis. Of the approximately 440 general acute care hospitals statewide, about 200 hospitals are participating in the SPCP.

Non-contract hospitals are hospitals that do not participate in the SPCP program. Non-contract hospitals tend to be located in rural areas of the State; however, a number now exist in urban areas. Non-contract hospitals can be limited in the number of beds they offer due to the size of the facility and may not offer certain specialty services.

Non-contract hospitals are paid an interim reimbursement rate for inpatient services provided to Medi-Cal beneficiaries that is expressed as a percentage of cost/charges. The interim rate paid to these hospitals approximates their reimbursable costs, and is subject to settlement based on a financial audit performed by Audits and Investigations (A&I) to determine allowable cost for reimbursement. A&I is responsible for establishing the interim rates which are routinely reviewed on an annual basis as part of the required

Medi-Cal cost report filing with the Department. The estimated aggregate payment to these hospitals in Fiscal Year 2007-08 is $716 million.

Program Reduction
Under this proposal non-contract hospital inpatient payments would be reduced by ten percent. The reduction in payments and reimbursable cost is applicable to all non-contract hospitals except (1) Hospitals that participate in the SPCP; (2) Hospitals that provide 100 percent psychiatric services; (3) and designated public hospitals that participate in the Medi-Cal Hospital/Uninsured Care Demonstration waiver.

This proposal would reduce the hospital's existing interim rate (as of January 1, 2008) by ten percent. (i.e. If a hospital's interim rate was 80 percent, the ten percent reduction would change the hospital's interim rate to 70 percent). The ten percent reduction would be effective for dates of service on the effective date of the change and would be permanent.

A correlating provision is needed to prevent the refunding of the ten percent monies when A&I does the final settlement and when interim rates are adjusted. Without a provision, non-contract hospitals would be fully cost reimbursed for Medi-Cal inpatient services. Also, a provision would be needed to temporarily "freeze" accommodation rates to avoid hospitals from requesting higher approved rates to offset any perceived decrease due to the ten percent interim rate reduction.

Reduction Impacts
This proposal would limit non-contract hospital payments to 90 percent of their allowable rate of payment or cost. A&I also would be required to perform additional reduction-related activities, including the preparation of rate adjustment notices for submittal to EDS and the calculation of final cost settlements for each non-contract hospital.

To the extent that the Department is able to maintain high participation in the SPCP, this rate reduction should not impact access to hospital services for Medi-Cal beneficiaries in urban areas. However, the reduction could impact some rural hospitals operating under less stable financial conditions. Other programs that rely upon the Medi-Cal inpatient interim rate percentage for payments related to their programs would need to be notified.

Timing of Implementation
The reduction will be effective three months after adoption of State legislation authorizing this change.

Statutory and/or Regulatory Change
The reduction will require a change in State statute and emergency regulation authority.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Benefits, Waiver Analysis and Rates Division (BWRD)
Title: Reduce Selected Long Term Care Payments by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$56,751	$56,751		$113,503	
Governor's Budget					

Program Description

The Medi-Cal program was established on March 1, 1966 and began reimbursing for long term care (LTC) services shortly thereafter. LTC providers include freestanding (FS) and distinct part (DP) nursing facilities (NF), intermediate care facilities for the developmentally disabled (ICF/DD), Adult Day Health Care (ADHC) agencies, hospice, and other facility types. These facilities provide care to Medi-Cal beneficiaries in need of LTC services. Reimbursement rates for LTC services are based on two-year-old cost data that are projected forward to determine a prospective reimbursement rate.

Program Reduction

The budget reduction proposes a ten percent payment reduction to the proposed 2008-09 rates for DP NFs, NFs Level A, ADHC agencies, and other facility types. This payment reduction will also reduce managed care rates by the actuarial equivalent amount. Nursing facility level Bs and intermediate care facilities for the developmentally disabled are excluded from the rate reductions because they pay a fee that helps pay for the cost of services. The state achieves budget savings from the fee; these fees are paid in lieu of the rate reductions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The ten percent reduction in the payment of LTC services will impact the following facility types: Freestanding Subacute facilities; Nursing Facility level A; Distinct Part Nursing Facilities level B; Distinct Part Subacute facilities; Pediatric Subacute facilities; Rural Swing Bed facilities; and Adult Day Health Care.

As a result of this proposal, certain providers of LTC services to Medi-Cal beneficiaries may choose not to continue their participation in the program. To the extent providers stop accepting Medi-Cal patients, it may result in some patients having to stay longer in acute hospitals before they can be placed in nursing facilities or at home.

Timing of Implementation
The reduction will be effective three months after adoption of State legislation authorizing this change. Advance notification to all Medi-Cal LTC facilities of a reduction in reimbursement payments is required.

Statutory and/or Regulatory Change
A reduction in payment of LTC rates will requires a change in State statute and authority to implement without regulations. In addition, a State Plan Amendment and reimbursement regulations modifications are required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Safety Net Financing Division
Title: Reduction in DSH and DSH Replacement Payments

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$24,000	$23,300		$47,300	
Governor's Budget					

Program Description
The Disproportionate Share Hospital (DSH) program was established to reimburse hospitals for the uncompensated care costs for providing health care services to Med-Cal beneficiaries and low-income, uninsured individuals. Effective July 1, 2005, all but a very small amount of the $1.03 billion annual DSH allotment is distributed to public hospitals. Designated public hospitals (DPHs) receive federal funds from the DSH allotment based on their certified public expenditures (CPEs) and intergovernmental transfers (IGTs). Nondesignated public hospitals (NDPHs or district hospitals) receive federal funds from the DSH allotment using state General Fund (GF) monies to draw down the federal funds. Private hospitals receive what is called "DSH replacement" payments comprised of state GF and federal funds. These federal funds are not drawn down from the annual DSH allotment. DSH replacement payments for eligible private hospitals are estimated to be $466 million ($233 million GF). NDPHs may move to using certified public expenses and the non-federal portion of their DSH payment to retain their federal funding (50 percent of their payment). This option is not available under federal rules for the private hospitals.

Program Reduction
NDPHs would receive 90 percent of their DSH payments and private hospitals 90 percent of their DSH replacement payments based on the formula contained in the Medicaid State Plan, and in State law.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
NDPHs and private hospitals would receive less reimbursement for their uncompensated care costs, which may impact facilities operating under unfavorable financial conditions.

Because the federal DSH allotment is a fixed amount of funding that is shared between the DPH and NDPH ($1.03 billion), a ten percent reduction in the GF portion of DSH payments to NDPHs would cause an equal reduction in the Federal Financial Participation (FFP). This reduction would result in $700,000 GF savings from the NDPH. Any loss of FFP through this proposed reduction would be drawn down by the DPH or the NDPHs using certified public expenses. A ten percent reduction of the $466 million in private hospitals' DSH replacement payment would result in $23.3 million of GF savings and a total payment reduction to the hospitals of $46.6 million. Private and NDPHs who contract with Medi-Cal may approach CMAC to request a rate increase to backfill their reduction.

The Department's workload would be minimally impacted by this reduction proposal.

Timing of Implementation
The reduction will be effective three months after adoption of State legislation authorizing this change.

Statutory and/or Regulatory Change
The reduction will require a change in State statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Benefits, Waivers Analysis and Rates Division
Title: Reduce Medi-Cal Benefits of Chiropractor Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$379	$379		$757	
Governor's Budget					

Program Description
Medi-Cal covers virtually every optional benefit in the Medicaid program providing a wide range of benefits. Chiropractic services were established in 1982 and are currently covered as an optional benefit under the Medi-Cal program as a Medi-Service (restricted to two/month). California is one of 27 states that offer this benefit. Chiropractic services include bone and joint manipulation for the relief of pain. The total amount claimed for services in Fiscal Year (FY) 2005-06 was $1,126,512 ($563,256 GF).

Program Reduction
This proposal will reduce the number of Medi-Cal optional benefits by no longer offering chiropractic services for adults 21 years of age or older who are not in a nursing facility.

Reduction Impacts
Beneficiaries who are 21 years or older and not in a nursing facility will not have access to chiropractic services. The total annualized reduction for this change has been reduced by twenty-five percent due to increased costs for physician services. Future Managed Care capitation rates will be adjusted to reflect the elimination of this benefit.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Requires a change in State statute and authority to implement the change by provider bulletin.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division
Title: Eliminate Incontinence Creams and Washes as an Optional Benefit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	39	39		$780	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$4,685	$4,685		$9,370	
Governor's Budget					

Program Description

Medi-Cal covers virtually every optional benefit in the Medicaid program providing a wide range of benefits. Coverage of incontinence medical supplies was established in 1976 with the adoption of regulations for the coverage of medical supplies (CCR Title 22 section 51320). Federal Medicaid law recognizes medical supplies, in general, as an optional benefit. From its inception, Medi-Cal has experienced increasing program costs for incontinence medication supplies and fraud in this program area. Welfare and Institution (W&I) Code, Section 14125.4 in 1993, limited expenditures for incontinence medical supplies per beneficiary to no more than $165 per month including sales tax. Incontinence creams and washes are exempt from this law. Medi-Cal currently contracts with a variety of manufacturers and re-labelers to provide reasonably priced incontinence supplies to Medi-Cal providers. Contracts for incontinence creams and washes were signed in November 2007 and are estimated to reduce expenditures by $1.3 million TF ($0.65 million GF) annually.

To obtain products, beneficiaries must have a doctor certify the medical condition that is causing their incontinence and obtain a prescription. Beneficiaries may fill prescriptions through any authorized Medi-Cal provider (usually a pharmacy or durable medical equipment dealer).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Currently, there are more than 7,000 Medi-Cal providers (pharmacies and medical supply companies) in California authorized to sell incontinence supplies to Medi-Cal beneficiaries. Medi-Cal does not reimburse for incontinence supplies for patients under age five. Medi-Cal spent $10.7 million ($5.3 million GF) in Fiscal Year (FY) 2005-06 providing incontinence cream and washes services to 75,000 beneficiaries.

Program Reduction
This proposal will reduce the services provided by Medi-Cal by no longer providing coverage for incontinence creams and washes. This will reduce the approximately $200 million dollars spent on disposable medical supplies by approximately $10.7 million dollars ($5.3 million GF). These products can be replaced through the use of commercially available soap and skin creams.

Reduction Impacts
Beneficiaries will have to purchase these incontinence creams and washes which are readily available at drug stores and don't require a prescription.

Reimbursement rates that include incontinence medical supplies (e.g. nursing facility daily rate) would need to be recalculated. Future Managed Care capitation rates will be adjusted to reflect the elimination of this benefit.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
This reduction will require a change in State statute and emergency regulations:

CCR Title 22 Section 51526(c), W&I 14125.4.(a)

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi- Cal Benefits Waivers and Rates Division
Title: Eliminate Acupuncture Services as an Optional Benefit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$27	27		$54	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,840	$2,840		$5,680	0.0
Governor's Budget					

Program Description
Medi-Cal covers virtually every optional benefit in the Medicaid program providing a wide range of benefits. Acupuncture services were established in 1981 and are currently covered as an optional benefit under the Medi-Cal program (restricted to two sessions per month). Acupuncture services include treatment for pain syndromes and other medical conditions. These services are used widely for the relief of the symptoms of AIDS. Medi-Cal spent $6.3 million ($3.17 million GF) in Fiscal Year (FY) 2005-06.

Program Reduction
This proposal will reduce the number of Medi-Cal optional benefits by no longer offering acupuncture services for adults 21 years of age or older who are not in a nursing facility.

Reduction Impacts
Beneficiaries who are 21 years or older and not in a nursing facility will not have access to acupuncture services. It is not anticipated that the program will experience increased cost to other services if acupuncture is no longer offered as an optional benefit. Future Managed Care capitation rates will be adjusted to reflect the elimination of this benefit.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Requires a change in State statute and authority to implement the change by provider bulletin.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary Contracts Oversight Division
Title: Eliminate Adult Dental as an Optional Benefit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$9,579	$9,579		$19,158	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$114,950	$114,950		$229,900	0.0
Governor's Budget					

Program Description

Medi-Cal has been providing health and dental care services to Californians since 1965. Medi-Cal beneficiaries access services through Medi-Cal's fee-for-service (FFS) and managed care programs. Medi-Cal is the funding source for health care services for low-income children, their parents, pregnant women, and seniors and people with disabilities. In addition to providing those benefits that are required by federal law, California is one of six states that offer this benefit. The Denti-Cal program provides comprehensive primary and specialty dental care for adults and children. The categories of service (including periodicity of services and clinical criteria for covered services) parallel those found in commercially available dental benefits plans. In 2003 and 2004 the state implemented a number of program changes that resulted in cost savings: pre-treatment x-rays to justify medical necessity for restorations; reduced payment rate for subgingival curettage and root planning; restricted use for posterior laboratory processed crowns for adults; and, increased provider enrollment requirements. Additionally, in 2006 an annual cap of $1,800 was imposed on adult dental services (per beneficiary), excluding certain services. The Medi-Cal budget includes $601million ($300.5 million GF) in FY 2007-08 to offer dental services to Medi-Cal beneficiaries (approximately 6.6 million), of whom approximately 2 million utilize services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

This proposal will reduce Medi-Cal benefits of adult dental services by reducing coverage for all non federally required adult dental services for persons 21 years of age and older. However, the program will continue to pay a dentist for a service that could be provided by a physician and services for people in nursing facilities, as required by federal law. Under this proposal, this population would no longer receive care such as cleanings, examinations, periodontics, endodontics (root canals), restorative care such as crowns, and fillings, oral surgery/extractions, x-rays, related drugs/anesthesia, certain emergency dental-specific services, dentures (full and partial), and Maxillofacial services.

Reduction Impacts

Approximately half of the 6.6 million Medi-Cal beneficiaries are adults 21 years of age or older (roughly 3 million). These are the persons who will no longer have comprehensive dental care available if optional adult dental services are eliminated (federally required adult dental services would remain a benefit). When these beneficiaries need dental care, they will have to pay for the services. Lack of treatment often results in emergency room visits. This results in a shift and increase to medical and hospitals costs; that has been adjusted into the savings amount.

Timing of Implementation

The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change

Reduction of this benefit would require statutory and/or regulatory changes and appropriate State Plan Amendments.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Benefits, Waivers Analysis, and Rates Division
Title: Eliminate Speech and Audiology Services as an Optional Benefit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,000	$2,000		$4,000	0.0
Governor's Budget					

Program Description
Medi-Cal covers virtually every optional benefit in the Medicaid program providing a wide range of benefits. Speech and audiology services were established in 1976 and are currently covered as an optional benefit under the Medi-Cal program. California is one of 40 states that offer this benefit. Speech services include language evaluation, speech evaluation, therapy, and speech generating device assessment. Audiology services include screening, diagnostic evaluations, hearing aid evaluations, and hearing therapy. Many of these patients may also receive long-term care. The bulk of services are for audiological evaluations for hearing aids. Medi-Cal spent $13.9 million ($6.9 million GF) in Fiscal Year (FY) 2005-06.

Program Reduction
This proposal will reduce the number of Medi-Cal optional benefits by no longer offering speech and audiology services for adults 21 years of age or older who are not in a nursing facility.

Reduction Impacts
Beneficiaries who are 21 years or older and not in a nursing facility will not have access to speech or hearing therapy or screenings and diagnosis for hearing aids. This change will also reduce the number of hearing aids and hearing aid devices provided by Medi-Cal.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The total annualized reduction for this change has been reduced by fifty percent due to increased costs for nursing facilities. Future Managed Care capitation rates will be adjusted to reflect the elimination of this benefit.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Requires a change in state statute and authority to implement the change by provider bulletin.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division
Title: Eliminate Optometry Services as an Optional Benefit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,035	$1,035		$2,070	0.0
Governor's Budget					

Program Description

The Medi-Cal Vision Services Branch (VSB) of the Medi-Cal Pharmacy Benefits Division (MPBD) in the Department of Health Care Services (DHCS) is responsible for administering, establishing, and maintaining the policy governing vision care benefits for the Medi-Cal Program. In addition, VSB adjudicates Treatment Authorization Requests for medically necessary eye appliances; provides professional consultation to Medi-Cal providers and field office consultants; serve in a staff capacity in the formulation, implementation, interpretation, and evaluation of laws, regulations, policies and procedures relating to vision care benefits under the provisions of the Medi-Cal program; works with other elements of the Department and Prison Industries Authority in their activities in vision care aspects of the Medi-Cal program; and prepares oral and written responses to communications relating to vision care.

Adult optometry services are currently covered as optional benefits under Medi-Cal. California is one of 40 states that offer this benefit. This coverage was established in 1971 and includes routine eye examinations and eyeglasses, as well as diagnostic and ancillary eye procedures to protect the health of the eye. In addition, this coverage also includes medically necessary contact lenses and low vision aids by Treatment Authorization Request and prosthetic eye services for the visually impaired.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The Department of Health Care Services paid approximately $23 million ($11.5 million GF) dollars in Fiscal Year (FY) 2005-2006 to optometrists and optometric groups for Medi-Cal services to approximately 325,000 beneficiaries.

There are approximately 1,200 ophthalmologists and 2,600 optometrists that accept Medi-Cal in California (CA).

Program Reduction
This proposal will reduce the number of optional Medi-Cal benefits by no longer offering optometry services to Medi-Cal beneficiaries, except those under 21 years of age and persons in nursing facilities.

Reduction Impacts
Adult Medi-Cal beneficiaries will be required to obtain eye examinations and other vision services from ophthalmologists rather than optometrists. This reduction has been reduced to account for a cost shift to ophthalmologist services. The annualized reduction has been adjusted due to account for increased emergency room and community clinic visits since many ophthalmologists will not provide routine eye examination services. In addition, since very few ophthalmologists practice in rural areas of CA, this reduction may impact access to vision services for many adult Medi-Cal beneficiaries.

Beneficiaries who are legally blind or visually impaired (most of whom are over 21 years of age) depend on the Medi-Cal program for low-vision services and devices for activities of daily living and independent living. These beneficiaries will no longer have such benefits. Costs may shift to the CA Department of Rehabilitation for some of these services.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Will require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Pharmacy Benefits Division
Title: Reduce Medi-Cal Benefits of Optician/Optical Laboratory Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$6,160	$6,160		$12,319	0.0
Governor's Budget					

Program Description

The Medi-Cal Vision Services Branch (VSB) of the Medi-Cal Pharmacy Benefits Division (MPBD) in the Department of Health Care Services (DHCS) is responsible for administering, establishing, and maintaining the policy governing vision care benefits for the Medi-Cal Program. In addition, VSB adjudicates Treatment Authorization Requests for medically necessary eye appliances; provides professional consultation to Medi-Cal providers and field office consultants; serve in a staff capacity in the formulation, implementation, interpretation, and evaluation of laws, regulations, policies and procedures relating to vision care benefits under the provisions of the Medi-Cal program; works with other elements of the Department and Prison Industries Authority in their activities in vision care aspects of the Medi-Cal program; and prepares oral and written responses to communications relating to vision care.

Opticians/optical labs are currently covered as an optional benefit under Medi-Cal. Optician providers dispense prescription eyeglasses and contact lenses prescribed by optometrists and ophthalmologists to Medi-Cal beneficiaries. All 50 states offer optician benefits to Medicaid recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Unlike optician providers, fabricating optical laboratories produce eyeglasses for Medi-Cal beneficiaries. In 1988, the Governor, by Executive Order, established an Interagency Agreement (IA) between the Department of Health Services (DHS) and Prison Industry Authority (PIA) to fabricate eyewear for Medi-Cal beneficiaries. In December of that year, the first PIA fabricating optical laboratory at R.J. Donovan Correctional Facility (RJD) in San Diego began manufacturing eyewear for the Medi-Cal population. Today, in addition to RJD, PIA also has fabricating optical laboratories at California State Prison-Solano, Pelican Bay State Prison and Valley State Prison for Women. In 2006, the four PIA optical laboratories produced approximately 830,000 pairs of eyeglasses for Medi-Cal beneficiaries in 56 of 58 California Counties. California is one of 13 States that use the prison system to fabricate eyewear for Medicaid beneficiaries.

Medi-Cal spent $13.7 million ($6.9 million GF) in FY 2005/2006 providing lens fabrication services through PIA to approximately 650,000 beneficiaries.

In Fiscal Year (FY) 2006/2007, DHCS reimbursed PIA approximately $18 million for lens fabrication services. In addition, DHCS reimbursed dispensing optician providers approximately $3.7 million dollars for their services.

Program Reduction
This proposal will reduce the number of optional Medi-Cal benefits by no longer offering Optician/Optical Lab coverage for adults 21 years of age or older who are not in a nursing facility.

Reduction Impacts
Adult Medi-Cal beneficiaries would no longer receive eyeglasses under the program. Without such services, adults in need of them will have difficulty with driving, reading, and other activities of daily living.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
This reduction will require a change in State statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Benefits, Waivers Analysis, and Rates Division
Title: Reduce Medi-Cal Benefits Provided by a Podiatrist

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,692	$1,692		$3,383	
Governor's Budget					

Program Description
Medi-Cal covers virtually every optional benefit in the Medicaid program providing a wide range of benefits. Coverage of services provided by a podiatrist was established in 1974 and are currently covered as an optional benefit under the Medi-Cal program (restricted to two sessions per month). California is one of 44 states that offer this benefit. Podiatry services include medical and surgical services necessary to treat disorders of the feet, ankles, or tendons of the foot rendered by a podiatrist. Most podiatry services are provided to treat conditions that complicate chronic medical diseases, or disorders that significantly impair the ability to walk. Medi-Cal spent $6.3 million ($3.15 million GF) in Fiscal (FY) 2005-06.

Program Reduction
This proposal will eliminate, as a Medi-Cal optional benefit, podiatry services rendered by a podiatrist for adults 21 years of age or older who are not in a nursing facility. Podiatry services that are performed by physicians would not be affected by this reduction.

Reduction Impacts
Beneficiaries who are 21 years or older and not in a nursing facility will not have access to podiatry services. The total annualized reduction for this change has been reduced by forty percent due to increased costs for other services, primarily physician services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Future Managed Care capitation rates will be adjusted to reflect the elimination of this benefit.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Requires a change in State statute and authority to implement the change by provider bulletin.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Benefits Waivers and Rates Division
Title: Eliminate Psychology Services as an Optional Benefit

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$251	$251		$503	0.0
Governor's Budget					

Program Description

Medi-Cal covers virtually every optional benefit in the Medicaid program providing a wide range of benefits. Psychology services were established in 1976 and are currently covered as an optional benefit under the fee-for-service Medi-Cal program (restricted to two sessions per month unless provided by a county mental health department through a consolidation agreement with the Department of Mental Health). California is one of 34 states that offer this benefit. Psychology services include those services provided by or under the supervision of a licensed psychologist. The vast majority of psychology services are provided by a county mental health department through a consolidation agreement with the Department of Mental Health. Psychology services that are provided by a county mental health department would not be affected by this reduction as they are certified as rehabilitative optional services. Medi-Cal spent $1.1 million ($0.56 million GF) in Fiscal Year (FY) 2005-06.

Program Reduction

The reduction will be effective three months after adoption of state legislation authorizing this change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Beneficiaries who are 21 years or older and not in a nursing facility will not have access to psychology services. The total annualized reduction for this change has been reduced by fifty percent due to increased costs for other services, primarily psychiatric services. Future Managed Care capitation rates will be adjusted to reflect the elimination of this benefit.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Requires a change in state statute and authority to implement the change by provider bulletin.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Third Party Liability and Recovery Division
Title: Cessation of Payment of Part B Premiums for Share of Cost (SOC) Beneficiaries

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$4,200	$4,200		$8,400	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$50,100	$50,100		$100,200	0.0
Governor's Budget					

Program Description
The Third Party and Liability Division, Medicare Operations Unit is responsible for the Medicare Premium Payment Program. Medicare premium payment allows Medi-Cal to pay Medicare Part A (inpatient) and/or Part B (outpatient) premiums for Medi-Cal beneficiaries and others who qualify for Medi-Cal under special programs, allowing Medi-Cal to defer costs for medical care to Medicare.

Under the authority of Section 1843 of the Social Security Act (1966), the State of California participates in a buy-in agreement with the Centers for Medicare and Medicaid Services, whereby Medi-Cal automatically pays Medicare Part B premiums for all Medi-Cal beneficiaries who have Medicare Part B entitlement in the following groups:

- Medicare Savings Program individuals, who are not on Medi-Cal, but who qualify for Medicare premium payments under Federal income and asset rules;
- Full Scope Medi-Cal recipients, who are currently both Medicare Part B entitled and Medi-Cal eligible with no Share of Cost (SOC).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Thirty-one (31) states participate in similar Buy-In agreements.

In addition to these two groups the state pays Part B premiums for a third group; Medi-Cal Share of Cost individuals who are Medicare entitled but whose adjusted income exceeds the Federal income limit of 129% of the Federal Poverty Level (FPL). As of July 1, 2007, there were 66,102 individuals in the SOC group. Medi-Cal pays the part B premium for this entire group eventually these individuals who are not certified are Medi-Cal eligible by meeting their share of cost spend down. This is a state only program and is not eligible for federal funding. There is no federal requirement for the payment of Medicare premiums for these groups of individuals who do not meet their share of cost.

Program Reduction
Cease payment of Medicare Part B premiums for the Medi-Cal SOC groups who do not meet their share of cost spend down.

Reduction Impacts

Approximately 44,000 dual eligible individuals, primarily aged, blind and disabled with income above 129 percent of the FPC, will be required to pay $93.50 per month to receive Medicare Part B benefits. Some will choose not to pay the optional Part B premiums for financial reasons and will have to pay for outpatient medical services out of pocket until they meet their Medi-Cal SOC. The inability or refusal to pay out of pocket costs could result in the beneficiary abstaining from preventative outpatient care, resulting in expensive emergency treatment.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
This proposal requires legislative authority to reduce the Part B premium payments without regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division
Title: Reinstate the Quarterly Status Reports for Parents

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$8,624	$8,624		$17,247	0.0
Governor's Budget					0.0

Program Description

In January 2001, the quarterly status report was eliminated for parents eligible for Medi-Cal only. For over 20 years, the Medi-Cal program had a stringent quarterly status report (QSR) requirement. The QSR form was complex and required submission of documentation on income and assets, even if there was no change to report. The QSR applied to parents and most children, but did not apply to aged, blind, disabled, pregnant women, and infants up to one year of age. In order to contain Medi-Cal costs and to ensure that people receiving Medi-Cal benefits were eligible, on October 2003, a simplified midyear status report (MSR) was implemented for parents. The simplified MSR only requires that the beneficiary check a box if there are no changes, and sign the form. If the person has changes that could affect their eligibility, they are required to describe those changes. Counties send these forms out without a review of the case file and the SB 87 ex-parte re-determination process is used to resolve any problems that occur with submitted forms. Most counties implemented this form on a phase-in basis between October 2004 and March 2005.

Program Reduction

Reinstate the QSR for parents, effective July 2008. Beneficiaries would complete three quarterly reports each year utilizing a simplified form modeled after the current MSR form. Additionally, an annual redetermination form would continue to be required. The current process of sending out the forms and the use of SB 87 procedures for returned forms would be used.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

Parents who are no longer eligible for Medi-Cal will lose their Medi-Cal coverage up to 3 months earlier than they do now, producing program savings. People who move or have an income or employment change often do not inform Medi-Cal of this change requiring Medi-Cal to pay for coverage that is no longer necessary nor often wanted. Since Medi-Cal does not require a premium payment, this reporting is the only way that Medi-Cal can ensure contact with beneficiaries and ensure that they are still eligible. As Medi-Cal makes monthly payments to health plans and for dental coverage, it is important that these payments only be made for people who are eligible.

Also, beneficiaries may fail to complete the QSR status report even if they are still eligible for the program, making them ineligible for Medi-Cal services resulting in Medi-Cal savings. However, beneficiaries who forget to submit their forms and still need coverage can have their Medi-Cal coverage reinstated if they submit their forms within 30 days of losing coverage.

Reinstatement of the QSR would require systems changes for the automated county eligibility systems and increased county administrative workload to process the QSR forms.

Medi-Cal reporting has an impact on food stamp reporting and food stamp error rates. To the extent that a county receives any report from a beneficiary on income or assets, counties and the SDSS send a report to DHCS that the county must do a redetermination of food stamp eligibility.

Timing of Implementation

The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change

Will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Medi-Cal Eligibility Division
Title: Reduce Continuous Eligibility for Children and Restore Quarterly Status Reports

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$83,532	$83,532		$167,063	0.0
Governor's Budget					0.0

Program Description
Continuous Eligibility for Children (CEC) was implemented January 1, 2001, and was authorized by Assembly Bill (AB) 2900, Chapter 945, Statutes of 2000. Currently, children found eligible for no cost Medi-Cal receive continuous coverage until their annual re-determination, even if family income and/or assets have increased. Families are required to report changes in income, assets, etc., within ten days of the change, in mid-year status reports, and at annual re-determination. If they report any increase in income or assets prior to the annual determination that affect the family's eligibility, the children retain coverage as they have continuous coverage. Children are currently exempt from the Mid-Year Status reporting requirement that is applicable to parents. Children ineligible for no share of cost Medi-Cal because of income are bridged to the Healthy Families Program.

Program Reduction
This proposal would eliminate CEC and would restore the Quarterly Status Report (QSR) process to children.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Eliminating CEC could result in children whose families are no longer income eligible for Medi-Cal transitioning earlier to the Healthy Families Program to receive coverage. Implementation of QSR for children will require these families to report changes in income and assets quarterly in addition to the ten-day and annual reporting requirement. Any reported increase may result in ineligibility because of assets or a share of cost due to income. Children found ineligible for no share of cost Medi-Cal because of income or resources would be bridged to the Healthy Families Program earlier. Medi-Cal would reduce program expenditures by no longer covering children who were income ineligible for the program.

State systems changes are minimal, but counties would have to change their automated eligibility systems. There also would be increased county administrative workload to process the QSR forms.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
This change would require State statute changes and emergency regulations for both reduction of CEC and reinstating Quarterly Status Reports. A State Plan Amendment for eliminating CEC also would be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Systems of Care Division
Title: 10% Reduction in Medi-Cal funding for CCS Case Management

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$3,629	$5,371		$9,000	0.0
Governor's Budget					0.0

Program Description
The California Children's Services (CCS) program, established in 1927, provides case management and authorization of services for 170,000 individuals with complex and/or chronic medical conditions. County CCS programs receive Medi-Cal administrative funding in support of administrative case management activities for Medi-Cal eligible CCS children in their caseloads. This funding is allocated to individual counties in conjunction with CCS-only state Funding and Title XXI State Children's Health Insurance federal funds. There have been no recent program expansions.

The funding, for approximately 1,700 county FTEs (statewide), is provided based on county administrative budgets approved by the State CCS program. The budgets are based on uniform staffing standards and current caseload projections for the budget period.

Program Reduction
The proposal would reduce 10% of funding to support the county programs' administrative case management of CCS clients who are Medi-Cal beneficiaries.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This reduction will likely impact CCS programs processing times for eligibility determinations, determining medically necessary services, and authorizing services. There would be no direct impact on other health care programs, or to state revenues or fees. If counties reduce staffing levels they could face challenges depending on the requirements of labor bargaining agreements.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
This proposal will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Systems of Care Division
Title: 10% Reduction in Early and Periodic Screening Diagnosis and Treatment Case Management funds for Local Child Health and Disability Prevention Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,056	$1,944		$3,000	
Governor's Budget					

Program Description
The Child Health and Disability Prevention Program (CHDP), established in 1975, implements the federal Medicaid requirements of the Early and Periodic Screening requirements of the Early and Periodic Screening Diagnosis and Treatment (EPSDT) benefit of the Medi-Cal program. The local (county or city) CHDP programs are required to perform EPSDT care coordination; approval, enrollment and oversight of providers; and outreach and education. The program was expanded in 2003 with the implementation of the CHDP Gateway.

Medi-Cal provides $37.5 million ($13.2 million General Fund) in funding for support of staff in the local CHDP Programs which serve Medi-Cal eligible children who receive CHDP screening and immunization services.

Program Reduction
Reduce funding for county case management activities by 10%.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
CHDP programs would have reduced ability to do follow-up work to ensure that children get the treatment necessary to address conditions detected in their health care screenings. In addition, local CHDP programs may be delayed in visiting the offices of new providers who wish to participate in the CHDP program. There could be a potential impact on Medi-Cal beneficiaries' access to CHDP health assessments and immunizations, although access to services has traditionally not been a problem in the CHDP program.

There would be no direct impact on other programs, or on state revenues or fees. If counties reduce staffing levels they could face challenges depending on the requirements of labor bargaining agreements

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contracts Oversight Division
Title: Reduce Management Information System/Decision Support System Contract by 25%

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$525	$1,575		$2,100	
Governor's Budget					

Program Description
The Management Information System/Decision Support System (MIS/DSS) project was initiated in June of 1996, to procure and oversee the development of a Medi-Cal data warehouse. The purpose of this project was to establish a comprehensive information system to support the day-to-day and contract management needs of the Medi-Cal program, and to significantly enhance the availability of Medi-Cal information for staff that monitor and oversee Medi-Cal services including the Medi-Cal Managed Care Division in its monitoring of Health Plan performance and Audits and Investigations in its anti-fraud efforts. The Department of General Services (DGS) conducted a competitive procurement and executed the first MIS/DSS contract on April 17, 1997 (through various extensions, this contract was in force until January 17, 2007). The Department of Finance (DOF) required an Independent Assessment of the MIS/DSS system. It was conducted in August 2004 and documented that the MIS/DSS had a positive return on investment (ROI) of over $156 Million in State fiscal year (FY) 2003-04, and estimated a higher return in future years. One of the systems' most valuable assets is the consolidation of data from many disparate Medi-Cal operational systems. The Management Information System/Decision Support System (MIS/DSS) gathers data from provider, financial, eligibility and managed care/fee-for-service encounters and claims data and organizes it into an integrated, knowledge-based system used by staff in DHCS, Department of Public Health (CDPH), and the Office of the Legislative Analyst (LAO).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

On September 1, 2005, DHCS received approval from DOF for a new project (the Next Generation MIS/DSS), to procure and implement a new/replacement MIS/DSS solution. The current contract builds on the success of the original project and enhances it by adding new business components and updating the system to reflect technological advances. On behalf of DHCS, DGS released the MIS/DSS Request for Proposal (RFP) on September 2, 2005 to solicit bids for a new MIS/DSS IT contract. The new contract requires the functionality of the original MIS/DSS, as well as enhancements to replace proprietary software, add new functionality, new data sources, and more stringent security controls.

The new contract resulting from this procurement was executed on February 14, 2007 and is a combination of fixed price and fixed rate tasks with enforceable standards and remedies/penalties related to contractor performance. In addition to system operation and maintenance, the contractor is required to provide training, analytical consultation and Help Desk support to assist users to maximize the results achieved from system use, and to encourage knowledge transfer to State staff in order to build in-house expertise in system use, as well as, data analysis and operational application.

Program Reduction
This proposal is to reduce the MIS/DSS contract by $525,000 GF to achieve an annualized 25% reduction in General Funds for this contract.

Reduction Impacts
This reduction will require re-negotiation of this contract and a sole source IT contract amendment for the reduced contract amount. If the contractor does not agree to the reduction, other options would need to be considered including a new procurement, State operation with new staffing, or elimination of the data warehouse. At a minimum, re-negotiation of the current contract will result in the elimination of analytical consultation hours included in the current contract, and will reduce the user training hours included in the current contract. This reduction will impact: (1) MIS/DSS User support; (2) transfer of knowledge to State staff regarding ways to maximize MIS/DSS capabilities; (3) the inability to perform critical analyses i.e., predictive modeling for new/changed policy, programs and initiatives; and (4) the need for longer lead times to complete projects and analyses in the many critical and high profile programs and initiatives that rely on data from the MIS/DSS including anti-fraud, managed care expansion, managed care rate setting, waiver program reporting and Coordination of Care and Disease Management program pilots.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Administration Division: County Administrative Expense Section
Title: Reduction of CNI-Based COLA to Counties

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$22,400	$22,400		$44,800	
Governor's Budget					

Program Description
The County Administration Expense Section provides funding for county staff and support items to perform all activities associated with the Medi-Cal eligibility process. Currently the Welfare and Institutions Code states that counties shall receive cost-of-doing-business increases annually. It further links these increases to the performance standards expected for processing of eligibility documents and applications. Beginning with fiscal year 2005-06, state funding for salary increases for Eligibility Workers (EWs) and support staff in each of the counties is the higher of the California Necessities Index or the rate of increase given to state employees.

Program Reduction
Counties will not receive state funding for cost-of-living adjustment (COLA) increases for EWs, administrative and support staff.

Reduction Impacts
County EWs perform intake and re-determination work with beneficiaries applying for services. The accuracy and timeliness of the decisions made by the EWs are important for maintaining an up-to-date listing of eligible and enrolled beneficiaries.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reducing state funding for COLAs may make it more difficult for counties to hire and keep staff in the EW functions. Staffing issues could have an impact on the timeliness and accuracy of eligibility determinations and redeterminations, which could impact accuracy of department payments.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will require a change in state statute and the issuance of an All County Welfare Director Letter.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Numbers in Thousands)

Department of Health Care Services
Administrative Division: County Administrative Expense Section
Title: Reduction of Caseload Growth Funding

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$33,400	$33,400		$66,800	
Governor's Budget					

Program Description
The County Administration Expense Section provides funding for county staff and support items to perform all activities associated with the Medi-Cal eligibility process. An annual estimate of growth in the Medi-Cal population is published as part of the Medi-Cal Estimate, and is used to create a budget number to fund additional services in each of the counties to offset demands created by this growth. This item is funded as a policy change in the Medi-Cal Estimate and is calculated based upon caseload measurements from past years and projections for growth in future years. The funding is granted in two parts. The first part is granted in the beginning of the fiscal year as part of the initial allocation, based upon growth in the six months from October to March of the previous fiscal year. The second part is granted in January and is paid out as part of the third-quarter county payment. The January grant is based upon subsequent caseload growth from April to September of the previous year. The methodology for distributing growth funds was agreed to in a series of meetings mandated by trailer bill language in 2004.

Program Reduction
This proposal would reduce additional funding which is allocated to counties based upon projected Medi-Cal caseload levels.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Numbers in Thousands)

Reduction Impacts
The funds allocated for caseload growth help counties to hire additional staff to handle increased workload due to increases in Medi-Cal eligible persons. However, Medi-Cal caseload is not projected to grow in 2008-09 after accounting for these budget-balancing reductions.

Timing of Implementation
This reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will require a change in state statute and the issuance of an All County Welfare Director Letter.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Department of Health Care Services
Administrative Division: County Administration Expense Section
Title: Reduction of County Administration Base

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$15,300	$15,300		$30,600	
Governor's Budget					

Program Description
The County Administration Expense Section provides funding for county staff and support items to perform all activities associated with the Medi-Cal eligibility process. The Base Allocation is comprised of funding for Staff, Staff Development, and Support as managed by each of the 58 counties. County Eligibility Workers (EWs) perform all intake and re-determination work with beneficiaries applying for services. The accuracy and timeliness of the decisions made by the EWs is important for maintaining an up-to-date listing and roster of beneficiaries. The current fiscal year Base Allocation for County Administration is $1.2 billion.

Program Reduction
Reduce 2.5% from the current-year base.

Reduction Impacts
Reducing the base allocation could cause counties to handle existing workload with less EW staff or less support and administrative staff. This could have an impact on the timeliness and accuracy of eligibility determinations. Also, the timeliness of redeterminations may be impacted, potentially allowing individuals to continue to be counted as eligible when they may no longer be eligible for services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will require a change in state statute and release of an All County Welfare Director Letter.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contracts Oversight Division
Title: Fiscal Intermediary Systems Group Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,100	$10,500		$12,600	
Governor's Budget					

Program Description

The current FI contractor is Electronic Data Systems (EDS) which has been the Fiscal Intermediary (FI) since 1988. Reimbursement of health care providers under the Medi-Cal program is conducted under contract with the Department of Health Care Services. Its overall contract with the Department is approximately $167 million ($46.6 million GF) per year. The current California Medicaid Management Information System, which is managed by the FI contractor, has been in place for over 30 years.

The FI contract includes provision for a systems group of programmers and systems analysts to make necessary modifications to the claims processing system for Federal and State legislation, regulations, and policy changes. The systems group funding is currently $16.7 million of which 75% is Federal Financial Participation (FFP) and 25 % is State General Fund (GF). The systems group has been expanded to 190 systems engineers to accommodate Health Insurance Portability and Accountability Act (HIPAA) mandated changes and there is a need for continuation of this level of staffing to complete HIPAA conversions scheduled until 2011. There is also a backlog of systems projects resulting from the dedication of FI resources to the HIPAA National Provider Identifier implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

The FI Systems Group is proposed to be reduced by 70 systems analysts and programmers from 190 to a level of 120. This reduction in the Systems Group (SG) staffing provides a level of continued support which will maintain support of critical DHCS systems projects. The level of staffing for the FI Systems Group is directly related to staffing in the Fiscal Intermediary and Contracts Oversight Division (FICOD) which manages the FI SG systems projects. A corresponding reduction in the FICOD staffing is being proposed as part of the overall reduction package. The reduced level of FICOD staffing can only support the Systems Group staffing level of 120. Any increase in the Systems Group requires an increase in FICOD staffing.

Reduction Impacts

The proposed reduction in the Fiscal Intermediary Systems Group would result in a delay in Health Insurance Portability and Accountability Act (HIPAA) projects required to convert many local billing codes to national codes. This conversion to national codes, which has been projected to be completed by 2011 would be further delayed. The reduction would result in delays to other Federally mandated projects and delay or reduce needed improvements that support program operations. The FI systems work would be prioritized to work primarily on the most critical systems changes. While this reduced level of Systems Group staffing will still support critical projects, the reduction of over one third of the budgeted staffing would have a definite impact on systems projects. Besides impacting the conversion of HIPAA billing codes, which will extend our period of non-compliance with federal mandate, the reduction is expected to impact projects also. Projects that may be impacted are changes required to obtain manufacturer rebates on nutrutional and diabetic supplies, maintenance of Treatment Authorization purging process which would improve system response time, and projects to reduce information security risks related to the Treatment Authoization system, Drug rebate system, and data center connectivity. The proposed reduction would delay or reduce numerous projects which have been backlogged because of the resources dedicated to the implementation of the HIPAA required National Provider Identifier (NPI).

Timing of Implementation

The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change

Will not require a change in statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contracts Oversight Division
Title: Change Order Reduction for Electronic Data Systems Contract

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$425	$1,275		$1,700	
Governor's Budget					

Program Description

The current Fiscal Intermediary (FI) contractor is Electronic Data Systems (EDS) which has been the FI since 1988. Reimbursement of health care providers under the Medi-Cal program is conducted by a FI under contract with the Department of Health Care Services. Its overall contract with the Department is approximately $167 million ($46.6 million GF) per year. The current California Medicaid Management Information System, which is managed by the FI contractor, has been in place for over 30 years.

When the Department alters the work required or reallocates functions performed within the general scope of the contract, the FI contract allows change orders to be utilized These changes to the contractor's responsibilities are the result of compliance with new legislation, court mandates, state policy, etc.

For example, the Department installed standardized transactions and code sets into the Medi-Cal claims processing system through a change order issued in May 2003 to comply with a federal mandate pursuant to the Health Insurance Portability and Accountability Act of 1996 (HIPAA). The development of standards and requirements enable the electronic exchange of health information to improve the efficiency and effectiveness of the Medicare and Medicaid health care system programs. The HIPAA changes were implemented, and as a result of stabilization of operations costs, have steadily decreased by about $1.7 million.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would reduce operations costs by $1.7 million total funds. This reduction is from the $6.2 million total funds budgeted.

Reduction Impacts
Should there be a change in requirements and this reduction is taken, the Department could be in a situation where it would have to negotiate a contract amendment to account for any increased operations costs that may come from new legislation or mandates.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contracts Oversight Division
Title: Reduction in cost reimbursement due to Fiscal Intermediary Transition to Electronic Media Transfer in Print, Postage, & Parcel

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,000	$1,000		$2,000	
Governor's Budget					

Program Description
The current Fiscal Intermediary (FI) contractor is Electronic Data Systems (EDS) which has been the FI since 1988. Reimbursement of health care providers under the Medi-Cal program is conducted by a FI under contract with the Department of Health Care Services. Its overall contract with the Department is approximately $167 million ($46.6 million GF) per year. The current California Medicaid Management Information System, which is managed by the FI contractor, has been in place for over 30 years.

The FI contract requires the contractor to publish and disseminate Medi-Cal and other health program provider publications such as manuals, bulletins, and forms as directed by the Department. The publications serve as the primary source of information for program policy, billing, and statutes and regulations, and are sent to approximately 55,000 providers. The Medi-Cal FI's Publication expenses are cost reimbursed by the State and were not a part of the bid price of the contract because the quantities and types of printed materials were unknown. There have been no expansions in these services going back many years.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Reduction in cost reimbursement is due to Fiscal Intermediary transition from hardcopy provider bulletins, manuals, and information notifications to an Electronic Media Transfer in Print, Postage, & Parcel for availability and utilization via the Internet.

Reduction Impacts
All paper provider manuals will be eliminated and providers will need to use provider manuals via the Internet at www.Medi-Cal.ca.gov. Paper provider bulletins will be eliminated to the extent allowed legally to meet the requirements for provider notice.

Printing and mailing were negotiated based on high volumes. Therefore, the reduction in paper orders could result in future price per page increase. There may also be a future cost increase for updating the electronic subscription service.

It is estimated that this action will result in a particial reduction in paper bulletins and that some providers will continue to need to receive paper bulletins.

Providers will have to adjust their internal processes to begin accessing the publications via the Internet.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contracts Oversight Division
Title: Reduction to Dental Fiscal Intermediary Surveillance and Utilization Review Subsystem

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$700	$2,100		$2,800	
Governor's Budget					

Program Description
The Medi-Cal Dental program was created in 1974. The Medi-Cal program contracts with a Fiscal Intermediary, currently Delta Dental, to serve as the contractor for the Medi-Cal Dental program. Under this contract, the FI operates and maintains the Surveillance and Utilization Review Subsystem (S/URS), which is one part of the management information reporting capability of the California Dental Medicaid Management Information System. S/URS is a post payment system designed to provide a means to identify provider and beneficiary fraud and abuse; and provide a means to identify services provided which are below the community standard of care. The current funding level of the Delta Dental S/URS Unit is approximately $7.5 million ($1.8 million GF). S/URS currently issues annual audits for recoveries of $7.4 million. In addition, S/URS saves $24.0 million annually due to cost avoidance. There has not been a recent expansion of the program.

Program Reduction
The Dental S/URS Program currently has 44.0 FI contract positions. There has not been a recent change in the number of positions. The proposed reductions would remove 20.0 positions, leaving 24.0 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Although Dental remains a high fraud area in the Medi-Cal program, the reduction of S/URS staff by approximately 45% is in line with the reduction in dental claims and potential reduction in providers resulting from the proposed elimination of optional dental benefits for adults.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DCHS)
Fiscal Intermediary and Contracts Oversight Division
Title: Elimination of Vector Messages on Telephone Service Center Provider Phone Lines

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$100	$500		$600	
Governor's Budget					

Program Description
The current Fiscal Intermediary (FI) contractor is Electronic Data Systems (EDS) which has been the FI since 1988. Reimbursement of health care providers under the Medi-Cal program is conducted by a FI under contract with the Department of Health Care Services (DHCS). Its overall contract with the Department is approximately $167 million ($46.6 million GF) per year. The current California Medicaid Management Information System, which is managed by the FI contractor, has been in place for over 30 years.

The EDS Telephone Service Center (TSC) serves Medi-Cal/Other state program providers as a resource to answer questions about Medi-Cal/Other program billing issues. Currently, the TSC receives approximately 1 million calls a year. DHCS regularly requests that the TSC provide recorded messages, known as "Vector" messages, at the entry of each call into the prompt menu,. These messages have, in the past, contained reminders/information on subject areas such as the Health Insurance Portability and Accountability Act (HIPAA), National Provider Identifier (NPI) number, Medicare Part D drug benefit, late budget information, etc. There is a per minute cost incurred each time a provider listens to the vector message. The TSC has placed vector messages on the provider call lines for approximately five years. This function saves the Department both staff and contract costs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

There has been no recent expansion of the program and there is no "funding level" or authorized positions attached to adding a vector message to the TSC.

Program Reduction
Eliminate all DHCS requested "vector' messages on the TSC Provider phone lines.

Reduction Impacts
DHCS will not offer important informative information to approximately 157,000 active providers, when they call to receive information about HIPAA requirements and form changes, registering their National Provider Identification (NPI), late budget issues and other information (about 1 million calls per year). Providers will not be given the extra information that the Department wishes to impart which currently assists providers with their billing, enrollment, training, eligibility and a myriad of other questions. Reduced provider access to information and problem issue solutions would necessarily create a reduction in provider satisfaction in the program and a resulting reduction in beneficiaries' access to care. It may increase the need for the telephone agents to explain updates verbally in real time on live calls. It may also increase the number of claim issues requiring extended research and correction due to the lack of updated information available through the Vector message. This may result in provider billing errors and more provider calls to the TSC.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
Will require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Fiscal Intermediary and Contracts Oversight Division
Title: Reduction in the California Discount Prescription Drug Program (CDPDP) of 10% Fiscal Intermediary Contractor

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$443			$443	
Governor's Budget					

Program Description
AB 2911 addresses the lack of access to affordable prescription drugs by creating the California Discount Prescription Drug Program (CDPDP), which allows the Department of Health Care Services (DHCS) to negotiate with drug manufacturers and pharmacies for rebates and discounts to reduce prescription drug prices for uninsured and underinsured, low to moderate income Californians. Participation in the program is eligible to: uninsured California residents with incomes below 300 percent of the federal poverty level; individuals at or below the California median family income with unreimbursed medical expenses equal to or greater than 10 percent of the family's income; share-of-cost Medi-Cal beneficiaries; and Medicare Part D enrollees that do not have Medicare coverage for a particular drug. The DHCS will contract out the fiscal intermediary functions of the program.

Program Reduction
A 10% reduction in contact costs.

The DHCS has contracted out for the fiscal intermediary services of this program. Negotiations were completed and all requirements and costs were agreed to by the CDPDP Fiscal Intermediary Contractor and DHCS. DHCS will work with the Contractor to address new administrative cost savings ideas.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The current contract utilizes call center operators to answer questions from pharmacies and members of the CDPDP program and also to enroll members and pharmacists into the program. DHCS will consider a more automated approach based on a question and answer phone queue with limited operator interaction. The phone tree will reduce the number of operators necessary to perform the ongoing functions of the contract DHCS will also consider a phased in approach to member and pharmacy enrollment. This will allow the Contractor to perfect its operations in the early years while preparing for the entire California member and pharmacy population to be introduced into the program. This method should reduce the initial and ongoing operations costs of the Contractor.

Reduction Impacts
The DHCS estimates that approximately 1.9 million Californians and 2,500 pharmacies will qualify and participate in CDPDP over the first three years of the program. DHCS was unable to locate any studies or data to evaluate the impact of this General Fund reduction proposal on CDPDP member and provider enrollment. Therefore, we anticipate that CDPDP could lose between 5 and 10 percent of members and providers due to the reduced availability of telephone access. As such, over the first three years (2008-09 through 2011-12), this reduction could result in a loss of between 95,000 to 190,000 members and 125 to 250 providers.

Based on the high-end projection of provider enrollment provided to the CDPDP fiscal intermediary contractor, 35 percent of the potential providers would be eligible to participate in the program the first year, which would increase to 70 percent by year two and 100 percent by year three.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Children's Medical Services CMS)
Title: Reduce Staff and Contract Funding

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,270	$1,270		$2,548	23.0
Governor's Budget					

Program Description
The CMS Branch administers the California Children's Services (CCS) program established in 1927 which provides case management and authorization of services for 163,000 individuals with complex and/or chronic medical conditions.

The Child Health and Disability Prevention (CHDP) Program, established in 1975, implements the federal Medicaid requirements of the Early and Periodic Screening requirements of the Early and Periodic Screening Diagnosis and Treatment benefit of the Medi-Cal program, including the provision of health assessments, immunizations and laboratory screening services.

The Genetically Handicapped Persons Program (GHPP), established in 1975, provides comprehensive health care to approximately 1,500 persons diagnosed with certain genetically handicapping conditions, such as Hemophilia, Cystic Fibrosis, and Sickle Cell Disease.

The Newborn Hearing Screening Program (NHSP) established in 1998, with statewide expansion occurring on January 1, 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Under this budget reduction proposal, the CMS Branch would reduce 23 positions out of 137.5 authorized positions, including closure of the regional Office in San Francisco. The proposed positions include: Public Health Medical Officer III (1), Nurse Consultant III (1), Nurse Consultant II (1), Nurse Evaluator II (1), Health Education Consultant III (1), Health Education Consultant II (1), Staff Information Systems Analyst (1), Associate Governmental Program Analyst (4), Staff Services Analyst (2), Program Technician II (3), Program Technician (1), Management Services Technician (2); Office Services Supervisor (1), Office Assistant, General (1) and Office Assistant, Typing (2). The reduction also proposes to reduce funding for contracts including: 10% reduction in funding for both the Newborn Hearing Coordination Center Contracts and the Newborn Hearing Data Management Contract; the contract with California State University Sacramento for student assistants will be reduced too.

Reduction Impacts
The reduction in 23 positions in the Children's Medical Services Branch will impact operations for the CCS Program, the CHDP program, the GHPP program, and the NHS program and the populations they serve. Specifically, potential clients of the CCS program may experience delays in eligibility determination. In addition, CCS providers may experience additional delays in approval of services delivered to clients which will contribute to a system that is already experiencing service delivery processing issues. In regard to the Newborn Hearing Screening program, infants who fail inpatient hearing screening services could have delayed access to services.

To address some of these potential impacts, CMS will implement selective auto-approval of requests for service authorizations for CCS clients receiving case management services by the CMS Regional Office staff and also for the GHPP clients. The San Francisco Regional Office functions will be consolidated in Sacramento and Los Angeles; consequently, there will be no health education support of CCS, GHPP, CHDP and the NHSP programs. Additionally, there will be less technical assistance provided to county CCS and local CHDP programs which may create delays in enrollment of CCS approved providers.

Timing of Implementation
The reduction would take effect July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in State statute nor promulgation of emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Children's Medical Services (CMS) Local Assistance
Title: Summary of Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$				
Reductions	$			$	0.0
Governor's Budget	$				
2008-09					
Workload Budget	$151,662	$136,572	$42,042		
Reductions	$41,839	$39,850	$0	$81,689	0.0
Governor's Budget	$109,823	$96,772	$42,042		

Program Description

Children's Medical Services includes the California Children's Services (CCS) program, the Child Health and Disability Program (CHDP), and the Genetically Handicapped Persons program (GHPP).

The CCS program provides case management and authorization of services for approximately 170,000 children up to 21 years of age with an eligible medical condition, who are residents of the county in which they apply for service and are either Medi-Cal beneficiaries, Healthy Families subscribers or whose families' income is $40,000 or less. These conditions range from prematurity, hemophilia, cancer, cerebral palsy, to trauma.

The GHPP provides comprehensive health care to persons diagnosed with certain genetically handicapping conditions, e.g., Hemophilia, Cystic Fibrosis, and Sickle Cell Disease. There are approximately 1,550 clients in the GHPP program, of whom 313 are full scope Medi-Cal beneficiaries.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The CHDP program provides health screens (i.e., well child health assessments) and immunizations to Medi-Cal children under 21 years of age and non-Medi-Cal eligible children at or under 18 years of age whose family income is at or below 200 percent of the Federal Poverty Level.

Program Reduction
The reduction proposals include a reduction in provider payments in the CCS and GHPP programs and increasing the federal reimbursement for these programs by redirecting Safety Net Care Pool funds from the designated public hospitals.

Reduction Impacts
The impacts for each reduction proposal are provided in the individual write-ups.

Timing of Implementation
These reductions will be effective three months after adoption of state legislation authorizing these changes.

Statutory and/or Regulatory Change
These reductions will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Children's Medical Services (CMS) Local Assistance
Title: CCS 10% Provider Payment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$10,989	$13,200		$24,189	
Governor's Budget					

Program Description

The CCS program was established in 1927. The CCS program provides case management and authorization of services for approximately 170,000 children up to 21 years of age with an eligible medical condition, who are residents of the county in which they apply for service and are either Medi-Cal beneficiaries, Healthy Families subscribers or whose families' income is $40,000 or less. These conditions range from prematurity, hemophilia, cancer, cerebral palsy, to trauma. A wide range of health care services are reimbursable to approved providers. Such services include inpatient hospital care, physician services, pharmaceuticals and durable medical equipment. CCS reimburses providers at Medi-Cal rates as mandated by Section 14105.18 of the Welfare and Institutions Code. There have been no recent program expansions.

The majority of the CCS program is funded by Medi-Cal. However, about 45,000 CCS children who are ineligible for Medi-Cal are funded by the CCS "state only" program and CCS-Health Families.

Program Reduction

Fee-for-service provider payments will be reduced by 10%. The reductions will be applied to non-contract hospital and all other provider types except for certain long term care facilities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal would conform CCS to the proposed Medi-Cal 10% provider payment reductions.

The proposed provider payment reductions may have a negative impact on provider participation in the CCS program. Certain types of pediatric specialty and subspecialty physicians are already scarce in California. Many other providers of services, such as respiratory and rehabilitative durable medical equipment (DME) and home health agency (HHA) services already refuse to provide care to CCS clients because of low reimbursement rates.

There would be a proportionate decrease in county CCS expenditures. Counties would not be supplementing provider payments.

Timing of Implementation
The reduction will be effective three months after adoption of state legislation authorizing this change.

Statutory and/or Regulatory Change
Will require a statute change and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Children's Medical Services (CMS) Local Assistance
Title: Genetically Handicapped Persons Program (GHPP) 10% Provider Payment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$4,200			$4,200	
Governor's Budget					

Program Description
The Genetically Handicapped Persons Program (GHPP) was established in 1975. The GHPP provides comprehensive health care to persons diagnosed with certain genetically handicapping conditions, e.g., Hemophilia, Cystic Fibrosis, Sickle Cell Disease. There are approximately 1,550 clients in the GHPP program, of whom 313 are full scope Medi-Cal beneficiaries. GHPP currently has no financial eligibility limits. However, persons with incomes over 200 percent of the federal poverty level are required to pay an enrollment fee based on a sliding scale. There have been no recent program expansions.

Program Reduction
Fee-for-service provider payments will be reduced by 10%. The reductions will be applied to non-contract hospital and all other provider types except for long term care facilities.

Reduction Impacts
The proposal would conform GHPP to the proposed Medi-Cal 10% provider payment reductions and would be implemented for provider claims adjudicated subsequent to
June 30, 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

These payment reductions may have a impact on provider participation in the GHPP program. Certain types of specialty and subspecialty physicians are already scarce in California and this proposal may add to the challenge to find physicians to participate in the program. Some other providers of services, such as respiratory and rehabilitative durable medical equipment (DME) and home health agency (HHA) services already refuse to provide services to GHPP clients because of low reimbursement rates.

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
Will require a statute change and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Children's Medical Services (CMS) Local Assistance
Title: Increasing the Federal Reimbursement of the State-Funded Programs through the Safety Net Care Pool

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$26,650	$26,650		$53,300	
Governor's Budget					

Program Description
The Safety Net Care Pool (SNCP) was established on July 1, 2005, to reimburse hospitals for uncompensated care they provide to the uninsured, as part of the *Medi-Cal Hospital/Uninsured Care Demonstration* (hospital financing waiver). There are 15 positions in the department that are authorized for implementiing the program. The SNCP makes $586 million available to be claimed using the certified public expenditures of designated public hospitals (DPHs) for uncompensated care to the uninsured, and by claiming State expenditures for four State-funded health care programs (called "federalizing"). Those State-funded programs include: the California Children's Services program; the Genetically Handicapped Persons Program; the Medically Indigent Adult – Long Term Care Program; and the Breast and Cervical Cancer Treatment Program. The federalizing of the four State-funded programs allows federal funds to replace State General Fund (GF) for up to 50 percent of the health care costs for documented beneficiaries who receive services under these programs.
The State GF freed up by the federalizing of the State-funded programs is used to provide stabilization funding for the DPHs, Non-designated Public Hospitals (NDPHs), private hospitals, and distressed hospitals, in addition to reimbursing the State for the $32.7 million GF increase that resulted from changes to hospital reimbursement under the hospital financing waiver.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The distribution of the SNCP is based on formulas specified in section 14166 et seq. (SB 1100 (Chapter 560, Statutes of 2005)), and as amended by SB 474 (Chapter 518, Statutes of 2007). Additionally, SB 474 requires that $100 million of the SNCP monies be allocated to the newly created South Los Angeles Medical Services Preservation Fund.

Program Reduction
The DPHs and the South Los Angeles Medical Services Preservation Fund would receive a ten percent reduction in SNCP payments. This ten percent would allow the Department to use more of the four State-funded program expenditures to claim additional Federal Financial Participation to replace GF in these four programs. The Department would not be required to use this additional GF savings for baseline or stabilization payments to the hospitals and instead would use these funds to reduce General Fund expenditures.

Reduction Impacts
In FY 2007-08, the DPHs are estimated to receive $542 million from the SNCP (including the South Los Angeles Medical Services Preservation Fund). The Department would reduce the amount of the SNCP payments to the DPHs and the Los Angeles County by 10 percent or $54.2 million. The additional federal funds, based on the expenditures of the four federalized State-funded programs, will replace GF in both the Family Health and Medi-Cal budgets.

A reduction in funding to hospitals funded under the hospital financing waiver may impact the hospital safety net delivery system, which could impact Medi-Cal beneficiaries and uninsured individuals' access to services.

Any GF reductions to the State-funded programs will decrease the ability to draw down federal funds. The amount of stabilization to the NDPHs, privates, or distressed hospitals would not change.

Timing of Implementation
The reduction will be effective three months after the adoption of State legislation authorizing this change.

Statutory and/or Regulatory Change
Any change in the amount to be allocated to the hospitals or a change in the calculation of SNCP funds would require legislation including notice to the federal government of this funding change.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Primary and Rural Health Division (PRH)

Title: Reduce Program Support Staff

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$1,052				
Reductions	$108			$108	1.5
Governor's Budget	$944				

Program Description

The Primary and Rural Health Division (PRHD) administers grants to community clinics and small rural hospitals for infrastructure support. The PRHD Division is composed of eight separate grant programs. The majority of these programs were created in the late 1970's. There is currently a total of 24.6 staff in the PRH Division. There have been no expansions to the division staffing level for at least 15 years.

The PRHD Division Administration Section provides general office support to all of the grant programs. The Office Assistant (OA) (General) provides division-wide telephone coverage, mail service, report/grant assembly, and filing.

The Indian Health (IH) program is one of the 8 grant programs within the PRHD Division. The IH Program funds 32 primary care clinic corporations to provide comprehensive medical/dental primary care and public health nursing to American Indians in 75 clinic sites. The IH program also administers the American Indian Infant Health Initiative (AIIHI) program. The AIIHI program provides extensive home visiting/case management services to high-risk American Indian families in five counties that experience the most severe maternal child health disparities. The AIIHI program helps California meet federal Title V requirements to address health disparities. The IH program has not been expanded within the last 15 years.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The Research Program Specialist I (RPS I) within the IH program, is responsible for the implementation of the IH program allocation formula which is an ongoing activity. The RPS I also serves as the primary resource person for all IH program research and statistical activities including integrating research activities into the IH program plans and objectives. The RPS I analyzes data collected monthly from IH program grantees to determine if grant objectives/performance measures have been met. The RPS I prepares the annual AIIHI report for Title V funding justification.

The Administration Section current authorized staffing is 7.0. The IH program's current authorized staffing is 7.0. Any vacancies are due to normal attrition and are filled as quickly as possible.

Program Reduction
Reduce 1.0 Administration Section staff (OA) and 0.5 IH program staff (RPS I).

Reduction Impacts
Reducing one OA will require the general office support duties of the OA to be redirected to the remaining division support staff.

In the absence of a full time RPS I, the IH program will shift a portion of the workload. IH program data reports will be compiled every two months instead of monthly. Allocation calculation functions will be split between the 0.5 IH program RPS I and the division's administrative RPS I position. This may impact the timeliness of completion of work in the IH program allocation process. The AIIHI report will be generated every two years instead of annually.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Primary and Rural Health – Local Assistance

Title: Reduction of Grants and Reimbursements

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	**$35,479**				
Reductions	**$3,545**			**$3,500**	
Governor's Budget	**$31,979**				

Program Description

The Primary and Rural Health Division (PRH) Expanded Access to Primary Care (EAPC) program was created in 1989. The EAPC program administers four grant programs: Seasonal/Agricultural/Migratory Workers (SAMW); Rural Health Services Development (RHSD); Indian Health (IH); and Grants in Aid (GIA). These grant programs provide comprehensive primary care medical/dental, health education, and public health nursing services to community clinics and small rural hospitals, and provide $22 million GF in local assistance grant funds to eligible primary care clinics for infrastructure support. These grant programs have been in existence since the late 1970s.

The SAMW program funds 30 primary care clinic corporations to provide comprehensive primary care to seasonal, agricultural, and migrant workers at 79 clinic sites. During FY 2006-2007, SAMW funded clinics provided 217,665 medical, dental, and health educator/nutritionist visits. The SAMW program is funded at $6.9 million. The last augmentation to the SAMW program was FY 2006-2007 for $500,000 in one-time funding.

The RHSD program funds 54 primary care clinic corporations to provide comprehensive primary medical and dental care to rural populations at 122 clinic sites. During FY

2006-2007, RHSD funded clinics provided 405,924 medical, dental and health education visits. The RHSDP is funded at $8.2 million. The last augmentation to the RHSD program was FY 2006-2007 for $500,000 in one-time funding.

The IH Program funds 32 primary care clinic corporations to provide comprehensive medical/dental primary care and public health nursing to American Indians in 75 clinic sites. During FY 2006-2007, IHP funded clinics provided 370,912 medical, 194,487 dental and 169,302 public health nursing visits. IHP is funded at $6.5 million. The last augmentation to the IHP was FY 1999-2000 for $588,000.

The GIA to clinics program provides stabilization and technical assistance funds to clinics in operation in 1980 to maintain or restore critical levels of services. These funds are used to provide clinics with short term support while they regain the capability to maintain service levels. GIA funds generally support provider salaries which are lost due to foundation funding or county contract losses. GIA annually funds 12-15 clinic corporations. GIA funded clinics reported 17,715 primary care medical and dental visits during FY 2006-2007. The GIA program is funded at $441,000 GF and $204,000 Federal Title V. The GIA program was last augmented with Title V money in the mid 1990's.

The EAPC program, which administers the aforementioned grant programs, reimburses licensed primary care clinics for uncompensated care provided to persons with incomes at or below 200% of the federal poverty level. The EAPC program was created in 1989. The EAPC program is funded at $30.2 million. The funding is composed of GF ($13.5 million) and Proposition 99 ($16.8 million). Uncompensated care visits are reimbursed at a rate of $71.50. During FY 2006-2007, EAPC reimbursed 179 clinic corporations for the provision of 423,160 uncompensated primary care visits at 484 clinic sites. The EAPC program funding was increased by $10 million in FY 2001-2002. It was subsequently reduced by $897,000 in FY 2003-2004 to the current level of $30.2 million.

Program Reduction
Reduce the local assistance SAMW, RHSD, IH, GIA Program grants and reimbursement to licensed primary care clinics for the EAPC program by 10 percent.

Reduction Impacts
The proposed reduction includes operations and provider salaries. A 10% reduction in infrastructure funds to local clinics may reduce the availability of providers and likely impact needed access to services. There will be an estimated loss of funding for 21,756 medical, dental, and health education visits in the SAMW program; 40,592 medical, dental and health education visits in the RHSD program; 37,091 medical, 19,448 dental, and 16,930 public health nursing visits in the IH program; and 1,700 medical and dental visits in the GIA program. The EAPC program would be unable to reimburse clinics for 18,881 uncompensated care visits.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective three months after adoption of this change.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations to make the funding change, however statute is being proposed to clarify that changes in the level of funding for these programs are necessary to correspond with the level of appropriation in the Budget Act.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Administration and Executive Support
Title: Summary of Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$				
Reductions	$			$	0.0
Governor's Budget	$				
2008-09					
Workload Budget	$3,100	$3,100			
Reductions	$182	$182		$364	2.0
Governor's Budget	$2,918	$2,918			

Program Description
The Administration Division and Executive staff provide administrative services and executive support to the various programs within the department.

Program Reduction
Reduction proposals include elimination of positions, reductions in contract funding, and a reduction in out-of-state travel. Details for each proposal are provided in the individual write-ups.

Reduction Impacts
The impacts for each reduction proposal are provided in the individual write-ups.

Timing of Implementation
These reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change
These reductions will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
ITSD/PPMB – Eliminate 1 DPM II

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$54		$56	$110	1.0
Governor's Budget					

Program Description

The Planning and Project Management Branch (PPMB) in the Information Technology Services Division (ITSD) of the Department of Health Care Services (DHCS) provides critical Information Technology (IT) project planning, initiation, management and oversight functions and services to all divisions within the Department. PPMB develops and implements the standards and processes for the initiation, authorization, governance mechanisms and management of the department's IT projects. It provides oversight of those IT projects to ensure best industry practices are followed, to improve success ratios, and to manage project issues and risks.

The PPMB Unit current staffing is 11.0 positions.

Program Reduction

This proposal would reduce one position (Data Processing Manager/DPM II).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

Reduction of this position will significantly impact PPMBs' responsiveness to program staff and control agencies. Response time for assistance with development and review of Feasibility Study Reports (FSRs) would be extended as the DPM III is tasked with review of a greater number of documents without the assistance of any subordinate managers. Support for oversight procurements and review and approvals of Special Project Reports (SPRs) and Post Implementation Evaluation Reports (PIERs) would be diminished, thus potentially delaying control agency authorizations to proceed with projects when project changes occur.

The Senior Information Systems Analyst, the unit's technical lead, would need to become more involved in mentoring and providing guidance to the less senior staff and would therefore be less productive in producing governance processes, standards and procedures to guide the management of future IT projects for the Department.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
ITSD/PPMB – Reduction of Standup Website Contractor

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$23		$25	$48	
Governor's Budget					

Program Description

The Planning and Project Management Branch (PPMB) in the Information Technology Services Division (ITSD) of the Department of Health Care Services (DHCS) provides critical Information Technology (IT) project planning, initiation, management and oversight functions and services to all divisions within the Department. PPMB develops and implements the standards and processes for the initiation, authorization, governance mechanisms and management of the department's IT projects. It provides oversight of those IT projects to ensure best industry practices are followed, to improve success ratios, and to manage project issues and risks.

Following several serious IT project issues in 2005, the then Department of Health Services (CDHS) developed a Corrective Action Plan to ensure appropriate project initiation, authorization and governance. As part of that plan, the division agreed to redirect the funds needed to develop the content for an updated and improved PPMB intranet site. This site provides project management standards, requirements, procedures, templates and samples for IT project managers throughout the department.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would reduce by $23,000 the funding available to provide content to the intranet site.

Updates and maintenance of the site would need to be performed by existing resources who are already experiencing a backlog in requests for their services. The impact would be slower updates and longer turnaround time to add information, templates and documents to the site.

Reduction Impacts

Failure to maintain a completely up-to-date website will result in some confusion and possible rework for our customers as they use our intranet site to assist them in the beginning stages of project initiation and authorization. Once projects are approved, the practices and templates necessary to maintain uniform processes and quality of project execution may suffer some reduction in consistency and quality.

Timing of Implementation

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
ITSD/PPMB – Elimination of Governance Study Contractor

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$47**		**$49**	**$96**	
Governor's Budget	**$47**		**$49**	**$96**	

Program Description

The Planning and Project Management Branch (PPMB) in the Information Technology Services Division (ITSD) of the Department of Health Care Services (DHCS) provides critical Information Technology (IT) project planning, initiation, management and oversight functions and services to all divisions within the department. PPMB develops and implements the standards and processes for the initiation, authorization, governance mechanisms and management of the department's IT projects. It provides oversight of those IT projects to ensure best industry practices are followed, to improve success ratios, and to manage project issues and risks. Specifically, the planning and Oversight Section (POS) within DHCS' PPMB is responsible for supporting the authorization and initiation of IT projects and for assisting with the project management and oversight procurements, control agency reporting and evaluation of completed IT projects. POS also is responsible for the creation and deployment of IT governance, project management, and oversight standards necessary to improve the department's overall success with IT projects.

Following several serious IT project issues in 2005, the (then) Department of Health Services (CDHS) developed a Corrective Action Plan to ensure appropriate project initiation, authorization and governance.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

As part of that plan, the department agreed to redirect resources to a contract for a study of CDHS IT governance practices. In December 2006, a contract was established and the study has proceeded. Recommendations have been made and considered by DHCS and plans are underway to implement some of these recommendations.

Program Reduction
This proposal will reduce funds for a consultant contract to assist in the effort to improve IT governance practices.

Without governance funds, PPMB will need to redirect resources that are currently dedicated to other POS responsibilities, such as support of programs' feasibility studies. It could also take longer to obtain authorization and to initiate new projects.

Reduction Impacts
Elimination of the funds for a consultant contract to assist in the effort to improve IT governance practices would increase the workload on the Department of Health Care Services as improved practices are adopted and implemented. Resources dedicated to conducting this work will be unavailable to provide other services at current levels, which could increase the duration of IT projects or delay their initiation and authorization.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Title: Out-of-State Travel Reduction in Administrative Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$27			$27	0.0
Governor's Budget	$27			$27	0.0

Program Description
The department travels out-of-state to conduct audits of home offices of companies doing business in state with the Medi-Cal Program.

Program Reduction
The department will reduce out-of-state travel by $27,000.

Reduction Impacts
The Audits and Investigations Divison will consolidate trips where possible to home offices and will complete necessary audits in fewer travel days.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4260 Department of Health Care Services (DHCS)
Title: Reduce Payroll & Benefit Services Unit by 1 Personnel Specialist

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$31		$41	$72	1.0
Governor's Budget					

Program Description
The Payroll & Benefit Services Unit's primary responsibilities are to oversee and maintain the department's hiring process and position control function; process appointments, separations, promotions, and miscellaneous transactions; process and reconcile monthly and miscellaneous payroll; reconcile attendance; and coordinate benefit processing systems for over 3,000 employees. Staff is also responsible for the processing of various reports concerned with position control, accounts receivables, and salary advances.

Program Reduction
One (1) Personnel Specialist in the Payroll and Benefit Services Unit.

Reduction Impacts
The department currently has a ratio of approximately 250:1 of employees to Personnel Specialists. Based upon proposed reductions of approximately 245 positions department-wide, we anticipate a commensurate reduction in workload and will reduce staffing by one (1) Personnel Specialist.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$32,679				
Reductions	$3,268			$3,268	4.7
Governor's Budget	$29,411				

The Center for Chronic Disease Prevention and Health Promotion works to prevent and control chronic diseases such as cancer, cardiovascular diseases, and diabetes. This program includes Chronic Disease and Injury Control, and Environmental and Occupational Disease Control.

Reductions for this program will result in a reduced level of funding to local agencies that conduct cancer and injury prevention surveillance activities, develop public health interventions, and monitor environmental contaminants.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Occupational Health Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$125			$125	
Governor's Budget					

Program Description

The Occupational Health Branch (OHB) in the California Department of Public Health (CDPH) identifies and evaluates workplace hazards and provides early warning to employers, workers, and health care professionals about how to prevent disease by eliminating or controlling exposure. In addition, OHB provides information, training, and technical assistance on preventing workplace injury and illness to employers, workers, unions, industry groups, health professionals, and the general public and makes health-based recommendations to Cal/OSHA for more protective occupational standards when appropriate. While most of the program is supported by other funds, the newly formed California Safe Cosmetics Program, emergency response preparedness and toxicology support, and occupational disease outbreak investigations are supported with General Fund.

Program Reduction

This proposal will reduce contract funds for projects aimed at preventing and minimizing the health impact to workers of chemical emergencies by $96,000 or 10 percent, reduce facility operations and administrative costs (minor equipment, postage, travel), and eliminate contract funds for laboratory verification of chemical ingredients in cosmetics products.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal will reduce the number of special project activities focusing on preventing chemical emergencies or minimizing their impact on workers and community members. In addition, reduced contract funding for an interagency agreement with the Office of Environmental Health Hazard Assessment for toxicology services may result in delayed reviews of toxic chemicals and related recommendations for occupational standards.

The California Safe Cosmetic Act of 2005 requires companies that sell cosmetic products in California to report to OHB any products that contain chemicals known to the State to cause cancer or reproductive harm. A reduction in contract funds may impact the program's ability to contract with external analytical laboratories in order to verify cosmetic product formulations reported to CDPH.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This does not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Prostate Cancer Treatment Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$365			$365	
Governor's Budget					

Program Description

The Prostate Cancer Treatment Program (PCTP) provides twelve (12) months of prostate cancer treatment for eligible men. To be eligible, men must be 18 years or older, have no insurance or are underinsured, have an income that is at or below 200 percent of the federal poverty level, and be diagnosed with prostate cancer. PCTP has a total of $3,645,000, all from the General Fund.

The program, also known as IMPACT (Improving Access, Counseling and Treatment for Californians with Prostate Cancer), began in 2001 and is administered by the University of California, Los Angeles (UCLA). Men are treated through enrolled providers in their community, and receive case management services through IMPACT. Men can be enrolled for a new 12 months if continued treatment is needed. Currently, the program is treating approximately 308 men who were enrolled within the past 12 months. The number of men enrolled for treatment has grown from 288 to 308 since July 2007.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal will reduce contract oversight support functions at DPH and reduce the local assistance contract to the IMPACT/UCLA program. Specifically, the contract will be reduced by $277,220. By statute, UCLA can spend no more than 13 percent of the total contract budget for administrative costs, and no less than 70 percent for direct patient treatment costs. Therefore, the budget would be reduced as follows:

- $43,420 for UCLA program administrative costs and
- $233,800 for treatment costs for eligible men.

This proposal also reduces state contract and oversight by $87,780.

Reduction Impacts
This proposal will result in less men receiving treatment through this program, and reduced contract and program oversight by DPH.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
This will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion
Title: Childhood Lead Poisoning Prevention Branch (CLPPB)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$116			$116	
Governor's Budget					

Program Description
The goal of the Childhood Lead Poisoning Prevention Branch (CLPPB) is to eliminate childhood lead poisoning in part by identifying and eliminating environmental exposures to lead in California. While the majority of the program is supported with Special Funds, CLPPB receives General Funds to support the U.S. Environmental Protection Act (EPA)-authorized Lead Related Construction (LRC) program. The program regulates activities related to lead hazard evaluations and construction of residential and public buildings that contain or are presumed to contain lead based paint.

Program Reduction
This proposal will reduce external contract funds aimed at accrediting training programs for LRC activities and certifying lead professionals in doing lead-safe work by $108,000 and reduce facility operations costs by $8,379.

Reduction Impacts
The program will have fewer resources dedicated to approving new coursework from training providers, evaluating and accrediting new training providers, processing certification applications throughout the year, training for personnel that perform environmental investigations, and course and program audits.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Environmental Health Investigations Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$330			$330	2.0
Governor's Budget					

Program Description

EHIB identifies and works toward controlling harmful environmental factors and promotes those that are healthful. Recent activities include fish consumption issues in the Sacramento Delta and San Francisco Bay, asthma and autism surveillance, site assessment at Bay View Hunters Point, and supporting the establishment of the California Environmental Contaminant Biomonitoring Program.

Program Reduction

This proposal would eliminate one Associate Information Systems Analyst (AISA) and one Research Scientist II (RS II) out of 22 positions in the branch and reduce facility operations costs by $63,000.

Reduction Impacts

Program staff provide support for a variety of clients, including local health officers, county environmental health directors, and concerned citizens, in response to disease outbreak and cluster concerns, and pesticides and other environmental hazards. The AISA develops and maintains informatics for all data-driven EHIB projects and provides SAS programming and Geographic Information System (GIS) support work for the branch. The program will seek assistance from the division information technology team in support of the branch's IT needs. The RS II directs the fish consumption project which looks at mitigating public health challenges associated with eating fish caught in the Sacramento Delta and San Francisco Bay waters and provides technical assistance

to local and federal agencies on public health challenges associated with air, water, and food quality. The program's ability to identify and develop solutions to various environmental situations, including cancer cluster and contaminated site investigations, disease surveillance, and surveillance data analysis will be reduced and activities will be redirected to the remaining RS II.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion
Title: Cancer Control Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$140**			**$140**	
Governor's Budget					

Program Description
The Cancer Control Branch (CCB) consists of three sections: Cancer Detection Section (CDS), Cancer Prevention and Nutrition Section (CPNS), and Tobacco Control Section (TCS). The CDS' mission is to prevent and reduce the effects of cancer for Californians through education, early detection, diagnosis and treatment, and integrated prevention services.

Program Reduction
Reduce General Fund support for two positions (Health Program Manager II (HPMII) and Public Health Medical Officer III (PMO III)) positions in the branch. The HPM II is responsible for overseeing the food stamp education program and the PMO III is response for providing administrative oversight over the Every Woman Counts, WiseWoman, and Prostate Cancer programs.

Reduction Impacts
Will have minimal impact on clients served by the programs.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health (CDPH)
Center for Chronic Disease Prevention and Health Promotion

Title: Injury Prevention General Fund Support Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$94			$94	
Governor's Budget					

Program Description

The Epidemiology and Prevention for Injury Control (EPIC) Branch is the focal point for CDPH's injury prevention and surveillance efforts. Prevention efforts include planning and consensus building, interventions, policy development, professional education and training, and public information. Surveillance efforts include alcohol and drug surveillance of consumption and health effects, the California Violent Death Reporting System which describes all deaths by homicide, suicide, and gunshots, a child abuse and neglect surveillance program, surveillance of disability and sexual violence, and a web-based system providing data on all injury deaths and hospital treatments in California.

Program Reduction

This proposal will reduce operating expenses (postage, travel, minor equipment) by 10 percent and local assistance contracts by 10 percent of the General Fund support or 1 percent of the program's total budget.

Reduction Impacts

A reduction in contract funding may impact local strategic planning efforts for the prevention of domestic violence and implementation of policy interventions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Chronic Disease Control Branch Office

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$98			$98	
Governor's Budget					

Program Description
The Mission of the Chronic Disease Control Branch is to prevent and control the morbidity and mortality associated with chronic diseases and associated risk factors. The Branch oversees approximately 30 programs including the Alzheimer's, Community Water Fluoridation, Children's Dental Disease Prevention, and Preventive Health Care for Adults programs.

Program Reduction
This proposal will eliminate General Fund support for a Public Health Administrator I responsible for branch management and oversight. This position will now be funded from federal funds, rather than General Fund. This staff position is one of four positions at the branch level.

Reduction Impacts
No impact expected.

Timing of Implementation
The reduction will take effect July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Cancer Surveillance and Research Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$440			$440	
Governor's Budget					

Program Description
The California Cancer Surveillance Program (CCSP)/California Cancer Registry (CCR) collects information on cancer risk factors and cancer cases diagnosed in California, conducts surveillance and research into the causes, controls, and cures of cancer and communicates results to the public. Since 1988, approximately 450 cancer research projects have been conducted using CCR data, bringing in over $388 million in research funds to California. As of 2007, CCSP has collected detailed information on over 2.5 million cases of cancer among Californians diagnosed since 1988, with over 140,000 new cases added annually. The Branch has a contract for the administration of CCSP/CCR with the Public Health Institute (PHI). The $11.5 million contract is composed of $3.264 million General Fund, $4.560 million Proposition 99 funds, $1.462 million from the Breast Cancer Research Fund, and $2.214 million from other sources.

Program Reduction
This proposal will reduce support for the contract with PHI by $440,000.

Reduction Impacts
This proposal will result in reduced professional services including information technology support, research and surveillance capacity, and operating costs. Reducing IT support will hinder CSRB's ability to provide a cancer (and potentially other chronic

diseases) data management system for CDPH in a timely manner.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health (CDPH)
Center for Chronic Disease Prevention and Health Promotion
Title: Fatal Child Abuse and Neglect Surveillance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$15			$15	
Governor's Budget					

Program Description
CDPH coordinates and integrates state and local efforts to address fatal child abuse and neglect and creates a body of information that could be used to prevent child deaths. The Fatal Child Abuse and Neglect Surveillance Program maintains a statewide tracking system incorporating information collected by local child death review teams (CDRTs), who are reimbursed for submitting this data. CDPH collects this data to report to the State Child Death Review Council.

Program Reduction
Reduce the local assistance contracts to all 58 counties by $15,000. Each county would receive a 10 percent reduction.

Reduction Impacts
The CDRTs are funded at an average of $2,500 each, depending on size. Reductions will range from $40 for the smallest county to $5,000 for the largest county.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Alzheimer's Disease Program (ADP)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$692			$692	
Governor's Budget					

Program Description

The legislative mandate to ADP was to: (1) establish a network of diagnosis and treatment centers at university medical centers throughout the state and include a provision for program evaluation; and (2) administer a research fund which would increase research into Alzheimer's disease (AD) and related dementias. DPH currently funds 10 Alzheimer's Disease Research Centers (ARCCs) and six multi-year research grants.

The ARCCs provide:

- State-of-the-art comprehensive diagnosis, treatment, and support services to patients, families and caregivers;
- Training and education to healthcare professionals, students, caregivers, and the general public;
- Development and testing of interventions that can assist in the care and treatment of people with dementing disorders; and,
- Development and translation of successful, cutting-edge interventions into community practice settings to improve the level of care provided to people with dementia.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

Reduce each research contract by an average of $8,217 or 10 percent - reduce each of six multi-year research grants that were awarded in FY 07-08 and are scheduled to continue through FY 2010-11.

Reduce professional training and education services amount for each ARCC by $29,250 or 5 percent – These services are provided to new and currently practicing health and social service professionals, including physicians, nurses, social workers, psychologists, paraprofessionals, certified nurse assistants, and others.

Reduce caregiver training and education services amount for each ARCC by $29,250 or 5 percent – Types of services provided to caregivers and families include strategies to cope with the disease and assistance in understanding when institutionalization is appropriate.

Reduce program evaluation contract by $58,000 or 10 percent - since 1985, the University of California San Francisco/IHA has provided program evaluation of the ARCCs.

Reduction Impacts

This proposal will reduce the amount dedicated for research grants, potentially delaying multi-year research studies. In addition, training and education activities provided by the ARCCs will be reduced by approximately 10 percent. Further, this proposal would reduce the collection, analysis, and dissemination of data on ARCC patients, maintenance of databases, and analysis and dissemination of information derived from ARCC site visits.

Timing of Implementation

July 1, 2008

Statutory and/or Regulatory Change

No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Children's Dental Disease Prevention Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$326			$326	
Governor's Budget					

Program Description

The California Children's Dental Disease Prevention Program (CCDDPP) offers a community dental disease prevention program to school children in preschool through sixth grade, and in classes for individuals with special needs. The program includes but is not limited to the following: (1) fluoride supplementation; (2) brushing and flossing instruction; (3) oral health education; (4) dental sealants; and (5) the requirement to convene a local advisory committee. These children are selected and qualified by their participation in the Federal Free School Lunch Program (FSLP). Children who participate in the FSLP have a higher prevalence of decay experience than children not in FSLP (72% vs. 52%) and untreated decay (33% vs. 22%). In CCDDPP, participants had 5.5% greater need for urgent dental care needs.

The CCDDPP is California's only school-based oral health program and it operates in 31 counties. Local programs receive $10 per student to provide a comprehensive dental disease prevention program. The program provides $3.264 million annually to support the school-based CCDDPP and serves more than 325,000 low-income, high-risk preschool through sixth grade students.

Program Reduction

This proposal will reduce the contract award amounts for 33 contracts.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal would reduce the number of children served by an estimated 32,500. In addition, without a backfill at the local level, reduced local assistance contracts may result in the loss of staff at the local level.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: Preventive Health Care for Adults

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$125**			**$125**	
Governor's Budget					

Program Description
Preventive Health Care for Adults (PHCA) provides early referral for undetected and untreated cases of high cost health care problems such as diabetes, hypertension, and heart disease for the growing baby boomer and senior population. Public health nurses deliver PHCA community-based services in 11 counties to non-frail adults 50 and older. The program targets high-risk health behaviors by providing individualized health assessments, chronic disease health education and screening including blood pressure, blood glucose, cholesterol and bone density, and making early referrals to local resources for follow up. In 2005-2006, 76% of completed referrals for a potential medical problem resulted in a new diagnosis and/or treatment. Annually, 36,000 clients receive 6,000 comprehensive health assessments.

Program Reduction
This proposal will reduce local assistance to each 11 local health departments by 10 percent.

Reduction Impacts
As a result of this proposal, approximately 4,000 clients will not receive comprehensive health assessments. In addition, PHCA programs will reduce the number of community

health promotion events it supports every year.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: California Environmental Contaminant Biomonitoring Program (CECBP)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$36			$36	0.2
Governor's Budget					

Program Description
The CECBP represents a collaboration of the California Department of Public Health, the Office of Environmental Health Hazard Assessment, and the Department of Toxic Substances Control. 2007-08 is the first year of the phased implementation of the CECBP. When fully implemented, the CECBP will systematically collect, analyze, and archive blood and other human biological specimens from a statistically valid, representative sample of California's population. The CECBP's findings will be used to:

- Determine baseline levels of environmental contaminants in Californians' blood and other biological samples;
- Establish trends in the levels of these contaminants in people over time; and
- Assess the effectiveness of public health efforts and regulatory programs to reduce exposures of Californians to specific chemical contaminants.

Program Reduction
This proposal will reduce 0.2 personnel years from a scientist position (one of three positions), eliminate training, and reduce general operating expenses (minor equipment, postage).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal will delay accumulation of information about chemical body burden levels in Californians.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory change will be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Chronic Disease Prevention and Health Promotion

Title: California Environmental Contaminant Biomonitoring Program (CECBP) Laboratory

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$66			$66	0.5
Governor's Budget					

Program Description

The CECBP represents a collaboration of the California Department of Public Health, the Office of Environmental Health Hazard Assessment, and the Department of Toxic Substances Control. 2007-08 is the first year of the phased implementation of the CECBP. When fully implemented, the CECBP will systematically collect, analyze, and archive blood and other human biological specimens from a statistically valid, representative sample of California's population. The laboratory staff of the CECBP (i.e., the Biomonitoring Laboratory Program) will select, purchase and install appropriate laboratory equipment, develop chemical testing methods and quality assurance/quality control protocols to assure testing validity and, when the program is fully implemented, test human samples for chemical contaminants.

The CECBP's findings will be used to determine baseline levels of environmental contaminants in Californians' blood and other biological samples, establish trends in the levels of these contaminants in people over time, and assess the effectiveness of public health efforts and regulatory programs to reduce exposures of Californians to specific chemical contaminants.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Reduce Research Scientist II (RSII) time base by 50%. The RSII is one of five staff positions in the program.

Reduction Impacts
The reduction in the staff time base will reduce the number of human samples that the laboratory can test by approximately 25%. In addition, the reduction will delay laboratory activities that must be carried out before any human samples can be tested, including setting up the testing equipment, training on the use of the testing equipment, selecting and validating the chemical testing methods, expanding the quality control program to assure that new biomonitoring tests comply with federal requirements, implementing an electronic system to track thousands of samples from collection, through analysis to results reporting, setting up a specimen bank to archive samples for future studies, and developing a high through-put system to test specimens. The reduction may delay implementation of the CECBP.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory change will be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health (CDPH)
Center for Chronic Disease Prevention and Health Promotion

Title: Environmental Health Laboratory Branch Chemical Emergency Response Air Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$300			$300	2.0
Governor's Budget					

Program Description
The Chemical Emergency Response and Air Quality Program (program) performs microscopy and chemistry tests to rapidly identify unknown samples in support of threat investigations by law enforcement and essential response decision-making by local public health officials. The program operates an emergency mobile laboratory to conduct community air surveillance during an incident and screens incident samples in the All Hazards Risk Assessment Laboratory (AHRAL) at the CDPH Laboratory Campus. The program also conducts studies to reduce indoor and outdoor air exposures in homes, schools, offices and community air which may be the result of intentional or accidental release of toxic contaminates.

Program Reduction
Eliminate two staff (one technical and one administrative support), and equipment needed for chemical emergency response and air quality testing, and administrative costs. The program has twenty-two staff positions.

Reduction Impacts
Minor impact to evaluating samples submitted to the department for testing. Examples of environmental sampling include air-borne releases of asbestos and sampling air in

office buildings, and air quality surveillance during incidents like the recent Southern California wildfires.

To maintain the operations of the Emergency Mobile Laboratory (EMLab) van and the AHRAL trailer to collect and evaluate samples from environmental emergencies, accidents, or acts of terrorism, current staff would be redirected to address emergencies.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Emergency Preparedness Office (EPO)
Title: EPO 10% GF Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$16,804	$107,493			
Reductions	$1,680	$1,700		$3,380	1.0
Governor's Budget	$15,124	$105,793			

Program Description
The EPO leads the California Department of Public Health's (CDPH) efforts to respond to public health emergencies in California. Since 2003, EPO has responded to the seasonal influenza test sample threat of 2005, the 2006 floods, the extreme heat events of 2006 and 2007, and the 2007 Southern California fires. CDPH is also the lead state agency in preparing California for pandemic influenza.

Program Reduction
Eliminate a position and $80,000 General Fund assigned to tracking pharmaceuticals and surge supplies statewide and reduce allocations to local health departments (LHD) for pandemic influenza planning and response activities ($1,600,000 General Fund).

Reduction Impacts
The elimination of 1.0 position would require other EPO staff to assume the responsibilities of this position, potentially delaying the development of policies and procedures for surge related supplies and equipment. In addition, reduced allocations to LHDs may impact their ability to engage in emergency planning and preparedness.

The federal government has not yet developed guidelines for determining the level of state matching funds necessary to maintain receipt of CDC Public Health Preparedness funds and Hospital Preparedness funds.

Timing of Implementation
July 1, 2008

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$20,788				
Reductions	$2,080			$2,080	7.0
Governor's Budget	$18,708				

This program works to protect and improve the health of all California residents by ensuring the safety of drinking water, food, drugs, and medical devices; conducting environmental management programs; and overseeing the use of radiation through investigation, inspection, laboratory testing, and regulatory activities. This program includes Drinking Water and Environmental Management, and Food, Drug, and Radiation Safety.

Reductions for this program will result in a reduced level of funding for various programs, including environmental management, drinking water, emergency response, food and drug, and laboratories support services.

Lease payments totaling $11.6 million General Fund, have been exempted from the budget-balancing reductions. These payments secure lease revenue bonds for the Richmond Laboratory. In addition, activities related to foodborne illness and lead testing totaling $5.6 million General Fund, have been exempted from the budget balancing reductions to ensure the safety of California's food supply. These activities include sampling and testing imported candy and conducting chemical and microbial tests of food, consumer products, and environmental samples.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Emergency Preparedness and Response

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$44			$44	
Governor's Budget					

Program Description
The Emergency Preparedness and Response Program is charged with development of a comprehensive public health preparedness program to assist local agencies in natural and man-made disasters or terrorist attacks involving chemical and radiological agents. In addition, the program provides assistance in planning, training, responding, and recovering from disasters and terrorist incidents that could potentially result in chemical and radiological contamination of food, water, or the environment.

Program Reduction
This proposal will reduce the number of table top exercises conducted by the program from four to two ($44,000). The table top exercises are designed to test the actual field response and coordination between all the agencies responsible for emergency response to nuclear incidents.

Reduction Impacts
The reduction of exercises reduces the training for federal, state and local government staff.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Food and Drug Branch Administration

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$195			$195	2.0
Governor's Budget					

Program Description
The Food and Drug Branch (FDB), Administration Program is responsible for all of the administrative and program support functions for FDB. This includes administering 11 different funding sources, managing contracts, collecting revenue, licensing of over 10,000 firms, processing purchase requests and service orders, managing facilities, and addressing consumer complaints.

Program Reduction
This proposal will eliminate two positions (Office Technician and Management Services Technician) of twenty three staff positions in the branch and reduce a contract for student assistants with California State University, Sacramento by $71,000.

Reduction Impacts
Administrative and clerical support for FDB will be reduced, resulting in delays in executing contracts, filling vacant positions, responding to requests for information, and mailing of renewal licenses. In addition, the contract reduces the branch's ability to hire

part time university students who can complete routine administrative tasks such as answering the phone, filing, and distributing daily mail.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

The reduction will not require a change in state statute or implementation of emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Public Health
Center for Environmental Health

Title: Food Safety Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$80			$80	
Governor's Budget					

Program Description
The Department of Public Health, Food and Drug Branch (FDB) is responsible for ensuring that the California food supply is safe and free of adulterated, misbranded and falsely advertised foods.

Program Reduction
The proposal will reduce the travel budget by $80,000, representing 2 percent of the branch's budget.

Reduction Impacts
The reduced in-state travel budget and associated expenses may result in delays in FDB inspections of low-risk processing plants.

Timing of Implementation
July 1, 2008

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Public Health
Center for Environmental Health

Title: Food and Drug Laboratory Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$64			$64	
Governor's Budget					

Description of the program:
The Food and Drug Laboratory Branch (FDLB) conducts chemical and microbiological tests of food, consumer products, and environmental samples. Typical chemical tests are for heavy metals, toxic chemicals, carcinogens, chemical additives and preservatives. The Food Microbiology Test Unit provides testing of food and environmental samples for microbial contamination by pathogens such as E. coli O157:H7, Salmonella, Vibrio, and Listeria, and for biotoxins that cause food poisoning.

Program Reduction:
This proposal will reduce operating expenses including training, travel, and equipment.

Reduction Impacts:
Staff training and travel will be limited, reducing technical and professional training opportunities. In addition, equipment replacement times will be extended.

Timing of Implementation:
The proposal would be implemented on July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Emergency Response Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$219			$219	2.0
Governor's Budget					

Program Description

The Food and Drug Branch (FDB) is responsible for ensuring that the California food supply is safe and free of adulterated foods. The Emergency Response program is comprised of trained investigators and scientists that conduct food borne illness investigations, environmental investigations, and product trace backs that identifies and removes adulterated foods from the marketplace as rapidly as possible.

Program Reduction

This proposal will eliminate two (Research Scientist IV and Food and Drug Investigator) of eight staff positions in the branch. These staff are responsible for providing programmatic expertise in the area of food microbiology and foodborne illness and for leading components of an outbreak investigation, environmental investigation, and/or trace back.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The proposed reduction will reduce the services provided through the Emergency Response Program and will reduce the program's ability to guide the microbiological component of investigations and the collection of critical information. In addition, this proposal may cause delays in outbreak investigations and result in the program prioritizing outbreak investigations.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or implementation of emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health
Title: Medical Device and Drug Safety Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$109			$109	1.0
Governor's Budget					

Program Description
The Food and Drug Branch (FDB) is responsible for ensuring that the California drug and medical device supply is safe and free of adulterated, misbranded, and falsely advertised drugs and medical devices. While the majority of the program is special funded by industry license fees, the Export Document Program is supported with General Fund. The Export Document Program issues export documents to California processors of food, drugs, medical devices, and cosmetics. Foreign countries require export certification documents before products can be imported from California.

Program Reduction
This proposal will eliminate one Research Scientist III that is responsible for technical medical device, drug, and cosmetic label reviews. Of the twelve positions in the program, this is the only one supported with General Fund.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal would result in delayed review and processing of technical medical device, drug, and cosmetic export labels. FDB will be delayed in processing approximately 120 export certificates per month (1,440 annually) and reviewing related medical device, drug and cosmetic labels. In addition, this reduction will result in delays in completing export certifications for California manufacturers and distributors.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or implementation of emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Cosmetic Safety Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$16			$16	
Governor's Budget					

Program Description
The Food and Drug Branch (FDB), Drug and Consumer Product Safety Program is responsible for ensuring that California's drug and cosmetic supply is safe and free of adulterated, misbranded, and falsely advertised drugs and cosmetics. While the majority of the branch is supported with special funds, the Drug and Consumer Product Safety Program is supported with General Fund. In 1993, legislation was passed allowing any person engaged in the manufacturing, packing, labeling, or holding of cosmetics in the State of California to voluntarily register annually with the Drug and Consumer Product Safety Program. The registration fees pay for inspections of cosmetic facilities and examination of the firms' complete production and quality assurance systems. Approximately 230 cosmetic firms have registered with the California Voluntary Cosmetic Registration Program since its inception in 1994. Currently, 180 cosmetic manufacturers have active registrations.

Program Reduction
This proposal will reduce the program's travel budget.

Reduction Impacts
The proposed reduction of the travel budget may result in FDB being unable to inspect cosmetic registrants on an annual basis (approximately 20 firms), which may delay the issuance of the required export documents.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or implementation of emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Beach Safety Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$109			$109	
Governor's Budget					

Program Description
The Recreational Health and Beach Safety Program works with the general public, industry, State government, and local government to promote the safety of recreational waters throughout the State. This program is responsible for developing and implementing initiatives that prevent disease and hazardous conditions in California's coastal waters, swimming pools, and other recreational waters. The program also distributes and monitors funding contracts to coastal counties to implement a beach safety program.

Program Reduction
This proposal will reduce the beach water quality monitoring contracts with the City of Long Beach and local counties.

Reduction Impacts
This proposal will result in public beaches with reduced monitoring for compliance with minimum standards of sanitation in the City of Long Beach and other coastal counties. While the impact to the public will be relatively minor as the total reduction would be spread proportionately among the participating counties, counties will small funding contracts may choose not to operate a beach safety program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Sanitation and Radiation Laboratory Branch

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$476			$476	
Governor's Budget					

Program Description

The Sanitation and Radiation Laboratory Branch (SRLB) is the State's primary drinking water quality testing laboratory and is the only State laboratory capable of measuring environmental radiation. The primary mission of SRLB is to provide analytical services, reference measurements, and technical support pertaining to the State's Drinking Water Program and the Radiologic Health Branch Program.

Specifically, SRLB provides a supporting role in assuring that the drinking water is free of contaminants and is suitable for human consumption. The branch tests water for inorganic contaminant metals (e.g. lead and arsenic), anions (e.g. nitrate, fluoride, and cyanide), organic contaminants (e.g. pesticides), and gasoline products. The Radio-Chemistry group measures radioactivity in environmental samples and identifies naturally occurring and man-made radioactive contaminants. The Biomonitoring and Chemical Agent group tests for various chemical contaminants in human tissue samples.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

This proposal will reduce the following budgets:

- Equipment - $227,743;
- Technical and scientific materials - $70,497;
- Facility operations - $141,256;
- Training - $8,424; and,
- General operating expenses - $28,080.

Reduction Impacts

Laboratory samples will take longer to analyze and new equipment purchases will be delayed. In addition, requests for new laboratory methodologies will be delayed.

Timing of Implementation

Expenditures would be reduced effective July 1, 2008.

Statutory and/or Regulatory Change

It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health

Title: Drinking Water Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Wokload Budget					
Reductions	$422			$422	
Governor's Budget					

Program Description
To promote and maintain a physical, chemical, and biological environment that contributes to health, prevents illness, and assures protection of the public, the Division of Drinking Water and Environmental Management (DWEM) is responsible for regulating and monitoring public water systems.

Program Reduction
This proposal will eliminate General Fund support for three of fifteen positions in the division.

Reduction Impacts
Oversight of public water systems will be reduced and the workload will be redistributed to ensure an oversight program is maintained. DDWEM is redirecting funding from other sources to support the three positions.

Timing of Implementation
The redirection would be implemented on July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Environmental Health
Title: Laboratory Animal Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$346			$346	2.0
Governor's Budget					

Program Description
Laboratory Central Services provides support to the California Department of Public Health laboratories. The Laboratory Animal Services Section supports the Animal Care and Use activities for the Department's laboratories. This Animal Services Section is responsible for the breeding, care, and feeding of specialized animals.

Program Reduction
This proposal will eliminate two staff positions (Animal Tech IV and Animal Tech II), and reduce $26,570 from the scientific and technical supplies budget for small and disposable equipment, and $190,000 from the facility operations budget.

Reduction Impacts
While the program will be able to maintain animal care services, it will not maintain its animal breeding and production program. The breeding and production program breeds mice for diagnostic testing for various tests including detecting botulism and paralytic shellfish poisoning. CDPH programs that need mice for diagnostic testing will need to purchase animals from outside sources.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
This will not require any change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Healthcare Quality, Licensing and Certification Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$12,542	$58,824	$99,625		
Reductions	$1,254			$1,254	5.0
Governor's Budget	$11,288	$58,824	$99,625		

Program Description

The mission of the Licensing and Certification (L&C) Program is to promote the highest quality of medical care in community settings and facilities, improve access to care and assure quality of care through four programmatic goals: public service; effective enforcement; quality improvement and; meaningful standards. L&C is statutorily mandated to conduct state licensing surveys and complaint investigations of health facilities doing business in California. There are 30 health facility types and more than 6,000 health facilities licensed by L&C in California. There are 15,214 licensed beds located in 66 state-owned facilities.

Program Reduction

- $918,000 by eliminating five of thirty-two Health Facilities Evaluator Nurse positions in the State Facilities Unit.
- $260,000 by reducing the amount of the subsidy for selected health facility types and district hospitals with fewer than 100 beds by 10 percent. Facilities will continue to receive $2.34 million
- $54,000 by decreasing the amount of distributed administrative overhead allocated to the L&C Program.

- $22,000 by reducing general expense (minor equipment, postage) and travel support associated with review of laboratories requesting provider number approval for Medi-Cal reimbursement.

Reduction Impacts
Reducing the number of Health Facilities Evaluator Nurse positions would result in a reduced number of licensing and certification surveys and complaint investigations that L&C could complete for state-owned healthcare facilities. In addition, delays in licensing for the operation of new state-owned facilities may result in court sanctions being imposed against the state departments that oversee these facilities.

The reduction in the General Fund subsidy would result in increased license fees for selected health care facilities.

The reduction in general expenses may result in limited delays in reviewing laboratories requesting provider number approval and subsequent approval of Medi-Cal provider applications.

Timing of Implementation
These reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory change is required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health (DPH)
Health Information and Strategic Planning (HISP)

Title: HISP and County Health Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$3,679	$16,400	$73,764		
Reductions	$368	$80		$448	1.0
Governor's Budget	$3,311	$16,320	$73,764		

The Health Information Strategic Planning (HISP) program works to improve health data systems by providing assistance to local public health organizations and facilitating the collection, validation, analysis, and dissemination of health information. The County Health Services program provides funding for hospital, physician and other health-related services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Title: Indigent Health Care – Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$183**			**$183**	**1.0**
Governor's Budget					

Program Description
The Office of County Health Services (OCHS) administers the California Healthcare for Indigents Program and the Rural Health Services Program. The office allocates Proposition 99 Cigarette and Tobacco Product Surtax Funds to participating counties and providers for uncompensated health services to the medically indigent and disburses the Emergency Medical Services Appropriation that provides reimbursement for uncompensated emergency services provided by physicians to the indigent population. In addition, the office administers the State Public Health Subvention Program.

Program Reduction
This reduction will eliminate one full-time Associate Governmental Program Analyst position and reduce funding for Operating Expenses and Equipment. The position is responsible for approving reports and Proposition 99 allocation payments to the counties.

Reduction Impacts
This proposal will reduce the state's ability to review county financial reports to ensure counties are in compliance with state law and payments may be delayed.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No changes in state statutes or emergency regulations are required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Title: Local Public Health Services Program (LPHSP) - Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$5			$5	
Governor's Budget					

Program Description
The Local Public Health Services Program (LPHSP) provides direct environmental health and public health services in nine small, rural California counties (population of 50,000 or less). These counties contract with the California Department of Public Health to develop, implement and carry out a program of public health nursing and environmental health services on their behalf. The LPHSP provides state-employed Environmental Scientists and Public Health Nurses who work in and for these counties. LPHSP staff is responsible for planning, developing, implementing, and coordinating various mandated environmental and public health programs.

Program Reduction
This proposal reduced the funds for State staff to travel to the local health departments.

Reduction Impacts
The reduction will reduce the technical support that is provided to the LPHSP counties.

Timing of Implementation
This reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No changes in state statutes or emergency regulations are required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health (CDPH)
Title: California Health Interview Survey (CHIS) - Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
2008-09 Workload Budget					
Reductions	$80	$80		$161	
Governor's Budget					

Program Description
The California Health Interview Survey (CHIS) is a random digit dialed survey of 55,000 households throughout the State, focusing on public health and access to health care. CHIS generates statewide population-based health data for California's diverse communities, plus local-level estimates for most counties.

Program Reduction
This proposal will reduce the contracts with the University of California, Los Angeles (UCLA) by 10 percent.

Reduction Impacts
The total survey cost ($14 million over a two-year cycle) is funded by several organizations. The combined General Fund and matching Federal Fund contributions from CDPH, DHCS, and the Managed Risk Medical Insurance Board equal about 25 percent of the entire survey cost. The reduction of $80,420 will result in an additional loss of $80,420 matching Federal Funds received from the DHCS Title XIX for a total loss of $160,840. If UCLA does not identify other funds to backfill this reduction, the number of households surveyed, amount of published reports, and amount of public use data files for researchers and analysts may be reduced.

Timing of Implementation
Contract funding will be reduced effective July 1, 2008.

Statutory and/or Regulatory Change
No changes in state statutes or emergency regulations are required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Title: State Public Health Subvention (SPHS) Program – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$100			$100	
Governor's Budget					

Program Description
The State Public Health Subvention (SPHS) Program provides $1 million in funding to California's 58 counties and three cities for communicable disease control activities and public health surveillance activities per Health and Safety Code Section 101230.

Program Reduction
The reduction will reduce funding to the counties and cities by 10 percent. The reductions range from $903 to $18,915 annually among local health jurisdictions.

Reduction Impacts
This proposal will minimally reduce funding available for activities related to the prevention and control of communicable and infectious diseases.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No changes in state statutes or emergency regulations are required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health
Title: Family Health Program Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$54,255	$1,017,027	452,843		
Reductions	$5,425	$2,576			3.0
Governor's Budget	$48,830	$1,014,451	452,843		

The Center for Family Health ensures access to coordinated preventive and primary care services for low-income women, infants, children, and families and children with special needs. General Fund programs within the Center for Family Health include Maternal, Child, and Adolescent Health, Birth Defects Monitoring Program, Office of Family Planning, Teen Pregnancy Prevention Programs, and the Domestic Violence Program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Family Health/Office of Family Planning

Title: FPACT & Other Admin. – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$255	$255		$510	
Governor's Budget					

Program Description

The Office of Family Planning (OFP) is charged with making available to citizens of the State who are of childbearing age comprehensive medical knowledge, assistance, and services relating to the planning of families. In 1999, California applied for and received a federal Medicaid 1115 Waiver from the Centers for Medicare and Medicaid (CMS) to obtain reimbursement for Family Planning Access Care and Treatment (Family PACT) services, resulting in program expansions. As such, California provides its residents the opportunity to easily qualify and enroll in the Family PACT Program and access family planning services.

Women and men are eligible for the Family PACT program if they reside in California, are at risk of pregnancy or causing pregnancy, have a gross family income at or below 200% of the federal poverty level (FPL), and have no other source of health care coverage for family planning services. The program aims to reduce the rate of unintended pregnancies, increase access to publicly funded family planning for low-income Californians, increase the use of effective contraceptive methods by clients, promote improved reproductive health, and reduce the overall number and cost of unintended pregnancies.

Program Reduction

Reduce FPACT evaluation contract – the Special Terms and Conditions of the Family PACT Medicaid Waiver Demonstration Project require an evaluation of program effectiveness composed of analyzing changes in birth rates, access by target populations, changes in the

provider base for target geographical areas, provider compliance; claims analysis, and cost-effectiveness of services.
Reduce provider/client recruitment contracts - the Family PACT Medicaid Waiver Demonstration Project has two main objectives: 1) increase access to services in targeted populations of adolescents, males, and medically underserved women; and, 2) increase the number of providers who serve these clients. Education and outreach services are provided to the Family PACT providers and potential providers, as well as clients and potential clients. This proposal will result in the reduction of contracts to provide these services.

Reduction Impacts
Compliance with federal Waiver Special Terms and Conditions may be at risk with reduced funding for program evaluation and education and outreach.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Office of Family Planning

Title: Information and Education (I&E) – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$159			$159	
Governor's Budget					

Program Description
The I&E programs provide teens with mentoring, referral to clinics/reproductive health services (clinical linkages), community involvement, and education to develop the life skills and sense of self-accountability necessary to make responsible decisions relevant to sexual behavior and reproductive health. I&E programs are located in schools and in community based organizations including foster care settings. The I&E grantees serve approximately 75,000 teens and parent/caregivers annually. Currently there are 27 grantees statewide selected via a competitive Request for Application process and located in teen birth rate "hot spots".

Program Reduction
This proposal will reduce the General Fund portion of 27 local assistance grants by 10 percent.

Reduction Impacts
An estimated 5,000 at-risk teens and parents of teens will not receive services.

Timing of Implementation
Anticipated implementation date is July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Family Health/Office of Family Planning
Title: Male Involvement Program (MIP) – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$115			$115	
Governor's Budget					

Program Description
The Male Involvement Program (MIP) funds local agencies that provide program activities aimed to increase the involvement of adolescent and young males in the prevention of teen pregnancy and unintended fatherhood. Local MIP grantees work with adolescents and young males to increase community and individual awareness regarding the importance of the roles and responsibilities of young men in the reduction of teenage pregnancies, reinforce community values that support these roles and responsibilities, and increase skills of at-risk adolescent boys and young adult men in order to actively promote their role in reducing teenage pregnancies. The 21 MIP programs located throughout the State deliver services through a variety of settings including mainstream and alternative schools, social service agencies, juvenile detention facilities, and youth centers. MIP serves approximately 30,000 adolescents and young males annually.

Program Reduction
Reduce local assistance contracts to 21 grantees by 10 percent.

Reduction Impacts
Approximately 2,400 young men will not receive services as a result of this reduction. In addition, this proposal will reduce services aimed at developing and maintaining referral networks for youth friendly services, a component that links teens to clinical programs.

Timing of Implementation
Anticipated implementation date is July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Office of Family Planning

Title: TeenSMART Outreach (TSO) - Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$91	$91		$182	
Governor's Budget					

Program Description
CDPH provides grant funding to 21 TeenSMART Outreach Projects (TSO) who target teens that are at high risk for pregnancy and Sexually Transmitted Infections (STIs). Outreach workers also target communities, families, and youth service workers to remove barriers for teens to access comprehensive family planning reproductive health services. In addition, Clinics recruit and train peer workers to assist in outreach efforts to identify teens in need and ensure teens receive needed family planning and reproductive health services. High risk teens include teens that are parents, homeless, victims of abuse, and/or school dropouts. Currently, approximately 154,000 teens are served annually.

Program Reduction
Reduce local assistance grants.

Reduction Impacts
This proposal will result in an estimated 30,000 at-risk teens not receiving services.

Timing of Implementation
July 1, 2008

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Maternal, Child and Adolescent Health
Title: Adolescent Family Health Program (AFLP) - Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,194			$1,194	
Governor's Budget					

Program Description
The Adolescent Family Life Program (AFLP) is a case management program that operates in 37 counties and serves approximately 18,000 pregnant and parenting teens annually. AFLP goals are to promote healthy birth outcomes for pregnant teens, completion of high school, the health and well-being of pregnant, parenting teens, and of their infants to prevent premature births, low birth weight and associated problems and future unintended pregnancies.

AFLP is a voluntary program for pregnant or parenting teens. While AFLP does not have an income eligibility standard, due to limited capacity, AFLP agencies enroll high-risk teens (e.g., under 15 years old, substance abuse, gang involvement, non-supportive parents, no prenatal care, housing issues, etc.). Teens are referred to AFLP through high schools, county Maternal, Child and Adolescent Health programs; county social service agencies, hospital emergency rooms, and churches and other organizations familiar with the program. AFLP case managers work with each teen and develop an Individual Service Plan to meet the needs of that teen.

Program Reduction
This proposal will reduce 41 local assistance contracts (Los Angeles county area is served by multiple contractors) by approximately 6 percent.

Reduction Impacts
The number of pregnant and parenting teens accessing local programs will be reduced from approximately 18,000 annually to approximately 16,900.

Timing of Implementation
Anticipated implementation date of funding reduction is July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Maternal, Child and Adolescent Health
Title: Black Infant Health (BIH) – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$390			$390	
Governor's Budget					

Program Description
The Black Infant Health (BIH) program was established to reduce high infant mortality rates among African Americans in California. The BIH program provides health education, health promotion, social support and service coordination to pregnant and parenting African American adult women in the 17 Local Health Jurisdictions (LHJs) where 94% of all African American live births in California occur. BIH clients are provided social support, case management and educational services including, medical, psychosocial, prenatal, assistance in applying for Medi-Cal or Healthy Families, WIC nutritional information, substance abuse and domestic violent programs, job training, affordable housing and child care referrals as appropriate. African American women are often referred to the BIH program via BIH outreach workers. BIH serves approximately 13,900 clients annually.

Program Reduction
This proposal will reduce 17 local assistance contracts by approximately 4 percent.

Reduction Impacts
An estimated 556 eligible clients will not receive services. A reduction in the number of clients receiving BIH services may result in an increased risk for low birth weight and infant mortality.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Thousands of Dollars)

4265 California Department of Public Health
Center for Family Health/Office of Family Planning

Title: Family PACT & Teen Pregnancy – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$193	$193		$386	2.0
Governor's Budget					

Program Description
The Office of Family Planning (OFP) is charged with making available to citizens of the State who are of childbearing age comprehensive medical knowledge, assistance, and services relating to the planning of families. The OFP administers the Family Planning Access Care and Treatment (Family PACT) program and the Teen Pregnancy Prevention (TPP) programs. The TPP programs educate and provide assistance to youth to prevent unintended pregnancy and/or sexually transmitted infections (STIs) including HIV/AIDS. The TPP programs serve approximately 260,000 teens annually. Family PACT currently serves over 1.7 million California residents at risk of pregnancy or causing pregnancy at or below 200% of the Federal Poverty Level. Family PACT increases access to family planning services for low income Californians, promotes improved reproductive health, and reduces the overall number and cost of unintended pregnancies. Under the Special Terms and Conditions of the Family PACT waiver, the program is required to conduct provider recruitment, education, and program support.

Program Reduction
This proposal will eliminate 2 (2 Office Technicians) of 32 staff positions and all operating expenses including travel and associated costs.

Reduction Impacts
Funding agreements to local agencies will be delayed. In addition, site monitoring visits recommended by the State Contracting Manual and by Audits and Investigations in program audits will be curtailed.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will become effective on July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Center for Family Health/Maternal, Child and Adolescent Health

Title: Comprehensive Perinatal Services Program (CPSP) – Provider Training –
Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$23	$23		$46	
Governor's Budget					

Program Description

The Comprehensive Perinatal Services Program (CPSP) is an enhanced obstetrical program for Medi-Cal beneficiaries aimed at improving birth outcomes. While Medi-Cal reimburses providers and managed care plans for the enhanced obstetrical services, MCAH reviews and approves applications from Medi-Cal providers to be CPSP providers and provides training to CPSP providers and their staff to ensure that providers understand and can provide the enhanced obstetrical services to Medi-Cal beneficiaries. CPSP uses an interdisciplinary approach to providing quality perinatal care which includes assessments, individualized care plans, referrals and interventions, health education, nutrition support services, and attention to psycho-social needs of this high-risk population. Services are provided through a contract with California State University, Sacramento.

Program Reduction

This proposal will reduce the contract with California State University, Sacramento, decreasing the amount of training activities provided to CPSP providers.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This reduction will result in reduced training for CPSP providers.

Timing of Implementation
July 1, 2008

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Office of Family Planning

Title: Domestic Violence Program (DVP) – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,269			$2,269	
Governor's Budget					

Program Description
The Domestic Violence Program (DVP) administers the Battered Women Shelter Program (BWSP). The program's goals are to protect battered women and their children against the ongoing infliction and threat of physical, sexual, and psychological abuse by past or present partners and reduce the incidence and prevalence of domestic violence in California. The DVP funds 94 shelter-based domestic violence agencies to provide emergency and non-emergency direct services to battered women and their children; perform domestic violence prevention activities. Shelter services include emergency shelter, transitional housing, legal advocacy and assistance with temporary restraining orders, counseling, and other support services. The BWSP grantees serve approximately 130,000 women and their children each year (105,000 women, 25,000 children). Approximately 85 of the 94 shelters funded by DPH also receive funding from the state Office of Emergency Services.

Program Reduction
This proposal will reduce local assistance grants to 94 shelters, and 4 technical assistance and training contracts by approximately 10 percent.

Reduction Impacts
Approximately 13,000 women will not receive program services. In addition, funding for technical assistance contracts, program evaluation and web support funding will also be reduced.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
Anticipated implementation date of approximately 10% funding reduction is July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Maternal, Child and Adolescent Health

Title: Maternal, Child and Adolescent Health (MCAH) - Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$264	$2,000		$2,264	
Governor's Budget					

Program Description

MCAH funds all 61 local health jurisdictions (LHJs) (58 county and 3 city health departments) to provide MCAH services and programs to improve the health of mothers, infants, children, adolescents, and their families. LHJs also ensure the success of medical assistance programs (Medi-Cal, Healthy Families, and California Children's Services) by filling gaps and making connections so that the at-risk MCAH population receives needed services. MCAH LHJs perform activities to:

- Improve Access to Care: LHJs assist individuals to access available health care through appropriate state or federal programs.
- Remove Barriers to Receiving Services: LHJs work with other agencies to ensure the MCAH population can obtain services.
- Recruit and Inform Health Care Providers to serve the MCAH population: LHJs work with the local medical community to identify gaps in service for the MCAH population.
- Educate the MCAH Population: LHJs provide outreach and prevention education to the MCAH population regarding topics such as breastfeeding, nutrition, sudden infant death syndrome risk reduction, and risk to the unborn associated with alcohol consumption or substance abuse.

- Make Home Visits: Most LHJs operate a home visiting program to establish a close connection with the at-risk individual to facilitate client use and acceptance of educational information.
- Prevent Childhood Injury: LHJ programs range from child passenger safety device distribution and appropriate usage, childhood drowning prevention campaigns, and promotion of "walk to school days" to promote physical activity.

- Review Fetal & Infant Mortality Cases: LHJs review fetal and infant deaths to determine what specific action could prevent future deaths. The death review team investigation includes identification of potential community or health infrastructure factors.

- Inform and Involve Community Groups: LHJs collaborate with other public and private agencies to address the needs of MCAH populations. LHJs also inform community groups on health issues so they can work with and support their own at-risk members.

- Assess Local Needs: LHJs monitor the health needs of MCAH populations. Federal Title V requires that a needs assessment be conducted every five years to identify local MCAH population needs and requires that the Title V Plan implement actions to address these needs.

- Operate Local Toll Free "800" Number: Each LHJ staffs a federally required toll free "800" number to provide access to the agency for the local population.

Program Reduction
Reduce funding to 58 county agencies that provide MCAH services by 10 percent.

Reduction Impacts
To the extent that LHJs do not backfill the $260,000 General Fund reduction, this proposal would reduce the level of MCAH services.

Timing of Implementation
Anticipated implementation date is July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 Department of Public Health
Center for Family Health/Maternal, Child and Adolescent Health

Title: Maternal, Child & Adolescent Health (MCAH) – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$263	$14		$277	1.0
Governor's Budget					

Program Description
MCAH state staff develop systems that protect and improve the health of California's women of reproductive age, infants, children, adolescents, and their families. Staff conduct the federal MCH program and oversee over 230 local program funding agreements and contracts. Staff provide technical assistance, training and guidance to all 61 local health jurisdictions, improve outreach and case management for pregnant women and children, and ensure local agencies serve women in need of early and continuous perinatal, infant and childcare. In addition, staff perform all contracting, fiscal and administrative functions including onsite monitoring to ensure local agencies receive and utilize funding in accordance with state and federal requirements.

Program Reduction
This proposal will eliminate one of eighty-five staff positions and reduce associated operating expenses (travel).

Reduction Impacts
Minimal impact.

Timing of Implementation
July 1, 2008

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Thousands of Dollars)

4265 Department of Public Health
Center for Family Health/Maternal, Child and Adolescent Health

Title: California Birth Defects Monitoring Program (CBDMP) – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$209			$209	
Governor's Budget					

Program Description
CBDMP has two functions carried out through a contract with the March of Dimes:

- California Birth Defects Registry – collect and review data from birthing hospitals and maintain a database of birth defects occurring in California. The CBDMP Registry is a database of diagnostic and demographic information drawn from over 3.9 million births. Complete diagnostic information is obtained on eligible children who have specific birth defects. Follow-up after one year is performed to be sure that most birth defects are recognized and reported.

- Prenatal Blood Sample Repository – collect, store and provide prenatal blood samples to approved researchers.

Program Reduction
This proposal will reduce support for the registry by 10 percent.

Reduction Impacts
This proposal would reduce the level of statewide birth defect data collection and prenatal blood samples obtained from counties.

Timing of Implementation
Implementation date is July 1, 2008.

Statutory and/or Regulatory Change
No statutory or regulatory changes are required to implement this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$176,871	$147,039	$91,919		
Reductions	$11,022			$11,022	
Governor's Budget	$165,849	$147,039	$91,919		

The Office of AIDS has lead responsibility for coordinating state programs, services, and activities relating to HIV/AIDS. The mission of this program is to assess, prevent, and interrupt the transmission of HIV, and assure high-quality preventive, early intervention, and care services.

This reduction will be achieved by reducing state support and local assistance for various programs, including AIDS Education and Prevention, AIDS Epidemiology Studies and Surveillance, AIDS Drug Assistance, and HIV Counseling and Testing.

This reduced level of funding does not jeopardize the state's ability to meet the federal maintenance-of-effort requirement for receipt of Ryan White Act funds.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: Office of AIDS HIV Education and Prevention

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,600			$1,600	
Governor's Budget					

Program Description

HIV education and prevention programs focus on preventing HIV transmission, changing individual attitudes about HIV and risk behaviors, promoting the development of risk-reduction skills, and changing community norms. These funds are distributed to local health jurisdictions that provide health education and risk-reduction interventions to California's population at highest risk for contracting or transmitting HIV.

Two types of prevention activities are funded through education and prevention funding: prevention with high-risk negative individuals and prevention with HIV positive individuals. Education and prevention programs and activities for high-risk negative individuals receive oversight from the Office of AIDS, HIV Education and Prevention Services Branch. These statewide programs/activities include: linkages to HIV counseling and testing (C&T), syringe exchange programs (SEP), training for Comprehensive Risk Counseling Services (CRCS) working with men who have sex with men (MSM), and a prevention with positives (PwP) program. Linkages to C&T ensure that individuals get tested and know their HIV status; SEP reduces HIV infection among injection drug users (IDUs) by increasing access to sterile syringes; CRCS is intensive, individualized, client-centered counseling to promote HIV risk-reduction behaviors; the Gay Men's/MSM Service Provider training and technical assistance reinforces the skills required to work with MSM; and PwP, within the context of HIV education and

prevention programming, supports HIV-positive individuals in their efforts to prevent the transmission of HIV. Two other programs that work with HIV-positive individuals (the Bridge Project and Positive Changes) are conducted within an HIV care setting at select Early Intervention Program sites. The Bridge Project reaches HIV-positive individuals who are out-of-care and links them to care. It provides services to 1,120 clients via 29 sites located in 23 counties, serving 27 counties. Positive Changes provides an intensive transmission risk-reduction intervention by Risk Reduction Specialists to 670 HIV-positive individuals at very high risk of transmitting HIV. The program is located in 12 counties, and serves 13 counties.

Program Reduction
This proposal will reduce local assistance contracts with local health jurisdictions and community-based organizations by $1.6 million. These entities will continue to receive $23.3 million in state support.

Reduction Impacts
The reduction reduces the number of face-to-face prevention contacts with high-risk clients by an estimated 20,000 contacts. Currently, approximately 400,000 contacts are made annually. In addition, it also decreases access to the Bridge Project for approximately 76 HIV-positive, out-of-care persons, and reduces the Positive Changes high-risk HIV client caseload by approximately 43 persons.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
This reduction will be effective by July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: Epidemiologic Studies and Surveillance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$400			$400	
Governor's Budget					

Program Description

The Office of AIDS provides support for epidemiologic studies and surveillance program activities including:

- Providing epidemiologic data to guide resource allocation and program strategies for HIV/AIDS education, prevention, care and treatment. HIV/AIDS epidemiologic research helps public health officials and statewide stakeholders monitor and project the extent of the epidemic in California;
- Identifying the scope and extent of HIV infection and the needs which it creates, and disseminate timely and complete information;
- Promoting the effective use of available resources through research, planning, coordination, and evaluation; and,
- Maintaining the HIV/AIDS Case Registry, a confidential, central registry of demographic and clinical information on all reported (approximately 170,000) California HIV infections and AIDS cases. The Registry provides all California local health departments with support and training for developing, maintaining, and enhancing surveillance programs.

Program Reduction

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

This proposal will reduce the allocation for HIV-related epidemiologic studies and surveillance by $400,000. $8.651 million will continue to be dedicated for this purpose.

Reduction Impacts
California's name-based HIV reporting system generated an increase in surveillance, case processing, and data entry activities. The continuation of federal Centers for Disease Control and Prevention funding for HIV/AIDS surveillance activities in California is dependent upon accurate, complete, and timely data collection, data entry, and data management. The complete and accurate collection of HIV and AIDS cases in California is important because the number of HIV and AIDS cases is used to determine the allocation of federal funds to states for care and treatment programs under the Ryan White HIV/AIDS Treatment Modernization Act. Funds received through this grant support a wide variety of treatment and service programs for HIV-infected individuals.

A reduction in surveillance funding may result in a decrease in the number of HIV and AIDS cases reported to the state. In addition, reduced epidemiologic studies will reduce the program's ability to ensure that funding is targeted to the correct geographic regions and demographic populations.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: Early Intervention

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$200			$200	
Governor's Budget					

Program Description
The Early Intervention Program (EIP) sites provide HIV medical care and treatment as well as transmission prevention interventions for HIV-infected persons within the context of their clinical care. The 36 EIP clinics statewide serve 8,000 clients. The goals of the program are to prolong the health and productivity of HIV-infected persons and to interrupt the transmission of HIV. In addition to ongoing medical care, periodic client assessments, case conferencing, and individual services plans are utilized to tailor services to meet individual client needs and to maximize successful client outcomes.

Program Reduction
This proposal will reduce Early Intervention funding by $200,000. Each contract will be reduced by an average of $5,600. Clinics will continue to receive $7.4 million General Fund to provide EIP services.

Reduction Impacts
The reduction will reduce the availability of multidisciplinary EIP services to HIV-positive clients in the 36 clinics. In some mid-sized cities and rural counties in California, impacts may be acute due to lack of other funding sources.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: Therapeutic Monitoring Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$300			$300	0
Governor's Budget					

Program Description

The Therapeutic Monitoring Program (TMP) provides access to specific laboratory tests (viral load and resistance testing) for low-income, HIV-infected Californians who are uninsured or underinsured. These tests are part of the Standard of Care, as defined in federal guidelines. HIV therapeutic monitoring provides clinicians with objective tools to measure the efficacy of a particular course of highly active antiretroviral therapy. Viral load testing is a tool used by clinicians to routinely monitor response to HIV treatment. The HIV resistance testing measures the degree to which an individual's HIV strain is resistant, or less responsive, to antiretroviral drugs. In FY 2006-07 the actual number of clients served was 18,663.

Program Reduction

This proposal will reduce the funding for viral load and resistance testing vouchers by $300,000.

Reduction Impacts

Approximately 1,176 or 6 percent fewer clients would receive services, impacting a medical provider's knowledge of the efficacy of AIDS Drug Assistance Program (ADAP) drugs prescribed for these patients. This results into an estimated 2,530 fewer viral

load tests or 700 fewer genotypic resistance tests for these clients.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs
Title: Home and Community Based Care

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$400			$400	
Governor's Budget					

Program Description
The AIDS Case Management Program (CMP) provides comprehensive case management and direct care services to over 1,300 persons with AIDS or symptomatic HIV disease to allow individuals to remain in their homes. Forty-four agencies receive funding to provide case management services.

Program Reduction
This proposal will reduce the Home and Community Based Care program by $400,000.

Reduction Impacts
This proposal will reduce the number of HIV/AIDS clients receiving case management services. These clients may need to pay for institutional or in-home services.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: AIDS Drug Assistance Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$7,000			$7,000	
Governor's Budget					

Program Description
The AIDS Drug Assistance Program (ADAP) provides life-saving medications to over 30,000 HIV-positive individuals who could otherwise not afford them. This program reduces medical care costs by preventing opportunistic infections, and delaying disease progression.

Program Reduction
This proposal deletes $7 million from ADAP. To achieve the reduction, ADAP would reduce its formulary. The drugs proposed for removal are not federally required and are not for the direct treatment of HIV or opportunistic infections associated with HIV/AIDS. However, since many clients with HIV/AIDS have other health related issues, such as wasting syndrome or psychosis, the medications proposed for removal help treat conditions associated with HIV disease. At this time, the following classes of medications are proposed to be removed from the ADAP formulary:

- Wasting Medications
- Hematological Agents
- Anti-Convulsants

- Anti-Psychotics

In addition to the above, either the Anti-depressant class of medications OR all of the following classes will be removed from the formulary: Topicals; Proton Pump Inhibitors;

Histamine 2 receptor antagonists; Digestive enzymes; Medications for GERD (Gastro-esophageal reflux disease); Antirvirals (Herpes); Anti-anxiety medications; and Anti-fungal medications. Prior to final action being taken, ADAP would work in consultation with our Medical Advisory Committee regarding any proposed reduction to the formulary. Even with the removal of these drugs from the formulary, California's ADAP formulary will contain more drugs than are required by the federal government.

Reduction Impacts
A reduction in formulary medications would limit the comprehensive treatment of side-effects and other co-morbid conditions which are common for many of our 30,000 ADAP clients. In addition, a reduction to drug expenditures will affect rebate collection. The drugs proposed for reduction represent approximately 2% of the total rebate ADAP anticipates collecting in FY 2008-09. This would result in an approximate reduction in rebate collection of $2.4 million.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: Office of AIDS (OA) Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$400			$400	
Governor's Budget					

Program Description
OA support is responsible for funding the personal services, administrative, travel, training, and operational needs of the division. It also funds cooperative agreements with the University of California (UC) to provide specialized expertise to OA.

Program Reduction
This proposal will reduce the consultant contract with the UC and other general administrative services. Reductions are as follows:

- General administrative activities (postage, printing, travel, general expense, equipment, etc.): $200,000;
- Consultant contract with the UC: $132,000; and,
- Departmental Services/Distributed Costs: $68,000.

Reduction Impacts
General administrative activities – this reduction will reduce the OA's ability to replace equipment (e.g. copiers and computer services), reproduce and mass distribute informational materials, conduct program oversight and audit site visits, and travel to meet with local, state and federal representatives.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Consultant contracts – this proposal will reduce the number of epidemiologic research and evaluation studies conducted by the UC.

Departmental Services/Distributed Costs – this reduction will limit the ability to contribute funding to a variety of departmental overhead services.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reductions to OA support budget will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: HIV Counseling and Testing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$600			$600	
Governor's Budget					

Program Description

HIV Counseling, Testing Program – The program prevents the spread of HIV by supporting comprehensive HIV prevention programs that provide effective client-centered HIV counseling and testing services. The services are provided by 54 local health jurisdictions (LHJ) and their subcontractors at both confidential and anonymous test sites throughout the state. In 2005, there were 39,880 HIV infected individuals in California. Each year there are about 3,312 newly diagnosed HIV cases, of which 1,510 of these cases are identified and reported through the counseling and testing program.

NIGHT – The program targets HIV counseling, testing, and referral activities to high-risk populations in venues they frequented. The goals of NIGHT Outreach Program are to 1) reach high-risk individuals who do not seek HIV testing, 2) encourage clients to receive HIV counseling and testing, 3) increase client's knowledge of HIV-related risks, 4) provide targeted educational material and condoms, and 5) provide clients with appropriate referrals to other social support and/or medical services.

HIV Counselor Training – The program provides oversight and funding for certification training to HIV test counselors that work in confidential and anonymous test sites. HIV test counselors are trained to provide high quality prevention counseling to assist at-risk individuals in reducing their risk for acquiring or transmitting HIV and learning their HIV status. *HIV Test Kits* are provided to local health jurisdictions at no cost. These test kits are

made available to all anonymous and confidential test sites receiving Office of AIDS funding and technical assistance and the NIGHT programs.

Program Reduction
This proposal will reduce the contracts with local health jurisdictions by $600,000.

Reduction Impacts
The proposal will reduce HIV testing by approximately 8,060 tests annually and opportunities to provide counseling services to HIV positive and/or high risk individuals.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
This reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
AIDS/HIV Programs

Title: AIDS Housing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$122			$122	
Governor's Budget					

Program Description
The housing program assists with the stable housing needs of persons living with HIV/AIDS, and their families, through the development of rental housing projects and long term affordable housing units. This program works in conjunction with the federally funded Housing Opportunities for Persons with AIDS (HOPWA) program. The HIV Housing Program contracts with Fresno and Solano Counties to assist with the stable housing needs of 286 clients and their families.

The Residential AIDS Licensing Facilities (RALF) program is designed to help address the ongoing operational subsidy needs of currently licensed Residential Care Facilities for the chronically ill serving clients with HIV disease. Currently the funds for RALF are allocated based on the number of bed nights each facility has available for chronically ill individuals with HIV/AIDS. Each licensed facility is given an opportunity to compete for these funds. RALF funds approximately 17 sites located in the follow areas: Los Angeles, Santa Barbara, San Francisco, Sacramento, Alameda, Riverside, and San Diego. The program serves over 270 clients with 98,550 bed nights per year.

Program Reduction
This proposal will reduce funding for the Fresno and Solano County Housing Programs and for the seventeen sites receiving RALF program funds by $122,000.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The funding reduction to the Housing Program may require Solano and Fresno Counties to backfill with federal HOPWA. In addition, the reduction would eliminate 6,110 available bed nights for the RALF program. With reduced RALF funds, the per bed night allocation would be reduced accordingly, resulting in fewer operational dollars available.

Reductions to the Office of AIDS budget were limited to minimize the risk of jeopardizing California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act. Non-compliance endangers the entire grant of over $122 million in Part B federal funds.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$65,609				
Reductions	$6,561	$126		$6,435	22.0
Governor's Budget	$59,048				

The Division of Communicable Disease Control works to prevent and control infectious diseases such as hepatitis, meningitis, and tuberculosis. This program includes Immunization, Infectious Diseases, Sexually Transmitted Disease Control, Tuberculosis Control, and Microbial Diseases and Viral & Rickettsial Disease Laboratories.

This reduction will be achieved by reducing funding for communicable disease programs and services, including laboratory support services, immunization programs, and communicable disease surveillance activities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

Title: Viral & Rickettsial Disease Laboratory

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$982			$982	5.0
Governor's Budget					

Program Description

The Viral and Rickettsial Disease Laboratory (VRDL) program provides diagnostic and epidemiologic laboratory support for diagnosing, investigating, and controlling viral and rickettsial agents associated with infectious diseases in California. VRDL is the reference laboratory for county public health laboratories regarding isolating and identifying viral and rickettsial agents. In addition to its reference laboratory role, VRDL serves as the primary public health laboratory for small counties without public health laboratory services and trains local public health laboratory personnel in state-of-the-art standardized laboratory procedures.

Program Reduction

Eliminate five of twenty Public Health Microbiologist staff positions in the laboratory and reduce facilities operations activities by $340,000, six percent of the laboratory's facilities operations budget.

Reduction Impacts

Services for day-to-day requests for influenza, West Nile, HIV/AIDS, Hepatitis C, respiratory outbreaks, encephalitis, rabies testing, and gastrointestinal outbreaks will be reduced. In addition, the laboratory's ability to keep up with the demands of a heavy influenza season will be hindered.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

In addition, testing services including West Nile Virus, non-West Nile arboviruses, Hepatitis C, influenza diagnostic and reference testing, and rabies, and training program participation by state staff will be reduced.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Sexually Transmitted Disease (STD) Control Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$501			$501	5.0
Governor's Budget					

Program Description
The STD Control Branch provides state support and local assistance funding for the control and prevention of STDs including, syphilis, chlamydia, gonorrhea, and HIV. State sponsored regional field offices are responsible for providing direct disease intervention assistance, including locating and interviewing patients and sex partners and referring them to health care providers for medical examination and treatment and technical assistance regarding local STD control program infrastructure. An estimated 190,000 STD cases are reported in California each year.

Program Reduction
Eliminate five positions (2 Consulting Communicable Disease Representatives and 3 Communicable Disease Managers) and reduce contract funding by $182,000 or 10 percent of total contract funds. The program has twenty-three staff positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal may reduce the state's ability to respond to STD outbreaks and conduct follow up activities on cases.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Disease Investigations Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$110			$110	1.0
Governor's Budget					

Program Description
The Disease Investigations program investigates, contains, and prevents disease outbreaks (e.g., foodborne, waterbome, respiratory, and hospital-acquired disease outbreaks).

The program is responsible for providing technical assistance to local health jurisdictions during epidemiologic investigations, surveillance, prevention, and control of communicable diseases, providing education and training on communicable diseases for public health professionals working in local health jurisdictions and the medical community, and monitoring disease occurrences that impact all local health jurisdictions in California.

Program Reduction
This proposal will eliminate one of four staff epidemiologists specializing in food borne disease outbreaks in the program.

Reduction Impacts
This proposal reduces the state epidemiologic response capacity by 25%, reducing the ability to provide consultation and assistance to local public health agencies and health care providers on foodborne diseases. This will result in delays in identifying foodborne illness outbreaks and determining the appropriate sources.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or regulation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Disease Reporting

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$80			$80	1.0
Governor's Budget					

Program Description
The Disease Reporting Program collects, processes, analyzes, and disseminates data from local health jurisdictions on all reportable communicable diseases. The information collected is used to monitor the burden of communicable disease in the state, to detect epidemics, and to measure effectiveness of interventions.

Program Reduction
This proposal will eliminate a Research Scientist II, one of six positions in the program. This position is responsible for collecting, processing, analyzing, and disseminating data from local health jurisdictions on reportable communicable diseases.

Reduction Impacts
This proposal would reduce the consultative services to the 61 California local health departments regarding mandatory reporting of over 80 communicable diseases. This proposal may impact the program's ability to timely review and analyze reported cases of communicable diseases. In addition, processing of surveillance data on reportable communicable diseases may be delayed.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or regulation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

Title: Vector Control Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$235			$235	1.0
Governor's Budget					

Program Description

The Vector-Borne Disease Section (VBDS) provides consultation services and assistance to local health jurisdictions in epidemiologic investigations, surveillance, prevention, and control of vector-borne diseases. In addition, VBDS administers the Public Health Vector Control Technician certification examination program which certifies vector control government staff. This program requires every government agency employee who handles, applies, or supervises the use of any pesticide for public health purposes to be certified by CDPH.

Program Reduction

This reduction will eliminate 50 percent of the workload for a Public Health Microbiologist, removing responsibilities related to the Public Health Vector Control Technician certification and technical assistance to local health jurisdictions on vector-borne disease surveillance, prevention, and control. In addition, this proposal will eliminate 50 percent of the workload for an Associate Public Health Biologist staff position assigned to the north coastal region. The program has seventeen staff positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Consultative services to local agencies by CDPH staff on the prevention, surveillance, control, and epidemiologic investigations of vector-borne diseases will be reduced.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Various Health and Safety Code Sections and their associated regulations would need to be amended or repealed.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

Title: Veterinary Health Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$61			$61	1.0
Governor's Budget					

Program Description
The Veterinary Public Health program is responsible for the surveillance, investigation, prevention, and control of zoonotic diseases (diseases transmissible between animals and humans). The program includes the Rabies Control and the Wild Animal Importation and Quarantine.

Program Reduction
This proposal is to eliminate staff responsible for fulfilling the permitting and reporting requirements associated with the Rabies Control and Wild Animal Importation and Quarantine programs. In addition, the staff position manages animal and human disease data and provides consultation to animal control agencies statewide, state, and federal public health officials, medical and veterinary communities, animal control officers, and the California Department of Fish and Game.

Reduction Impacts
Each year, over 200 rabid animals are reported to VPHS. VPHS receives and evaluates these case reports of rabies for potential human exposure. With this reduction, the program will reduce its ability to gather and analyze rabies occurrence data and provide consultation to local animal control agencies.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The program provides local health departments (LHDs) and other local agencies with technical assistance regarding rabies and other zoonotic disease data, zoonotic disease reporting procedures, and rabies laws and regulations.

In addition, the Wild Animal Importation permitting function will be impacted. Loss of this program component would mean an average of 770 animals would not be permitted to enter California. VPHS is responsible for issuing permits and requiring testing and quarantine of animals entering California that may be carrying diseases transmissible to humans and providing consultation to registered primate quarantine facilities, wildlife facilities, and numerous other organizations on the prevalence of zoonotic diseases in California.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Various Health and Safety Code Sections and their associated regulations would need to be amended or repealed.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: West Nile Virus Surveillance, Testing, and Education

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$106			$106	
Governor's Budget					

Program Description
The Vector-Borne Disease program is responsible for coordinating the statewide mosquito-borne West Nile Virus (WNV) surveillance and control program. Such coordination ensures that surveillance information is accurate, reporting is centralized, and communication is timely. Using contract funds, this program has been able to obtain expert services for surveillance, outbreak control capacity, public education, and diagnostic testing.

Program Reduction
This proposal would reduce contract funding for human case surveillance activities.

Reduction Impacts
A reduction in contract funds will reduce the program's ability to provide ongoing dead bird surveillance and utilize surveillance activities such as collection and testing of mosquitoes and use of sentinel chickens. Further, diagnostic testing, which includes serologic and confirmatory testing for WNV, will be reduced.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This proposal will not require a change in state statute or regulation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health (CDPH)
Division of Communicable Disease Control

Title: Microbial Disease Laboratory Immunserology Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$919			$919	5.0
Governor's Budget					

Program Description

The Microbial Diseases Laboratory Branch (MDLB) provides rapid and definitive identification for over 4,000 different bacterial, parasitic, fungal, and tuberculosis infections of medical and public health importance. MDLB serves as the primary reference laboratory for 38 county or municipal public health laboratories and also supports CDPH epidemiologic and regulatory programs in the control and prevention of communicable diseases. MDLB also provides laboratory data to support CDPH program activities including foodborne and waterborne disease outbreaks, tuberculosis (MDRTB), agents involved with acts of bioterrorism (anthrax, plague, tularemia), diarrheal diseases including *Salmonella*, *E. coli* O157:H7, and cholera, adult cases of botulism, and vaccine preventable diseases such as meningococcal meningitis.

Program Reduction

This reduction will eliminate five staff positions out of twenty in this lab program and reduce facilities operations activities by $352,155 or 10 percent.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

The proposed reduction is to eliminate the Immunoserology Unit. The Immunoserology Unit provides reference testing of serum specimens for a variety of microbial infections including those associated with sexually transmitted diseases (STD) and other illnesses. The major diseases that Immunoserology provides testing for are syphilis and those associated with spiking fevers including typhoid fever, tularemia, and brucellosis. Elimination of the Immunoserology Unit would reduce the STD Branch's program ability to control the number (incidence) of cases of syphilis in California. The ability to detect persons potentially exposed/infected to diseases may also be affected. In addition, the program, this reduction could impact the ability of MDLB to train both public health microbiologist trainees and postdoctoral fellows.

Timing of Implementation

July 1, 2008.

Statutory and/or Regulatory Change

There are no statutory or regulatory changes required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

Title: Laboratory Director Training Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$250			$250	
Governor's Budget					

Program Description
Funding has been provided for training support, outreach and education, doctoral candidate stipends, and postdoctoral fellow and assistant laboratory director salaries. Program activities are as follows:

- Medical microbiology post-doctoral training program to fund doctoral and post-doctoral training in public health at University of California, Los Angeles (UCLA) and University of California, Berkeley (UCB) - $1.853 million;
- Training of local Assistant public health laboratory directors (PHLDs) in Los Angeles, San Francisco, and Sonoma counties - $294,288; and,
- Outreach and education - the University of California, Davis has developed and is implementing a comprehensive outreach and recruitment plan to attract applicants to public health laboratory careers and educational pathways - $352,346.

Program Reduction
This reduction will:

- Decrease funding support by $91,802 – 10 of 14 graduate students will be funded at pre-doctoral programs at UCLA and UCB;
- Reduce outreach and education contract by $49,840 and,

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

- Reduce funding of local Assistant PHLDs by $108,358.

Reduction Impacts
A reduction will decrease funding for doctoral and post-doctoral training candidates and training activities for potential applicants for board certification. In addition, this reduction will alter the outreach and recruiting activities planned by the contractor.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Vaccine Purchase Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$813			$813	
Governor's Budget					

Program Description
The Immunization Branch supports public and private sector efforts to protect the population against vaccine-preventable diseases. Included in this support is a vaccine purchase for local county immunization programs. This allows the Immunization Branch to purchase approximately 600,000 doses of influenza vaccine and approximately 175,000 doses of pediatric/adult vaccine for distribution to local county health departments. These doses represent approximately 7 percent of an estimated 10.6 million doses distributed in California every year.

Program Reduction
Reduce the amount of vaccines purchased by 60,000 or 10 percent of total vaccines purchased. This represents less than 1 percent of the estimated doses distributed in California every year.

Reduction Impacts
Likely minimal impact, as approximately 80 to 95 percent of vaccines are utilized annually.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
A reduction in funds would not require a change in statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

Title: Local Assistance Program for Immunization

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$970			$970	
Governor's Budget					

Program Description
The Immunization Branch provides local assistance for programs in support of local efforts to increase the up-to-date immunization status of California children and to encourage the development of broad-based local collaborative efforts toward this goal. Local assistance funding is provided through three categories:

- Local assistance base awards – $2.2 million; supports local immunization infrastructure including service delivery, disease surveillance, outbreak control, and education activities;
- Community health center awards – $3.5 million; supports local immunization programs efforts to reduce barriers to immunization. Funding supports extended clinic hours and express immunization clinics; and,
- Collaborative awards – $4.0 million; supports collaborative efforts of two or more community, public, and private clinics to develop methods aimed at improving immunization rates and reducing barriers to immunization.

The primary target populations for project interventions are California children who are at risk for under-immunization, local health departments, community health centers, providers, and other health care providers who serve these children and their families.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Reduce local assistance to local county immunization program contracts. Itemized reductions are as follows:

- Local assistance base awards – reduce awards by 10 percent; local health jurisdictions and community-based organizations will continue to receive $1.98 million in base awards.
- Community health center awards – reduce awards 10 percent; local health jurisdictions and community-based organizations will continue to receive $3.15 million in awards.
- Collaborative awards – reduce awards by 10 percent; local health jurisdictions and community based organizations will continue to receive $3.6 million in awards.

Reduction Impacts
Without assistance, local programs may reduce the following services:

- Vaccine management and accountability
- Provider quality assurance
- Perinatal hepatitis B prevention
- Education, information, training and partnerships
- Epidemiology and surveillance
- Population assessment

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Local Assistance Immunization Registry Project

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$350	$126		$476	
Governor's Budget					

Program Description
An immunization registry is a confidential, computerized database of immunization records that addresses the problems of under and over immunization of children. The nine state funded regional registries capture and consolidate all of a child's immunization information and provide a complete immunization record for parents. In addition, the registry assists providers with changing immunization schedules, tracking children through the health care system, and the constraints of traditional medical record systems that make tracking children's immunizations difficult.

Program Reduction
This would reduce the General Fund local assistance to nine regional registries by 10 percent.

Reduction Impacts
Decreasing the Immunization Budget Initiative funds for Immunization Registry would decrease state funds to regional immunization registries. It would also limit CDPH support to the regional registries, which includes technical assistance to the registries, educational and marketing materials, and liaison activities with managed care plans.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Tuberculosis Control - Housing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$748**			**$748**	
Governor's Budget					

Program Description
The CDPH Tuberculosis (TB) Control Branch provides General Fund Local Assistance to local health jurisdictions in support of efforts to:

- Find and treat active cases of TB, prevent deaths from TB, halt TB transmission and stop the development of drug resistant TB; and,
- Find and treat those who have become infected by breathing in TB bacteria so they do not develop active TB and spread it to others.

The branch provides funding via three programs:

- Local assistance base awards - $6.014 million; supports local infrastructure, direct care, outbreak investigations, and contact investigations;
- Food and shelter program - $895,000; supports local programs that target homeless patients with active TB disease. The program provides for basic needs, ensuring that the lengthy treatment can be completed that the spread of TB in the community is limited. Funding is provided to high incidence jurisdictions (i.e. Los Angeles, San Francisco, Sacramento, San Joaquin, and Alameda counties).

- Civil detention program - $575,000 – supports a secure location for persons with active TB disease who cannot complete treatment independently and pose a risk to the health of the public due to their unwillingness or inability to comply with isolation and treatment.

Prevention and control of TB is a joint responsibility of local health departments and the State. Local health departments are responsible for:

- Providing direct patient care (doctors and nurses caring for TB patients);
- Daily case management to ensure that TB patients receive medication, complete necessary laboratory tests used to monitor treatment and potential side effects of treatment;
- Investigation of family, friends, co-workers and others in contact with infectious TB patients; and,
- Treatment of infected contacts to stop TB disease transmission in local communities.

Program Reduction

Reduce local assistance funding for local health departments and community-based organizations. Reductions are as follows:

- Local assistance base awards – reduce awards by $600,000 or 10 percent; county awards will each be reduced by 10 percent; $5.4 million of funding will continue to be provided to local health jurisdictions.
- Food and shelter program – reduce local assistance budget by $89,500 or 10 percent; $805,500 will be available to counties competing for food and shelter program funds.
- Civil detention program – reduce local assistance budget by $57,500; $517,500 will be provided to maintain the program.

Reduction Impacts

Reduction in local base awards may eliminate an estimated 11-15 local program staff who: administer TB medication to patients by directly observed TB treatment, provide case management for 6-24 months to ensure treatment and follow-up care are completed, and investigate and evaluate known contacts of cases.

This proposal will reduce existing awards to high incidence jurisdictions, particularly Los Angeles, San Francisco, Sacramento, San Joaquin and Alameda, receiving funds from the Food and Shelter program. Local programs will have fewer resources to ensure that at-risk persons are located and participate fully in evaluation and treatment.

Reductions in the Civil Detention program will result in reduced support for treatment in a secure facility for recalcitrant TB patients.

Timing of Implementation

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

It will not require a change in statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control

Title: Tuberculosis Control Branch Support Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$205			$205	2.0
Governor's Budget					

Program Description

The core Tuberculosis Control Branch support program provides field assistance to investigate and contain outbreaks, assists local tuberculosis (TB) programs fill programmatic gaps to prevent future outbreaks, oversees the care of all multidrug resistant (MDR) and extensively drug resistant (XDR) TB cases and their contacts, utilizes laboratory testing to detect MDR TB and XDR TB, and conducts studies to evaluate and guide TB control interventions.

Program Reduction

Eliminate two of eleven staff positions that perform tests to detect TB strains that are resistant to drugs used in the treatment of tuberculosis and analyze and disseminate TB surveillance data and reduce facility operations costs.

Reduction Impacts

This reduction proposes to eliminate positions responsible for rapid molecular beacons testing. This new test, used routinely since 2004, is performed in 72 hours compared to three or more weeks by the older, conventional method. Test results allow CDPH TB Branch to advise the local health department on effective treatment and interventions to contain and/or prevent an outbreak from the case.

In addition, the program's ability to identify disease outbreaks in a timely manner, monitor TB case increases, detect outbreaks and identify local geographic areas of transmission that require intervention will be reduced.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Division of Communicable Disease Control
Title: Communicable Disease Surveillance Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$231			$231	1.0
Governor's Budget					

Program Description
The Division of Communicable Disease Control (DCDC) is responsible for the surveillance, investigation, control and prevention of communicable diseases in California. Surveillance utilizes various sources of information, data and knowledge to assess the health of the population, to direct control and prevention efforts, and to support policy development for communicable diseases.

Program Reduction
This proposal will eliminate one (Office Technician) of 4 staff positions in the program and reduce contract funds by $168,974 or 18 percent.

Reduction Impact
Eliminating the staff position will reduce the administrative support provided for the branch. In addition, this proposal will reduce funding training and quality control activities related to statewide surveillance operations.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
It will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4265 California Department of Public Health
Administrative Services Division

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$206				
Reductions	$21			$21	2.5
Governor's Budget	$185				

Program Description
The Administrative Services Division (ASD) is made up of the following offices:

Office of Civil Rights (OCR): oversees the enforcement of federal and state civil rights laws, and implements regulations and executive orders pertaining to employment and services by the California Department of Public Health (CDPH) and its contractors.

Directors Office: provides leadership on public health policy for the state.

Human Resources Branch (HRB): provides personnel services for CDPH.

Internal Audits: evaluates the Department's ability to maintain internal controls by performing fiscal compliance reviews, whistleblower investigations, special audit requests, and personnel investigations.

Information Technology Services Division (ITSD): provides information technology support for all CDPH programs, including developing and overseeing information security policy and assisting CDPH programs with project initiation and management.

Office of Legal Services (OLS): provides legal counsel services for all CDPH programs.

Program Support Branch (PSB): provides administrative support services including mail room operations, facilities services, contract management, procurement services, and telecommunications.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal will eliminate 2.5 staff positions in the following areas: 1.0 Office Technician in the OLS, 0.5 Administrative Law Judge in the OLS, and 1.0 Auditor III in Internal Audits. OLS has fifty-six staff positions and Internal Audits has six staff positions. In addition, this proposal will reduce the travel, training, equipment, supplies and facility operations budgets. Further, additional reductions in administration and executive budgets are reflected in individual program reductions and total $803,000.

Reduction Impacts
This reduction will reduce the number of available audit hours, training for OCR staff, off-hour IT support to CDPH staff and training for ITSD staff, training and travel for Director's Office staff, and legal services.

Timing of Implementation
July 1, 2008

Statutory and/or Regulatory Change
This will not require any change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4270 California Medical Assistance Commission (CMAC)
CMAC Support Budget
Title: Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$				
Reductions	$			$	0.0
Governor's Budget	$				
2008-09					
Workload Budget	$1,425	$1,401			
Reductions	$143	$143		$268	0.0
Governor's Budget	$1,282	$1,258			

Program Description
The Commission negotiates contracts for Medi-Cal fee-for-service hospital inpatient services statewide and develops and negotiates per capita, at-risk managed care contracts for health care services to Medi-Cal beneficiaries with Geographic Managed Care plans. The Commission also negotiates contracts for supplemental payments under special programs available to eligible contract hospitals, such as hospitals with a disproportionate share of Medi-Cal patients, or small rural hospitals.

Program Reduction
The amount of the unallocated reduction is $286,000 ($143,000 General Fund).

Reduction Impacts
At this time, we do not know how CMAC will allocate the 10 percent reduction within their support budget.

Timing of Implementation
Unknown. Information not available.

Statutory and/or Regulatory Change
Unknown. Information not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4280 Managed Risk Medical Insurance Board (MRMIB)
Healthy Families Program

Title: Summary of Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$				
Reductions	$			$	0.0
Governor's Budget	$				
2008-09					
Workload Budget	$426,823	$748,539	$8,900	$	
Reductions	$41,900	$76,100	$0	$118,000	0.0
Governor's Budget	$384,923	$672,349	$8,900		

Program Description

The Healthy Families Program (HFP) was established in 1997 to provide subsidized health insurance for children (birth to age 19) in families with incomes from 100 percent up to 250 percent of the Federal Poverty Level (FPL). Subscribers have a choice of participating health, dental, and vision plans that offer comprehensive benefits similar to those provided to State employees. Subscribers pay monthly premiums and have co-payments for services. Chapter 74, Statutes of 2006 allowed subscribers to be enrolled without paying the first month's premium and without selecting a plan. The HFP program is funded 65 percent federal and 35 percent state, and the current funding level for 2007-08 is $1.1 billion ($393.6 million General Fund).

Program Reduction

The reduction proposals for the HFP include reducing plan rates, increasing premiums and co-pays, and instituting an annual cap on dental benefits. Details for each proposal are provided in the individual write-ups.

The following activities totaling $5.5 million General Fund, have been exempted from the budget balancing reductions since they are part of the Children's Outreach Initiative:

- Payments for certified application assistance ($3.4 million)
- Implementation of the requirements of Chapter 326, Statutes of 2006 (SB 437), including self-certification of income at annual eligibility redetermination ($2.1 million).

Reduction Impacts
The impacts for each reduction proposal are provided in the individual write-ups.

MRMIB finalizes, translates and orders printing of the HFP handbook and the joint Medi-Cal/Health Families application in March of each year. If the required statute changes are not enacted by March 2008, MRMIB would need to revise, re-translate, and reprint the handbook once the statutory changes are made, at a estimated costs of $3.7 million ($1.3 million General Fund). These costs have been netted out of the total reduction impact for HFP.

Timing of Implementation
These reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change
These reductions will require a change in state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4280 Managed Risk Medical Insurance Board (MRMIB)
Healthy Families Program

Title: Reducing HFP Plan Rates by 5 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	0	0	0	0	0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$22,400	$40,700		$63,100	
Governor's Budget					

Program Description

The Healthy Families Program (HFP) was established in 1997 to provide subsidized health insurance for children (birth to age 19) in families with incomes from 100 percent up to 250 percent of the Federal Poverty Level (FPL). Subscribers have a choice of participating health, dental, and vision plans that offer comprehensive benefits similar to those provided to State employees. Subscribers pay monthly premiums and have co-payments for services. Chapter 74, Statutes of 2006 allowed subscribers to be enrolled without paying the first month's premium and without selecting a plan. The HFP program is funded 65 percent federal and 35 percent state, and the current funding level for 2007-08 is $1.1 billion ($393.6 million General Fund).

Currently, MRMIB contracts with 23 health plans, 6 dental plans, and 3 vision plans to achieve statewide coverage. The statewide monthly average capitation rate for health dental and vision plans is $98.88 for children from ages 1 to 19 and $237.14 for children ages 0 to 1. Plan rates are negotiated between January and March and approved by the Board in March of each year.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
Capitation payments to all health, dental and vision plans (across all subscriber age groups) will be reduced by 5 percent.

Reduction Impacts
This rate reduction will result in a FY 2008-09 General Fund (GF) savings of $22.4 million.

There are seven counties that only have a choice of one health plan. If this plan decides not to contract with the HFP, MRMIB would have to find another plan to provide services to these subscribers. In addition, there are eleven counties that only have two health plans to choose from. If one of these plans withdraws from the program, the subscribers would be moved to the remaining program.

Timing of Implementation
If the necessary statute changes are enacted by March 1, 2008, this reduction would be implemented on July 1, 2008. Plans may request to negotiate to reduce covered benefits in order to comply with the rate reduction. Changing benefits would require a change in statute, emergency regulations authority, and a State Plan Amendment (SPA).

Statutory and/or Regulatory Change
This proposal will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4280 Managed Risk Medical Insurance Board (MRMIB)
Healthy Families Program

Title: Annual Benefit Limit for Dental Coverage

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	**0**	**0**	**0**	**0**	**0**
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$6,300**	**$11,400**		**$17,700**	
Governor's Budget					

Program Description
The Healthy Families Program (HFP) was established in 1997 to provide subsidized health insurance for children (birth to age 19) in families with incomes from 100 percent up to 250 percent of the Federal Poverty Level (FPL). Subscribers have a choice of participating health, dental, and vision plans that offer comprehensive benefits similar to those provided to State employees. Subscribers pay monthly premiums and have co-payments for services. Chapter 74, Statutes of 2006 allowed subscribers to be enrolled without paying the first month's premium and without selecting a plan. The HFP program is funded 65 percent federal and 35 percent state, and the current funding level for 2007-08 is $1.1 billion ($393.6 million General Fund).

Program Reduction
An annual benefit limit of $1,000 for dental coverage will be established. This proposal reduces total benefits to subscribers and will reduce plan costs, thereby allowing for a reduction in the rates paid to plans.

Reduction Impacts
This proposal will result in a savings of $6.3 million General Fund in FY 2008-09. We

estimate that approximately 5 percent of the enrolled children may hit this limit annually. This reduction impacts subscribers, dental plans, and dental providers.

Timing of Implementation
If the necessary statute changes are enacted by March 1, 2008, this reduction would be implemented on July 1, 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute to obtain emergency regulation authority, as well as a State Plan Amendment (SPA).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4280 Managed Risk Medical Insurance Board (MRMIB)
Healthy Families Program

Title: Increase Subscriber Premiums by an average of $3

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	**0**	**0**	**0**	**0**	**0**
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$11,100**	**$20,200**		**$31,300**	
Governor's Budget					

Program Description
The Healthy Families Program (HFP) was established in 1997 to provide subsidized health insurance for children (birth to age 19) in families with incomes from 100 percent up to 250 percent of the Federal Poverty Level (FPL). Subscribers have a choice of participating health, dental, and vision plans that offer comprehensive benefits similar to those provided to State employees. Subscribers pay monthly premiums and have co-payments for services. Chapter 74, Statutes of 2006 allowed subscribers to be enrolled without paying the first month's premium and without selecting a plan. The HFP program is funded 65 percent federal and 35 percent state, and the current funding level for 2007-08 is $1.1 billion ($393.6 million General Fund).A family's monthly premium depends on their income level, choice of health plan (Community Provider Plan or not), and the number of children they have enrolled in HFP. Currently, HFP premiums are:

- For families with incomes under 150% FPL, premiums range from $4 per child per month, up to a maximum of $14 per month per family.
- For families with incomes over 150% FPL and up to 200% FPL, premiums range from $6 per child per month, up to a maximum of $27 per month per family.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

- For families with incomes over 200% FPL and up to 250% FPL, premiums range from $12 per child per month, up to a maximum of $45 per month per family.

Program Reduction
Increase statewide average subscriber premiums by $3 per child. In order to remain in compliance with federal cost-sharing requirements, this increase will be applied on a family basis and those with higher income will bear a larger portion of the premium increase.

- 31% of HFP subscribers have incomes between 100-150% FPL (approximately 263,000 subscribers). Due to federal cost-sharing requirements, premiums cannot be raised for this group of subscribers.
- 40% of HFP subscribers have incomes between 150-200% FPL (approximately 342,000 subscribers). Premiums for these subscribers will increase from $9 per child per month to $16 per child per month. The family maximum amount for these subscribers will increase from $27 per month to $48 per month.
- 29% of HFP subscribers have incomes over 200% FPL (approximately 249,000 subscribers). Premiums for these subscribers will increase from $15 per child per month to $19 per child per month. The family maximum amount for these subscribers will increase from $45 per month to $57 per month.

Income Level	Premium Increase	Offsetting Premium Savings
150-200% FPL	342,000 subscribers x $7 increase per month x12 months	$28,728,000 (GF/FF)
Over 200% FPL	249,000 subscribers x $4 increase per month x12 months	$11,952,000 (GF/FF)
Total Offsetting Premium Savings		*$11,100,000 (GF only)* *$20,200,000 (FF only)*

Reduction Impacts
This premium increase would result in a FY 2008-09 General Fund (GF) savings of $11.1 million. MRMIB anticipates increased use of the current premium discount options in HFP, however some families may be unable to pay premiums given this increase.

Timing of Implementation
If the necessary statute changes are enacted by March 1, 2008, this reduction would be implemented on July 1, 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute, emergency regulations, and a State Plan Amendment.

2008/09 Governor's Budget
Budget Balancing Reduction Proposal
(Dollars in Thousands)

4280 Managed Risk Medical Insurance Board (MRMIB)
Healthy Families Program

Title: Increase Co-payments for Non-Preventive Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	0	0	0	0	0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$3,400	$6,200		$9,600	
Governor's Budget					

Program Description

The Healthy Families Program (HFP) was established in 1997 to provide subsidized health insurance for children (birth to age 19) in families with incomes from 100 percent up to 250 percent of the Federal Poverty Level (FPL). Subscribers have a choice of participating health, dental, and vision plans that offer comprehensive benefits similar to those provided to State employees. Subscribers pay monthly premiums and have co-payments for services. Chapter 74, Statutes of 2006 allowed subscribers to be enrolled without paying the first month's premium and without selecting a plan. The HFP program is funded 65 percent federal and 35 percent state, and the current funding level for 2007-08 is $1.1 billion ($393.6 million General Fund).

Program Reduction

MRMIB proposes increasing co-payments from $5 to $7.50 for non-preventive services for families with incomes over 150 percent of FPL. MRMIB estimates this will reduce health plan rates by 1.25 percent.

2008/09 Governor's Budget
Budget Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This increase in co-payments will result in a General Fund (GF) savings of $3.4 million for FY 2008-09. This proposal will affect 68 percent of the HFP subscribers. There is research that indicates a decrease in all utilization (essential and non-essential care) is likely to occur when cost sharing increases.

Timing of Implementation
If the necessary statute changes are enacted by March 1, 2008, this reduction would be implemented on July 1, 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute to obtain emergency regulation authority, and a State Plan Amendment.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)

Title: Community Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$683				
- Governor's Budget					
2008-09					
Workload Budget	$2,603,819	$75,407	$1,499,881		
Reductions	$261,599		$119,200	$380,799	
Governor's Budget	$2,342,220	$75,407	$1,380,681		

Program Description

Through the network of regional centers, the Department supports the development and maintenance of services for eligible persons with developmental disabilities who reside in the community. The Department also assesses the needs of individuals who reside in state-operated facilities and develops community resources to assist those who would be more
appropriately served in the community. The regional centers directly provide or coordinate the following services and supports in accordance with Individual Program Plans: (1) information and referral, (2) assessment and diagnosis, (3) counseling, (4) lifelong individualized planning and service coordination, (5) purchase of necessary services included in the individual program plan, (6) assistance in finding and using community and other resources, (7) advocacy for the protection of legal, civil, and service rights, (8) early intervention services for at-risk infants and their families, (9) genetic counseling, (10) family support, (11) planning, placement, and monitoring for 24-hour out-of-home care, (12) training and educational opportunities for individuals and families, (13) community education about developmental disabilities, and (14) habilitation services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Community Services Program
Title: Rollback Devereux Maintenance Contract

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,185			$1,185	
Governor's Budget					

Program Description
The Community Services Program supports the development and maintenance of services for eligible persons with developmental disabilities who reside in the community. The Legislature augmented the Department's budget in 2000-01 to provide support for the maintenance of services at a Devereux facility located in Santa Barbara. Funding is through a contract between the Department and Devereux.

Program Reduction
The Department proposes to eliminate funding for this contract as Devereux has gradually reduced its services to consumers and the supplemental grant can no longer be justified.

Reduction Impacts
Due to concerns raised in an audit of the program, the contract was not executed for 2006-07 or 2007-08. Thus the impact of this reduction is negligible.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Developmental Services (DDS)
Family Cost Participation Program

Title: Increase Savings through Family Cost Participation Program Redesign

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$773			$773	
Governor's Budget					

Program Description

Welfare and Institutions (W&I) Code Section 4783 authorized the Family Cost Participation Program (FCPP), effective January 1, 2005. The FCPP requires regional centers to assess a share of the cost of respite, child day care, and camping services to parents who have a child, aged 3 through 17 living at home and not eligible for Medi-Cal.

This program does not involve any fee or payment to the Department or Regional Center. The family is informed of the number of units of service for which they are financially responsible and they pay this amount directly to the provider. The family share of cost is on a sliding scale and ranges from 5 percent to 80 percent of the cost of services. The most recent data shows that over 5,000 families are in the program and updated estimated net annual General Fund cost savings/cost avoidance based on the current program is $3,095,000.

Early Start is California's system of early intervention services provided to infants and toddlers with a developmental disability, developmental delay, those at-risk of developmental delay or disability, and their families. Per federal requirements, infants and toddlers are served from birth up to thirty six months of age. As of September 1, 2007, there were 30,500 infants and toddlers being served in the California Early Start

Program. Currently, parents are not assessed a share of cost for any of the services provided in the Early Start program.

Program Reduction
The proposal would expand the FCPP as follows:

1. Increase the participation of families that earn 400 percent to 500 percent of the Federal Poverty Level (FPL) to 10 percent of the share of cost.
2. Increase the share of cost from 80 percent to 100 percent at 2,000 percent of FPL (currently, $343,000 for a family of three) or above.
3. Add children under age 36 months (for the three existing services in the program).

Reduction Impacts
Parents who have a child under 3 years of age living at home will be required to pay a share of cost for daycare, respite and camping services.

Parents who have a child ages 3-17 living at home will be assessed a higher share of costs if their income is 400 percent-500 percent FPL or at or above 2,000 percent FPL.

Timing of Implementation
A change to the current FCPP (3-17 years of age) sliding scale could be implemented July 1, 2008, assuming that legislation can be approved and the regional centers could implement the changes to existing consumer individual program plans by July 1, 2008. This would require an amendment to W&I Code 4783(c) to state the share-of-cost assessment will apply up to 100 percent cost participation. The share-of-cost changes will apply to existing consumer individual program plans as well as new consumers, effective July 1, 2008.

The expansion of the FCPP to Early Start consumers (under 3 years of age) could be implemented Oct 1, 2008, assuming timely federal approval and regional centers are able to implement the changes to the existing consumer individual program plans. This would require amending the W&I Code Section 4783 to include consumers under 3 years of age in the FCPP and receiving an approved the State Plan that is anticipated to take six (6) months. Implementing cost sharing in the Early Start Program will require federal approval.

This proposal would also include repealing the sunset date for the FCPP of July 1, 2009 (W&I Code 4783(n)).

Statutory and/or Regulatory Change
As indicated above, changes to W&I Code 4783 will be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Regional Centers

Title: Freeze all Currently Unfrozen Regional Center Negotiated Rates and Establish Limits for New Negotiated Rate Programs and Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	Totals included in POS Cost Containment Measures				
Governor's Budget					

Program Description
The Department of Developmental Services supports the development and maintenance of services for eligible persons with developmental disabilities who reside in the community.

Program Reduction
Since fiscal year 2003-04, rates negotiated by regional centers for providers vendored in 38 specified service codes have been frozen. This proposal seeks to (1) freeze all the other provider types where the regional center negotiates rates, and (2) set parameters or limits on the rates for new providers with whom the regional centers may negotiate.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

Expanding the freeze to all regional center negotiated rates only impacts current providers of services, this proposal would also establish an upper limit on the rates regional centers can negotiate for new providers of services in the 73 service codes/categories affected. The upper rate limit for new providers of negotiated rate services would be either the individual regional center's median rate for the service code under which the new provider will be providing services or the statewide median rate for that service code, whichever is less. This proposal would not apply to providers whose rates are currently linked to those set by the Department of Health Care Services (Schedule of Maximum Allowance) or providers whose rates and services are primarily for the general public ("Usual and Customary" rates, such as taxi cabs, day care centers, etc.). Regional centers will be required to annually certify to the Department their median rate for each negotiated rate service code and this information will be subject to verification through the Department's biannual fiscal audits of regional centers.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will require statutory language for imposing the comprehensive freeze, setting forth the rate setting limits on new providers, permissive authority for the Department to promulgate regulation if needed, and to give the Department authority for granting health and safety waiver exemptions. This waiver provision will allow the state to provide for a vulnerable consumer when necessary and comply with the Olmstead decision.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Community Services

Title: Reduce Purchase of Services Costs through Continuation of the Temporary Cost Containment Measures

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$228,822		$100,900	$329,722	
Governor's Budget					

Program Description
The Department of Developmental Services supports the development and maintenance of services for eligible persons with developmental disabilities who reside in the community.

Program Reduction
This proposal represents an extension of the temporary cost containment measures enacted in the Budget Acts of 2003-2007.

Reduction Impacts

- Non-Community Placement Start-Up Funding Freeze: Under this proposal, a Regional Center may not expend any Purchase of Services funds for the startup of any new program unless the expenditure is necessary to protect the consumer's health or safety or because of other extraordinary circumstances, and the DDS has granted authorization for the expenditure. Anticipated cumulative 2008-09 savings equal $32.7 million General Fund.

- Day, Work Activity and In-Home Respite Program Rate Freeze: These Programs are community-based services for individuals served by a Regional Center. The rate

freeze means that providers with a temporary rate in effect on or after June 30, 2003 cannot obtain a higher permanent rate. Anticipated cumulative 2008-09 savings equal $14.4 million ($10.7 million General Fund).

- Community Care Facility (CCFs) Service Level Freeze and Elimination of Pass Through: The Budget Act of 2003 froze the CCF rates. Further, the Supplemental Security Income and State Supplementary Payment Programs (SSI/SSP) cost-of-living-adjustment that is paid to CCFs by the federal government is being used to off-set General Fund expenditures for these services. Elimination of the pass through is accomplished administratively. Anticipated 2008-09 savings equals $47.4 million ($28.4 million General Fund) as a result of the freeze continuation and $9.3 million ($5.6 million General Fund) cumulatively associated with the elimination of the pass through.

- Contract Services Rate Freeze: Some Regional Centers contract, through direct negotiations, with providers for certain services in lieu of the DDS setting an established rate. Continuation of the rate freeze would mean that Regional Centers cannot provide a rate greater than was in effect as of June 30, 2008. Anticipated 2008-09 savings equal $196 million ($127.8 million General Fund).

- Habilitation Services Rate Freeze: The Habilitation Services Program consists of the (1) Work Activity Program (WAP), and (2) Supported Employment Program (SEP). Anticipated cumulative 2008-09 savings equal $11.5 million ($9.4 million General Fund).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

	Purchase of Services	2008-09
1.	Non-CPP Start-up Funding Freeze	-$32,772,000
	General Fund	*-32,772,000*
2.	Day Program, Work Activity Program, and In-Home Respite Rate Freeze (Temporary to Permanent)	-14,437,000
	General Fund	*-10,674,000*
	Other	*-3,763,000*
3.	CCF Service-Level Freeze	-47,350,000
	General Fund	*-28,423,000*
	Other	*-18,927,000*
4.	Contracted Services Rate Freeze	-196,036,000
	General Fund	*-127,776,000*
	Other	*-68,260,000*
5.	Habilitation Services Rate Freeze	-11,532,000
	General Fund	*-9,367,000*
	Other	*-2,165,000*
6.	SSI/SSP Pass-Through Elimination; implemented administratively	-9,276,000
	General Fund	*-5,565,000*
	Other	*-3,711,000*
	Purchase of Services Total	**$311,403,000**
	General Fund	*-214,577,000*
	Other	*-96,826,000*
	Freeze Negotiated Rates	**$18,319,000**
	General Fund	*-14,245*
	Other	*-4,074*
	Grand Total	**$329,722**
	General Fund	*-228,822*
	Other	*-100,900*

Timing of Implementation
Effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will require changes in law.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Community Services and Supports Division
Title: 10 Percent Rate Reduction to Supported Employment Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	0	0	0	0	0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$7,740		$1,816	$9,556	
Governor's Budget					

Program Description
The Supported Employment Program (SEP) provides services to assist consumers to enter into employment and to maintain their employment status. These services also assist consumers as they leave school to enter the adult world as employed citizens.

Program Reduction
This proposal would reduce the 24 percent rate increase received by providers of Supported Employment Services in 2006-07, by 10 percent.

Reduction Impacts
The implementation of the temporary rate freeze in fiscal year 2003-04 significantly limited the growth in the number of consumers getting jobs. To effect an increase in the number of consumers entering employment, in fiscal year 2006-07 a 24 percent rate increase was given to SEP providers for wage increases to staff providing supported employment services. That rate increase was expected to assist in the development of 600 additional new jobs annually. This proposal assumes no reduction in the number of consumers entering employment services.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will require a change in state statute. Sections 4860 (a) and (b) of the Welfare and Institutions Code would need to be amended to reflect the 10 percent rate reduction for SEP.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Community Operations Division
Title: Reduce Clients' Rights Advocacy Agreements by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$512			$512	
Governor's Budget					

Program Description
The Department of Developmental Services (DDS) contracts with Protection and Advocacy, Inc., through its Office of Clients' Rights Advocacy (OCRA), for the statewide provision of clients' rights advocacy to consumers served by the 21 regional centers. The provision of clients' rights advocacy through an agency outside DDS is established in Welfare and Institutions Code (WIC) section 4433. The current contract is for five years. The Fiscal Year (FY) 2008-2009 contract cost is projected to be $5,121,000.

Program Reduction
The DDS would reduce the FY 2008-2009 contract by 10 percent achieving a cost savings of $512,100.

Reduction Impacts
Cost reductions would decrease the contractor's ability to provide direct advocacy, assistance, and consultation to consumers and their families, as well as indirect assistance such as training and educational efforts.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Community Services and Supports Division
Title: Reduce Community Placement Plan Operations by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$660			$660	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,000			$2,000	
Governor's Budget					

Program Description
The Community Placement Plan (CPP) provides dedicated funding to cover the costs of moving developmental center residents to the community and for deflection of individuals from developmental center admission. The community placement plan is consistent with and implements requirements in the Lanterman Act and Olmstead decision that consumers be served in the least restrictive environment that meets their needs when community placement is appropriate and resources allow. The community placement planning process is incorporated into the State's Olmstead Plan and was cited in the Sanchez v DDS lawsuit as evidence of California's compliance with the Olmstead decision.

Program Reduction
This proposal would reduce the amount of funding for regional center operations under the CPP.

Reduction Impacts
Regional Centers will have fewer resources to build community capacity for placement.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Community Services

Title: Reduce Regional Center Operations through Continuation of the Temporary Cost Containment Measures

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$20,496		$16,361	$36,857	
Governor's Budget					

Program Description

The Department of Developmental Services supports the development and maintenance of services for eligible persons with developmental disabilities who reside in the community.

Program Reduction

This proposal represents continuation of the regional centers temporary cost containment measures enacted in the Budget Acts of 2003-2007. Specifically, the proposals are as follows:

Delay in Assessment (RC operations): Through the Budget Act of 2002, trailer bill language was adopted to extend the amount of time allowed for the Regional Center's to conduct assessment of new consumers from 60 days to 120 days following the initial intake. Anticipated 2008-09 savings equal $4.5 million General Fund.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Service Coordinator Caseload Ratio (from 1:62 to 1:66): Allows regional centers to have higher caseload ratios than what is currently required, without compromising the State's commitments to the Centers for Medicare and Medicaid (CMS). Regional centers have been experiencing some difficulty maintaining the currently required caseload ratios due to caseload growth, the high cost of living in some areas of the state, and difficulties recruiting qualified staff. In addition, the slightly higher caseload ratios will result in operations savings for regional centers, and therefore, the State. Anticipated 2008-09 savings equal $32.4 million ($16 million General Fund).

Reduction Impacts
These measures, as indicated above, have been in place a number of years.

Cost Containment Savings

(Amounts are based on the 2008-09 November Estimate)

Savings Measure	2008-09
A. Operations	
1. 60 to 120 Days for Intake and Assessment	-$4,465,000
General Fund	*-4,465,000*
2. CPC Caseload Ratio Change from 1:62 to 1:66	-32,392,000
General Fund	*-16,031,000*
Other	*-16,361,000*
Total, Operations	**-$36,857,000**
General Fund	*-20,496,000*
Other	*-16,361,000*

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Regional Center Operations

Title: Reduce Regional Center Operations for HIPAA Implementation by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	**$23**			**$23**	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$71**		**$70**	**$141**	
Governor's Budget					

Program Description

The Health Insurance Portability and Accountability Act (HIPAA) was signed into federal law in 1996 (PL 104-191) and in 2002, the Budget Act included funding to the Department of Developmental Services (DDS) for HIPAA compliance. The primary intent and purpose of HIPAA was to promote health insurance portability and continuity for workers and their families when they change or lose their jobs and to require the secure transmission of confidential health information. Regional centers are required by contract to carry out the requirements set forth by the HIPAA Privacy and Security Regulations for business associates.

Program Reduction

The total funding received within the RC Program related to HIPAA is $1,416,000 ($708,000 GF and $708,000 Reimbursements). A decrease of 10 percent would result in a reduction of $141,000. Each regional center currently receives funds to support a compliance official position.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This is a marginal reduction to existing funding and will not impact the Regional Centers' capability to meet their contractual requirements related to HIPAA.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)

Title: Developmental Centers

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$975		$800	$1,775	3.8
Governor's Budget					
2008-09					
Workload Budget	$378,968	$554	$319,030		
Reductions	$22,101		$7,300	$29,401	11.4
Governor's Budget	$356,867	$554	$311,730		

Program Description

The Department operates five Developmental Centers: Agnews, Fairview, Lanterman, Porterville, and Sonoma. Secure treatment services are provided at Porterville Developmental Center. In addition, the Department leases two facilities for persons who require specialized behavioral interventions: Sierra Vista, a 58-bed facility in Yuba City, and Canyon Springs, a 63-bed facility in Cathedral City. Services at all facilities involve the provision of active treatment through residential and day programs on a 24-hour basis, including appropriate medical and dental care, health maintenance activities, and assistance
with activities of daily living, training, education, and employment.

Exemptions

A portion of the state Developmental Center budget, $150.7 million, is exempt from the budget balancing reductions because additional reductions could not be implemented without impacting the health and safety of residents.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Division

Title: The Porterville Developmental Center's Secured Treatment Program Will Not Expand Beyond Current Capacity

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$11,700			$11,700	
Governor's Budget					

Program Description

Clients within the Porterville Developmental Center's Secure Treatment Program (STP) are court commitments having either been charged with crimes but deemed to be incompetent to stand trial or otherwise recognized to be a significant danger to themselves or others. Many have histories of sexual misconduct and some have convictions and are registered sex offenders.

A 96-bed expansion of STP is under construction with a projected completion date of October 2008. The project consists of three sites: a 96-bed residential expansion (6 units with 16 beds each), a Recreation complex, and a Reception Center/Protective Services Building. The existing STP area of approximately 300 beds is continually full.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
The Porterville Developmental Center's STP will be capped at its current capacity and will not expand upon the completion of construction of new residential, recreational and reception facilities. The saving from reduced staffing and associated costs are approximately $11.7 million in 2008-09 and $12.5 million annually thereafter. The costs are 100% GF, as the STP is not certified for purposes of Medi-Cal funding.

The expansion project is lease revenue bond funded by the State and managed by the Department of General Services. The State will be required to begin scheduled payments on the bond funding after construction is completed, the Fire Marshal has signed off and the bonds are sold. The DDS budget includes funding for the bond payments.

Reduction Impacts
Without the additional 96 beds in the STP, additional delays would occur in the admission of consumers currently residing in jails. The likely result would be an increase in Orders to Show Cause (OSC) issued from judges. In many counties, increased attention on trial competency of consumers charged with crimes has resulted in higher numbers of consumers court ordered to PDC's STP for trial competency services and assessment of their ability to competently stand trial. Consumers with developmental disabilities are often served in specialized treatment areas isolated from the general jail population which results in additional staffing costs and other impact on jails.

Timing of Implementation
It is anticipated that the new buildings will be ready to occupy in October 2008, so the savings associated with capping the capacity of the STP would primarily occur beginning this date. Some preliminary staffing costs would also contribute to these savings.

Statutory or Regulatory Change
Will require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Program

Title: Reduce Staffing in Regional Resource Development Projects

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions			$170		3.8
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$663		$480	$1,143	11.4
Governor's Budget					

Program Description

Regional Resource Development Projects (RRDP) are located at each of the five remaining Developmental Centers (DC), with two additional RRDPs that were formerly attached to the Stockton DC (Delta RRDP) and Camarillo DC (Westlake RRDP). RRDPs are responsible for two primary functions:

- Deflection activities that include assessment (WIC 4418.7), training and technical support when a consumer residing in the community is at risk of losing their placement that may then require admission into a DC.
- Transition activities that include: (1) liaison between the DC and Regional Centers for facilitation and monitoring of transition activities for consumers moving into the community, and (2) follow up activities for one year after movement into the community.

Program Reduction

- Reduction of the two RRDP offices no longer situated on DC grounds, including all associated OE&E costs.
  - 12 positions currently allocated including health/benefits costs ($975,206)
  - OE&E for two office sites ($167,353)
- Lease agreements could terminate by end of June 2008 with no negative fiscal impact.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reduces support for, and therefore could impact: transition activities for consumers moving from a DC to a community living arrangement, and post-transition monitoring of consumers during their first year out of a DC to a community living arrangement.

- Elimination of 12 positions assigned to Delta and Westlake RRDPs would increase the workload assignments to the remaining RRDP offices and require the RRDP Branch in DDS HQ to assume additional field responsibilities.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Program
Title: Reduce Clients Rights Advocacy and Volunteer Advocacy Services Agreements by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$39		$28	$67	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$119		$85	$204	
Governor's Budget					

Program Description
The Department of Developmental Services (DDS) contracts with the State Council on Developmental Disabilities for the provision of comprehensive clients' rights advocacy services, through Clients' Rights Advocacy Services and Volunteer Advocacy Services programs at each of the developmental centers and state operated community facilities. The provision of clients' rights services by an agency outside DDS is established in the Welfare and Institutions Code. The current contract is for five years. The fiscal year (FY) 2008-09 contract cost is projected to be $2,041,949.

Program Reduction
The DDS would reduce the FY 2008-09 contract by 10 percent, achieving a cost savings of $204,195.

Reduction Impacts
Cost reductions would decrease the number of hours of advocacy services available to consumers at each facility and decrease associated travel and operating costs.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Program
Title: Reduce Intermediate Care Facility – Developmentally Disabled (ICF-DD) Quality Assurance Fees by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$755		$600	$1,355	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,288		$1,931	$4,219	
Governor's Budget					

Program Description
The Quality Assurance (QA) Fee program was enacted in State law as sections 1324 through 1324.14 of the California Health and Safety Code. The Department of Health Care Services (DHCS) began assessing a six percent QA Fee on Intermediate Care Facilities (ICF) for Developmentally Disabled (DD) effective July 1, 2003.

The QA fee is applicable to all the ICF/DD programs in the state-operated developmental centers (DC) and community facilities (CF) and is assessed based upon total Medi-Cal ICF costs within the DCs/CFs. The current assessment for QA fees for DDS is $28,952,000.

Program Reduction
With the scheduled closure of Agnews DC by June 30, 2008, a reduction in the number of beds assessed ICF/DD QA fees is warranted. This will result in a $1.4 million ($755,000 General Fund) reduction in Fiscal Year 2007-08 and a $4.2 million ($2.3 million General Fund) reduction in 2008-09.

Reduction Impacts
There would be no direct impact to consumers in the DCs and CFs.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Office of Protective Services (OPS)
Porterville Developmental Center (PDC)

Title: Reduce the Porterville DC Office of Protective Services Peace Officer I's by 10 Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$181		$129	$310	4.3
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$547		$391	$938	12.4
Governor's Budget					

Program Description
The Office of Protective Services (OPS) is responsible for the safety and security of clients, staff and visitors at the State operated developmental centers and community facilities. All developmental centers, except Porterville Developmental Center (PDC), have 5.5 total positions. The OPS at PDC has 127 positions to address their responsibility for the security of clients in the Secure Treatment Program (STP) housed at PDC. Clients within the STP are court commitments having either been charged with crimes but deemed to be incompetent to stand trial or otherwise recognized to be a significant danger to themselves or others. Many have histories of sexual misconduct and some have convictions and are Penal Code section 290 registrants.

A primary function of PDC's OPS is to prevent clients from unauthorized entry into the local community. Peace officers transport STP clients to court appearances throughout the State. OPS peace officers are assigned at PDC on a 24/7 basis to monitor the entry to and egress from the STP of clients, staff and visitors to preserve safety and prevent the entry of contraband into the STP. Additionally, officers are the first responders to all client injuries, allegations of abuse, and staff calls for assistance. Officers also conduct investigations into allegations of client abuse and reports of client injuries which are

utilized by the facility as part of their quality assurance and improvement efforts and also reviewed as part of annual licensing reviews and reviews of reportable incidents.

Program Reduction
Reduce PDC OPS Peace Officer I's by 13 positions.

Reduction Impacts
A reduction of 10 percent of the 127 OPS positions at PDC will result in 13 fewer Peace Officer I's to respond to staff calls for help to manage assaultive clients, to investigate allegations of client abuse and client injuries, to transport clients to court appearances, and to monitor entry and exit into the STP. Peace Officer vacancies already exist to cover this proposed reduction. Due to efforts currently underway to reorganize and utilize existing security guards for increased efficiency, only significant competing activities would result in the use of increased overtime.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Program8

Title: Reduce Developmental Center/Community Facility Operating Expenses and Equipment

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$5,871		$4,371	$10,242	
Governor's Budget					

Program Description

The Department of Developmental Services (DDS) operates five large developmental centers (DCs) and two small community facilities (CFs) providing active treatment to individuals with developmental disabilities through residential and day programs, and other professional and support services. Other than Personal Services, the DC Program budget is made up of Operational Expenses and Equipment (OE&E), which includes items of expenditures such as general expenses, contracts, utilities, communications, food, drugs, clothing, travel, data processing, equipment, special repairs and legal settlements. These cost items are essential for supporting operations and maintaining the facilities.

Program Reduction

Reduce the OE&E funding for DCs and CFs by $10.2 million in total funds. This amount includes:

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

- Ten percent reductions in travel, contracts and equipment.
- Reductions to OE&E implemented through deferring purchases, preventive maintenance and repairs.
- Elimination of the Request for Bid funding to do a Feasibility Study Report as a first step toward procuring a health information system. The feasibility study will not occur until funding is budgeted for this purpose in the future.
- Elimination of the Price Increase that is calculated at 2.4 percent of the adjusted OE&E base.
- Reduce HIPAA expenditures by 10 percent.

Reduction Impacts

The costs of providing services in DCs and CFs continue to rise with inflation and not all of the costs can be controlled or deferred. Certainly, a reduction in OE&E of this magnitude will need to be aggressively managed and will present challenges. However, those challenges are more feasible to accomplish than affecting the direct care of consumers through staffing reductions.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)

Title: Headquarters

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$119		$100	$219	3.2
Governor's Budget					
2008-09					
Workload Budget	$27,223	$2,351	$12,152		
Reductions	$2,722		$900	$3,622	22.9
Governor's Budget	$24,501	$2.351	$11,252		

Program Description

This program provides overall management, planning and policy development, and legal, legislative, audit, and administrative services to the Department.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Administration

Title: Reduce Information Systems Division Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$540		$180	$720	5.7
Governor's Budget					

Program Description

The Department of Developmental Services (DDS) information systems personnel provide support to headquarters staff for mainframe, application, network, web, and training needs.

Program Reduction

1. The DDS will reduce costs of the Department of Technology Services (DTS) inter-agency agreement (IAA) by reducing the amount of storage required for email through policy, in-house education, and streamlining of processes. The DDS will reduce web costs by providing increased web support in-house. In addition, the DDS will not renew the DTS IAA for Network Consulting.

2. The DDS will reduce information systems personnel by 6 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

1) DTS IAA Reduction Impacts

   - Network Services: Minimal impact through efficiencies and equipment upgrades.
   - Web Services: No Impact, as DDS staff has the expertise to meet needs.
   - Network Consulting: No Impact; these resources are no longer needed since network operations infrastructure has been modernized and staff are trained in using the new tools and applications.

2) Reduction in IT positions will impact the level of support that can be provided to customers. Specifically, the following areas will be impacted:

   - Workforce and Succession Planning Project
   - Quality Management System Support
   - Relational Database Support
   - ER2000 Training Project
   - Business Analyst Support
   - Developmental Centers Trust Help Desk Support

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Program
Title: Reduce Developmental Centers Division Headquarters Positions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$148		$147	$295	2.9
Governor's Budget					

Program Description
The Developmental Center Division (DCD) provides central administrative and clinical management services to the five developmental centers (DCs) and two community facilities (CFs) to ensure the quality of services provided, compliance with state licensing and federal certification requirements, and attainment of quality assurance standards. Areas of responsibility include the development of policy and procedures for all aspects of the DC Program operations and compliance with professional clinical standards in providing effective care, treatment and habilitation training for persons with developmental disabilities. Key functions include fiscal management of the DC Program budget, administration of the statewide Capital Outlay Program, and administration of the Office of Protective Services.

Program Reduction
Reduction of 1.0 Nurse Consultant III in the Health and Direct Care Services Section, 1.0 Deputy Chief in the Office of Protective Services, and 1.0 Staff Services Analyst in the Fiscal and Program Support Section, for a total reduction of 3.0 positions in DCD.

Reduction Impacts
Elimination of three positions would increase the workload assignments to the remaining staff in DCD and may delay the response time and reduce direct involvement with requests from the DC/CF staff.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Clinical Staff Unit

Title: Reduce Office of Clinical Services

	GF	FF	Other	Total Reductions	PY Reductions
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$128		$127	$255	1.9
Governor's Budget					

Program Description
The Office of Clinical Services consists of two Psychologists and a Physician. These positions provide consultative services to the Children and Family Services Branch, and other divisions at the Department of Developmental Services (DDS), as needed. The Physician liaisons with the Association of Regional Center Agencies' physicians and clinical directors as well as with the University of California Medical Schools, with which DDS contracts for training. Both Senior Psychologist positions focus on the DDS' Autistic Spectrum Disorders Initiative.

Program Reduction
One Psychologist position would be eliminated along with the Physician.

Reduction Impacts
A psychologist from another DDS organization could assist, as needed, on other special projects and programs as necessary. The health–specific activities (bill analyses, budget proposals, etc.) typically completed by the physician would be covered by the Nurse Consultant in the Branch. The DDS would have no physician representation at the high level health meetings including meetings with the UC Medical Schools, the Departments of Public Health and Health Care Services, the California

Medical Association, the ARCA physician and clinical director meetings, and meetings with special contractors focusing on consumer health issues.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Developmental Services (DDS)
Community Services and Supports Division

Title: Reduce Community Placement Plan Support

	GF	FF	Other	Total Reductions	PY Reductions
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$80		$78	$158	1.9
Governor's Budget					

Program Description
W&I 4418.25 (Statutes of 2002) requires the Department of Developmental Services (DDS) to establish policies and procedures for the development of an annual Community Placement Plan (CPP) by regional centers.

Program Reduction
The proposal would eliminate two headquarters positions that provide support to the DDS' CPP.

Reduction Impacts
The CPP headquarters staff negotiates and monitors the regional center CPPs. In planning for the June 30, 2008 closure of Agnews Developmental Center, the three Bay Area regional centers have had for the last three fiscal years a unified CPP. This unified plan has been an added workload for the DDS which, with the closure of Agnews, will cease to exist. The Department proposes to eliminate 2 Community Program Specialist II positions. The associated work previously performed by these positions will be permanently absorbed by remaining staff, thereby impacting support for statewide CPP efforts.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Fiscal Audit Appeals
Title: Reduce Audit Appeal Position through Redesign of the Process

	GF	FF	Other	Total Reductions	PY Reductions
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$46		$42	$88	1.0
Governor's Budget					

Program Description
Fiscal audit appeals are required by statute and implemented through applicable Title 17 regulations. Under the current appeals program, the Department of Developmental Services (DDS) designates an individual, known as the appeals review officer, to conduct the preliminary investigation of a Statement of Disputed Issues submitted by an appellant as a part of its initial appeal, which disputes or protests a written report, finding or decision issued by the DDS or regional center relating to an audit.

Program Reduction
Under this reduction proposal, the DDS would revamp the administrative appeals process, absorb the resulting workload, and eliminate the current independent appeals review officer position (General Auditor IIII position).

Reduction Impacts
None

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Administration

Title: Reduce Operating Expenses and Equipment

	GF	FF	Other	Total Reductions	PY Reductions
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,418			$1,418	
Governor's Budget					

Program Description
The Department of Developmental Services (DDS) headquarters supports the department's programs by providing overall management, planning and policy development, and legal, legislative, audit, and administrative services to the DDS.

Program Reduction
This represents an unallocated reduction to the operating expense budget of the department. An identification of the particular items will be determined based on a fuller assessment of how travel, training, printing, general expense, communication and other expenses can be more tightly controlled.

Reduction Impacts
The department will have fewer resources to support department operations. The impact on consumers and providers will be minimal.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Regional Center Audits

Title: Reduce Regional Center Fiscal Audits Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$23			$23	.7
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$71		$71	$142	1.9
Governor's Budget					

Program Description
Under the Home and Community Based (HCBS) Waiver, the Department of Developmental Services (DDS) receives $839 million in federal funds. As part of the requirements for the receipt of the HCBS Waiver funds, the DDS is responsible for performing fiscal audits upon each of the twenty-one regional centers "no less than every two years" and complete "follow-up reviews of each regional center in alternate years." The DDS fiscal audits are designed to ensure comprehensive fiscal accountability.

Program Reduction
The current staffing for performing the regional center fiscal audits is 17 positions. Of the 17 positions, there are 2 auditor positions that are currently vacant. It is proposed that the 2 vacant positions (Auditor I and General Auditor III) be eliminated.

Reduction Impacts
The reduction will be absorbed by doing more targeted risk-based audits of the regional center practices that are most important to complying with HCBS Waiver requirements.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
This reduction could be implemented immediately by placing a freeze on recruiting and hiring audit staff for the vacant positions in the Regional Center Audit Section.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Vendor Audits

Title: Reduce Vendor Fiscal Audits Program

	GF	FF	Other	Total Reductions	PY Reductions
2007-08					
Workload Budget					
Reductions	$96		$96	$192	2.5
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$291		$291	$582	7.6
Governor's Budget					

Program Description

In response to recommendations from the Legislative Analysts Office (LAO) in their Fiscal Year 2004-05 analysis of the budget, the Department of Developmental Services (DDS) created a vendor audit section to perform fiscal audits upon vendors that provide services to regional center consumers. This was achieved by shifting funding and partial responsibility for performing the audits upon the vendors from the regional centers to the DDS. As a result, a dual audit approach was established in which the DDS performs audits upon the larger vendors that receive over $100,000 in annual purchase of service (POS) and the regional centers perform audits upon vendors that receive $100,000 or less in annual POS.

The authority for DDS to perform vendor audits is contained in Welfare and Institutions Code Section 4648.1.

Program Reduction

There are a total of seventeen positions allocated to perform the vendor audits, made up of eight positions at the Lanterman Developmental Center and nine positions located at headquarters. Four of the audit positions are currently vacant.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

It is proposed that eight positions consisting of one office technician, one Supervising Governmental Auditor, and six auditor positions will be eliminated.

Reduction Impacts
The proposal may require the redirection or layoff of staff in the vendor audit section if natural attrition before the fiscal year-end does not occur.

The DDS ability to perform vendor audits will be reduced. The DDS will, however, examine if a more targeted, risk-based audit program will have the desired effect.

Timing of Implementation
Currently, there are four vacant auditor positions in the audit section that could be reduced immediately. By placing a freeze on recruiting, natural attrition may achieve the remaining reductions. The reductions could take place by July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4300 Department of Developmental Services (DDS)
Developmental Centers Program

Title: Reduce Proposition 98 General Fund

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$913			$913	
Governor's Budget					

Program Description
The Department of Developmental Services (DDS) provides educational services for all residents of developmental centers pursuant to Individual Program Plans and Individual Education Plans (IEPs).

The K-12 program provides special education and related services for all residents age 22 and younger who are eligible for Special Education as defined by State and Federal Education law. Services provided are as close as possible to the general education curriculum provided to non-disabled students in California. IEPs must address student needs in both academic and functional areas.

Adult Education programs address basic education needs of residents and are designed to assist adult residents of DDS facilities in moving to the community and functioning as independently as possible. Programs provide training in basic literacy skills, independent living, and vocational skills. Education and Training programs for adults also meet licensing requirements to provide continuous active treatment.

Program Reduction
The DDS proposes to reduce funding in Item 4300-004-0001, Prop 98, by reducing the AB 1202 county contracts which covers consumers under the age of 21 who attend

community schools. This reduction will also impact the contracts DDS currently has with the local community colleges.

Reduction Impacts
DDS is required to provide a free appropriate public education for all students age 22 and younger who reside in the developmental centers per state and federal education law. Any reduction in funding has the potential to impact the department's ability to provide this education. AB 1202 impacts the obligation to provide services in the community when appropriate. DDS must still provide services for those who cannot attend school in the community. The reduction of education programs generally (child and adult) negatively impacts the ability of the developmental centers to provide active treatment.

Timing of Implementation
July 1, 2008.

Statutory and/or Regulatory Change
None

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$16,770		$7,700	$24,470	
Governor's Budget					
2008-09					
Workload Budget	$875,472				
Reductions	$73,261		$71,000	$144,261	
Governor's Budget	$802,211				

Program Description:
The Community Services Program coordinates delivery of mental health treatment and support services, and sets overall policy for the delivery of mental health services statewide. The Program develops and oversees performance contracts with county mental health departments; monitors compliance with state and federal statutes; and administers various state-funded programs and projects. Funding assists counties in providing a broad array of mental health treatment and rehabilitative services that promotes recovery and integration into the community for clients with mental illness and children and youth with serious emotional disturbance. Community Services also provides statewide leadership and oversight for implementation of the Mental Health Services Act, which funds various local programs that expand community mental health services to children, youth, adults and older adults who have severe mental illnesses.

Exemptions:
Long-Term Care Services, which includes the state hospitals, the Forensic Conditional Release Program (CONREP) and Sexually Violent Predator evaluations, cannot achieve the required savings without releasing dangerous individuals or hindering compliance with the Civil Rights of Institutionalized Persons Act (CRIPA). In addition, the AB 3632 Special Education Pupils Program is exempt because funding this mandate at less than the full funding level would result in suspension of the mandate.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
Mental Health Managed Care

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$8,185	$7,829		$16,014	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$23,800	$22,867		$46,667	
Governor's Budget					

Program Description
Mental Health Managed Care is a program under which Medicaid mandated specialty mental health services are provided to Medi-Cal beneficiaries in accordance with the provisions of the federal Medicaid program under a federal waiver of provisions of the Social Security Act.

Program Reduction
A 10 percent State General Fund (SGF) reduction to the Mental Health Managed Care Program will result in a total reduction of $46.7 million total funds. The reduction amount will consist of:

- $23,800 in State General Fund (SGF)
- $22,867 in Federal Financial Participation (FFP)
  $46,667 Total

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The proposed reduction includes the elimination of an annual cost of living increase in the non-inpatient Schedule of the SGF State Maximum Allowance (SMA), a 5 percent reduction in the non-inpatient SMA, a 10 percent reduction in managed care allocations for minor consent and implementation of federal managed care regulations, and a 10 percent reduction in the Fiscal Consultant and External Quality Review Organization (EQRO) contracts.

Reduction Impacts
It is unlikely that the reduction will result in impacted clients being eliminated from the program. Reductions are more likely to take the form of more stringent reviews being performed by Mental Health Plans for over 11,453 clients.

Timing of Implementation
The reduction in program funding would be effective March 1, 2008.

Statutory and/or Regulatory Change
Implementing this proposal will require a change to Welfare & Institutions Code Section 5725.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
San Mateo Pharmacy and Laboratory Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$190	$190		$380	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$464	$464		$928	
Governor's Budget					

Program Description

The San Mateo County Mental Health Plan (MHP) is the only MHP to cover pharmacy and related laboratory services for adult Medi-Cal beneficiaries with a serious mental illness and children with a severe emotional disturbance residing in San Mateo County.

Program Reduction

A 10 percent State General Fund (SGF) reduction to San Mateo Pharmacy and Laboratory Services will result in a total reduction of $928,000 in total funds. The reduction amount will consist of:

- $464,000 in State General Fund (SGF)
- $464,000 in Federal Financial Participation (FFP)

$928,000 Total

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
By amending the contract with the MHP, this reduction could result in reduced services to approximately 1,953 pharmacy clients in need of medications and laboratory work.

Timing of Implementation
The reduction in program funding would be effective March 1, 2008.

Statutory and/or Regulatory Change
Implementing this proposal will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
Community Treatment Facility Supplemental Rate

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$1,200	$1,200		$2,400	
Governor's Budget	0				
2008-09					
Workload Budget					
Reductions	$1,200	$1,200		$2,400	
Governor's Budget					

Program Description
The Community Treatment Facility (CTF) Supplemental Rate was established to encourage the development of CTFs by covering their higher costs. The supplemental rate is paid subject to the availability of funds in the state budget.

Program Reduction
This reduction proposes the elimination of the CTF Supplemental Rate.

Reduction Impacts
Elimination of the Supplemental Rate would discourage the intended growth of the CTF program. If the CTFs accept fewer clients or choose not to provide the higher level intensive mental health care, children may be placed in more expensive county hospitals or locked juvenile facilities at the county's cost.

Timing of Implementation
The proposed reduction would become effective March 1, 2008.

Statutory and/or Regulatory Change
The elimination of the CTF Supplemental Rate will require a change to the Welfare & Institutions Code Section 4094.2 (d), which requires the CTF Supplemental Rate to be paid. No emergency regulations would be necessary.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
Early and Periodic Screening, Diagnosis and Treatment Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	**$6,715**	**6,715**		**$13,430**	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$46,336**	**$46,336**		**$92,672**	
Governor's Budget					

Program Description

The Early and Periodic Screening, Diagnosis and Treatment (EPSDT) Program is a federally mandated benefit under Medicaid (Medi-Cal). Mental health services are delivered under a federal 1915 (b) Freedom of Choice Waiver through county Mental Health Plans (MHPs) that provide services under the EPSDT benefit for children and young adults with serious emotional disturbances (SED). Of the three-million children/youth who are Medi-Cal eligible, approximately 180,000 receive specialty mental health services through the EPSDT benefit.

Program Reduction

DMH proposes to achieve the EPSDT SGF reduction as follows:

	CY	BY	BY + 1
6 month reauthorization	0	$19,448,000	$23,298,000
Elimination of COLA	$1,878,000	$ 7,516,000	$ 7,516,000
Reduction of SMA	$3,069,000	$12, 280,000	$12,280,000
Reduce cost per client	$1,768,000	$ 7,092,000	$ 7,092,000
Total	**$6,715,000**	**$46,336,000**	**$50,186,000**

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6-Month Reauthorization: The DMH is proposing to impose a prior authorization requirement on all requests for EPSDT day treatment services that exceed six months. MHPs would be required to request, in a format to be determined by the DMH, prior authorization from the DMH before authorizing additional EPSDT day treatment services when a Medi-Cal beneficiary has already received six months of day treatment services.

Elimination of Cost of Living Increase to State Maximum Allowable (SMA) Rate: The DMH is proposing to eliminate the cost of living increase to the SMA rate. For each one percent reduction in the SMA, it is estimated that a corresponding reduction of 0.5 of a percent is achieved in EPSDT SGF expenditure. This is a reduced rate because some providers are currently claiming at a rate lower than the SMA and would not be impacted by this reduction proposal.

Reduction of Current SMA Rate: The DMH is proposing to reduce the non-inpatient SMAs by 5% which results in a 2.5% SGF savings. This rate of spending reduction per percent of SMA reduction results from a relatively small percent of total claims being submitted at or above the SMA rate.

Reduction in Costs per Client: DMH is proposing to redirect existing staff to create a central Short-Doyle Medi-Cal Unit. This unit will be responsible for monitoring and improving the processes and procedures for claiming and county (provider) payment, provide technical assistance to counties, etc.

Reduction Impacts

The following are the impacts of the reductions to the EPSDT Program:

- The conditionally approved 1915(b) federal waiver will have to be amended and will be subject to Federal CMS approval.
- A reduction in funding would translate into higher costs for the MHPs since they would still be required to provide the services.
- A loss of 10% of the MHPs (approximately six) could result in CMS terminating the waiver program.
- A reduction in funding could lead to a reduction in available providers.

Timing of Implementation

The proposed 10% reduction in program funding would be effective March 1, 2008, with the exception of the 6-Month Reauthorization proposal, which will not generate savings until September 1, 2008.

Statutory and/or Regulatory Change

Implementation of this proposal will require statutory and to the Welfare & Institutions Code Section 5725.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
Cathie Wright Technical Assistance Center

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$10			$10	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$40			$40	
Governor's Budget					

Program Description

The California Department of Mental Health was appropriated $350,000, beginning in FY 2004-05, to contract with the California Institute for Mental Health (CIMH) for the operation of the Cathie Wright Technical Assistance Center (CWTAC).

Program Activities include:

1. Training, consultation and technical assistance to counties to support the local implementation of evidence-based practices.
2. Developing new projects designed to facilitate state and local consensus building through interagency collaboration, support of family/professional partnerships, and child, youth, and family driven services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
A 10 percent reduction in State General Fund for this program would result in a $40,000 contract decrease.

Reduction Impacts
The reduction would:

- Limit the number of planned forums;
- Reduce the number of training activities;
- Reduce the number of consultants used for training;
- Eliminate or reduce the number of sub-contractors or outside vendors.

Funds for training, consultation, and technical assistance to counties have increased through expenditures funded by the Mental Health Services Act, therefore it is not anticipated that the reduction in the Cathie Wright Technical Assistance Center funding will have any significant negative impacts upon clients, consumers, or providers.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
AIDS Counseling

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	**$50**			**$50**	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$150**			**$150**	
Governor's Budget					

Program Description
The California AIDS Project provides mental health counseling and support to more than 3,000 individuals affected by, or at risk of contracting, the HIV virus and AIDS. Currently, the Department of Mental Health (DMH) contracts with fourteen agencies statewide to provide these services; the Budget Act of 1988 appropriated $1.5 million to DMH for this purpose.

Program Reduction
A decrease of 10 percent would result in a reduction of $150,000.

Reduction Impacts
This reduction would result in the loss of services to approximately 334 persons. Individual, family unit, and related programmatic impacts are difficult to project.

This reduction will not jeopardize California's compliance with the Maintenance of Effort requirement of the Ryan White HIV/AIDS Treatment Modernization Act.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Service
Caregiver Resource Centers

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$400			$400	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,200			$1,200	
Governor's Budget					

Program Description
The California Caregiver Resource Center (CRC) system provides assistance to more than 13,000 families who are caring for an adult family member at home. Assistance includes consultation and care planning, counseling and support planning groups, psycho-educational groups, education and training, legal and financial planning, respite care, and other mental health interventions. Currently, Department of Mental Health (DMH) contracts with 11 agencies statewide to provide these services. The availability of this family assistance helps to delay if not eliminate the admission of family members to long-term care institutions.

Program Reduction
A 10 percent decrease in State General Funds (SGF) for Caregiver Resource Centers would result in a reduction of $1.2 million.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This reduction could decrease support services to over 1,300 caregivers.

Timing of Implementation
The reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
Healthy Families Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$20	$37		$57	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$71	$132		$203	
Governor's Budget					

Program Description

The Healthy Families Program (HFP) is a State Children's Health Insurance Program (SCHIP) which provides low cost health, dental, vision, and mental health benefits to uninsured children, age one to nineteen, which are ineligible for insurance through employer-sponsored plans or no-cost Medi-Cal. In addition to the HFP basic benefit, there is a supplemental mental health benefit for children and youth with serious emotional disturbance (SED) as defined at Welfare and Institutions (W&I) Code Section 5600.3(a). County mental health departments provide this additional benefit. They have historically served this population and offer services tailored to children and youth with these special needs. Legal immigrant children who have been residing in the United States less than five years are ineligible for FFP. Therefore, State General Fund pays the federal share of the program and administrative costs of this legal immigrant population.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
A 10 percent reduction in State General Funds (SGF) in the Healthy Families Program will result in a reduction of $203,000 in total funds. The reduction amount will consist of:

- $ 71,000 in State General Fund (SGF)
- $132,000 in Federal Financial Participation (FFP)

$203,000 Total

Program Impacts
The reduction would limit services available to clients of the Healthy Families Program. Some counties may not have the resources to continue to serve this population and thus may reduce the existing program.

Timing of Implementation
The reduction in program funding would be effective March 1, 2008.

Statutory and/or Regulatory Change
Implementing this proposal will not require a change in state statute or emergency regulations. W&I Code Section 5600.1 limits the operation of this program to the extent resources are available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Administration
Headquarters

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$722			$722	4.2
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,948		$500	$1,948	12.8
Governor's Budget					

Program Description:
The Department of Mental Health's (DMH's) Headquarters Administration provides departmental support to Community Services and Long-Term Care Services Programs in meeting their objectives. Services provided are in the following areas: budgeting, accounting, contracts and procurement, fiscal systems, personnel, labor relations, business services, cost reporting and Information Technology. Administration also serves as the liaison between departmental programs and the State's control agencies.

Program Reduction:
The Headquarters reduction includes the elimination of 8 positions (7.7 PYs) including: Budgeting (1), Accounting (3), Labor Relations (1), Business Services (1), Information Technology Services (1), and Cost Reporting (1) resulting in a total State General Fund (SGF) reduction of $519,000. The reduction will be achieved through elimination of vacant positions and attrition. Headquarters will also reduce $1,509,000 in contracts, general expenses, travel, and information technology contractor services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Lastly, positions and associated operating expenses will be reduced in the following program areas:

Managed Care Program	1.2 PY	$95,500 SGF reduction
San Mateo Pharmacy	1 PY	$83,500 SGF reduction
County Operations	2.9 PY	$213,000 SGF reduction
Total	5.1 PY	$392,000 SGF

Reduction Impacts:
Reductions in Headquarters Administration may delay payment of vendor invoices, county Short-Doyle Medi-Cal claims, and miscellaneous invoices. Information Technology Services support in the areas of network assessment, strategic planning, security projects, and hospital infrastructure upgrades may also be impacted.

Timing of Implementation:
The reduction proposal will be effective March 1, 2008.

Statutory and/or Regulatory Change:
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4440 Department of Mental Health (DMH)
Community Services
Early Mental Health Initiative

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,634			$1,634	
Governor's Budget					

Program Description
The Early Mental Health Initiative (EMHI) provides services to public school children in kindergarten through third grade who have been identified by school personnel as "at risk," or having mild to moderate adjustment difficulties.

Program Reduction
A 10.9 percent reduction in State General Funds (SGF) to the EMHI will result in a reduction of $1,634,000 total funds.

Reduction Impacts
EMHI grants are awarded upon the approval of the Budget Act after the results of a competitive funding process. This reduction would result in fewer grants awarded to approximately 387 school sites currently receiving these grants. Approximately 1,475 students would not receive services as a result of this reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The reduction in program funding would be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require statutory change

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

4700 Department of Community Services and Development (CSD)
Naturalization Services Program
10% State General Fund Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,000				
Reductions	$0			$0	0.0
Governor's Budget	$3,000				
2008-09					
Workload Budget	$3,000				
Reductions	$300			$300	0.0
Governor's Budget	$2,700				

Program Description
The Naturalization Services Program is a state-mandated program that assists legal permanent residents in obtaining citizenship. From the $3 million SFY appropriation, CSD allocates $2.85 million to 32 community-based organizations throughout California to deliver citizenship assistance and case management services that includes: outreach, intake, assessment, collaboration with and referral to other organizations, citizenship application assistance, citizenship testing and interview preparations, and follow-up activities.

Program Reduction
To implement the 10 percent GF reduction, CSD proposes a total reduction in the Naturalization Services Program of $300,000. This reduction consists of $15,000 in state support and $285,000 in local assistance.

Reduction Impacts
The current appropriation level provides direct services to 11,330 legal residents. It is estimated that this reduction will result in 1,130 legal residents not receiving assistance to achieve citizenship. In addition, there will be a minor reduction in state staff oversight activities and contract monitoring.

Timing of Implementation
The reduction will take effect July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5160 Department of Rehabilitation (DOR)
Vocational Rehabilitation
Title: Reduce Vocational Rehabilitation

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$57,202				
Reductions	$3,400	$3,603		$7,003	0
Governor's Budget	$53,802				

Program Description

The California Department of Rehabilitation receives a $300 million federal grant to operate the largest Vocational Rehabilitation (VR) Program in the country. VR services are provided annually to approximately 120,000 individuals with significant physical and mental disabilities to prepare for and obtain competitive employment in integrated work settings and live independently in their communities. Qualified rehabilitation professionals in over 85 offices throughout California provide direct services to eligible consumers, which include vocational assessment, counseling and guidance, development of an individual plan for employment, purchase of individualized rehabilitation services, assistive technology and job placement. The VR program provides services to individuals with a full range of physical and mental disabilities, pursuant to federal law under Title I, Section 110 of the Rehabilitation Act.

Program Reduction

Operating Expenses Reduction: $4.8 million annualized ($1.0 million GF, $3.8 million FF) - Close 10-15 district offices that provide direct services to consumers.

- Primary office closures would be those locations that are in the soft term of leases and would likely be the smaller rural offices.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Rate Reductions ($1.6 million GF annualized)
Reduce the rates of 1,600 Supported Employment (SEP), Community Rehabilitation and Individual Service Providers by 10 percent.

- The 10 percent SEP reductions are reflected in the 2007 November Estimate.

Case Services Reductions ($3.1 million GF annualized)

- $1.7 million General Fund reduction in the base program case services. Consumers will be shifted to cooperative programs.
- $700,000 General Fund reduction in statewide contracts. Services will be provided on a fee for service basis and capped at the budgeted amount.
- $700,000 General Fund reduction in case service expenditures by eliminating the purchase of non-federally mandated services and reducing expenditures for other services by using comparable and no cost services.
- The federal funds associated with the case service General Fund reductions above will be redirected to cooperative programs where the partner agencies will provide the state match. It will take up to 18 months to get cooperative agreements in place, so saving will only be $2.9 million General Fund in FY 2008-09.

Reduction Impacts
Operating Expenses: The following operating expense reductions will have the greatest negative impact (additional reductions will be achieved with facility closures to total $4.8 million):

- Closure of offices that provide direct services to consumers in their communities will limit DOR's accessibility on a statewide basis, particularly in rural areas.
- A reduction in contracted services may result in a disruption of administrative services.

10 percent Rate Reduction: Reduce the rates paid to SEP, Community Rehabilitation and Individual Service Providers by 10 percent.

- The majority of Community Rehabilitation Program providers have not had rate increases in 6 years in contrast to the Supported Employment Program providers who received a 24 percent increase July 1 2006.

Case Services Reduction: A reduction in case services may result in fewer successful employment outcomes.

- A Maintenance of Effort deficit will be created with a subsequent estimated loss of $5.9 million in federal grant funds impacting the last nine months of FY 2008-09.
- There will be a lag in achieving these savings as the cooperative expansions will be phased in over 18 months starting January 10, 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

January 10, 2008 - Initiate cooperative expansions.
January 10, 2008 – Service Providers notified regarding 10 percent rate reductions.
July 1, 2008 – Begin termination of facility leases.
April 1, 2009 – Termination of leases completed.

Statutory and/or Regulatory Change

Rate change in Supported Employment will require a change in state statute and emergency regulations. These regulations will be submitted by the Department of Developmental Services.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5160 Department of Rehabilitation (DOR)
Title: Reduce Independent Living Centers

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$400				
Reductions	$40			$40	0.5
Governor's Budget	$360				

Program Description

The Department of Rehabilitation funds, administers and supports 29 non-profit independent living centers in communities located throughout California. Independent Living Services are consistent with the provisions of Title VII, Chapter 1 of the federal Rehabilitation Act to promote a philosophy of independent living, including consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and the integration and full inclusion of individuals with disabilities into the mainstream of American society.

Program Reduction

One-half (0.5) staff position with associated operating expenses will be eliminated as of July 1, 2008, saving approximately $40,000 General Fund beginning in Fiscal Year 2008-09.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This reduction impacts efforts to implement Olmstead activities to provide community-based alternatives to institutionalization for seniors and individuals with disabilities.

Timing of Implementation
Reductions will be implemented July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5160 Department of Rehabilitation
Title: Reduce Headquarters

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$1,500				
Reductions	$150	$550		$700	4.5
Governor's Budget	$1,350				

Program Description
The headquarters staff of the California Department of Rehabilitation (DOR) is responsible for the central administrative support activities that are essential to the DOR's basic operations. Services include the administration of the Vocational Rehabilitation and Independent Living Programs, Legal Affairs, Civil Rights, Audit Services and Administrative Support.

Program Reduction
Four and one-half (4.5) staff positions with associated operating expenses will be eliminated as of July 1, 2008, saving approximately $150,000 in General Fund.

Reduction Impacts
Loss of critical administrative staff positions will place strain on the provision of services to consumers and administrative functions.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5175 Department of Child Support Services (DCSS)
Child Support Services
Title: State Operations Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$55,246				
Reductions	$200			$200	0
Governor's Budget	$55,046				
2008-09					
Workload Budget	$45,827	$98,806			
Reductions	$4,300	$8,451		$12,751	45.0
Governor's Budget	$41,527	$90,355			

Program Reduction
The DCSS proposes to reduce its State Operations budget by $12.8 million ($4.3 million General Fund) and 45.0 positions.

The DCSS' 2008-09 State Operation's base budget is $144.6 million ($45.8 million General Fund). The department excluded $9.2 million ($3.1 million General Fund) in the California Child Support Automation System (CCSAS) state operations project costs from its base, which is consistent with the Administration's decision to hold CCSAS costs harmless from reduction.

Reductions are proposed from the following areas of the department:

Direct Customer Service
The department proposes reductions to the following contracts and positions that provide direct services to families:

- **Judicial Council Contract [$4.3 million ($1.5 million GF)].** The department proposes an 8.8 percent decrease to the Judicial Council Contract. This contract provides for court commissioner, family law facilitator, support staff salaries and

court expenses necessary to establish and adjust child support orders for all child support cases. The estimated GF revenue loss is approximately $1.8 million.

- **Locate and Intercept Contracts [$781,000 ($175,000 GF)].** The DCSS contracts with various state agencies to locate non-custodial parents (NCPs) and their assets and for the intercept of these assets. These locate/intercept contracts are responsible for an estimated $160.5 million in child support collections. The estimated GF revenue loss is approximately $1.4 million.

- **Child Support State Hearings [$538,000 ($183,000 GF)].** The department proposes to implement an alternate hearing process in lieu of the formal state hearings to resolve child support issues. The department estimates that establishing an alternate process would cost half as much and provide the same level of service. The department will propose trailer bill language to provide the Director of DCSS the discretion to determine the method the department uses for child support hearings.

- **Public Inquiry and Response Team (PIRT) – 2.5 positions and $193,000 ($66,000 GF).** The PIRT is responsible for responding to child support customer complaints regarding highly sensitive program operation and child support payment issues. The PIRT unit receives approximately 20-50 issues per month and 80 constituent referrals each month. Eliminating 2.5 positions would reduce the PIRT unit by 36 percent. The impact of the reduction would be delayed response to customer complaints.

- **DCSS Customer Operations – 16.0 positions and $1.3 million ($443,000 GF).** The DCSS proposes reductions to the following areas in its Operations Division:

  - ***Non IV-D Call Center (2.0 positions):*** The Call Center responds to inquiries from non IV-D customers regarding payment processing, PIN resets, payment errors, and customer information change requests. The Non IV-D Call Center is staffed with 21 call center staff and managers.

  - ***Non Sufficient Fund (NSF) and Payment Processing Exceptions (11.0 positions):*** The Operations Division has 22 positions dedicated to pursuing the recovery of funds from NCPs for insufficient funds checks that were sent to the state as payment for child support obligations. The department proposes to eliminate 9 of the positions which would reduce the NSF unit by 41 percent. The Operations Division also proposes to eliminate two positions out of a unit of 11 positions that are dedicated to resolving payment processing errors, suspended payments and collections fraud issues. The impact of the reduction would be a delayed recovery of NSF items and payment processing exceptions.

  - ***Locate and Intercept Processing (3.0 positions):*** The Operations Division

works with NCPs to discuss and negotiate the release of various licenses (e.g. driver's, occupational, recreational) that are held by the state pending payment of child support. The DCSS proposes to eliminate three positions out of a unit of 13, which would result in a 23 percent reduction to this unit.

Performance Improvement

- **Quality Assurance and Performance Improvement (QAPI) – 6.5 positions and $530,000 ($180,000 GF).** The QAPI unit is dedicated to reviewing LCSA for compliance with federal child support program requirements and monitoring the performance of the LCSAs on the federal child support program measures and providing technical assistance to them. The department proposes to eliminate 6.5 positions of the 12 QAPI positions which would be a 54 percent reduction to QAPI staff.

- **Contract Performance Support [$133,000 ($45,000 GF)].** The DCSS proposes to terminate two interjurisdictional exchange agreements between the DCSS and two counties for LCSA staff to provide county expertise to the State. These two agreements are with Santa Cruz and Solano to provide expertise to assist with the development of strategies to improve LCSA performance in relation to collections and the federal performance measures.

Information Technology (IT) Support

The department proposes a reduction to the following IT functions resources:

- **IT Support – 3.0 positions and $307,000 ($104,000 GF).** The DCSS proposes to reduce 1.0 Senior Business Problems Analyst (SBPA) and 2.0 Information Systems Analysts.

Administrative Overhead

The department proposes a reduction to the following administrative functions of the department:

- **Technology Infrastructure Support – [5 positions and $512,000 ($174,000 GF)]**
  - ***Application Development and Maintenance [5.0 positions and $406,000 ($138,000 GF)]:*** These positions are responsible for supporting various applications such as the creation of a central data repository and forms maintenance. There are currently 29 positions assigned to this function; this proposal represents a 17 percent reduction.
  - ***Gartner, Incorporated [$106,000 ($36,000 GF)]:*** The DCSS proposes to terminate a contract with the Gartner Group to conduct an evaluation of the department's current IT infrastructure and provide consulting services on industry

best practices for the delivery of IT services and equipment purchases and maintenance.

- **Business Process Re-engineering $279,000 ($95,000 GF):** The DCSS has a current contract with a consultant to review the business processes of the department's operations including financial management and IT support. The services of a business process re-engineering vendor can assist the department to increase the efficiency of its resources and reduce the risk that may exist in current business processes. DCSS would attempt to continue re-engineering efforts within existing resources.

- **Information Security Office (ISO) – 2.0 positions and $178,000 ($60,000 GF).** The department proposes to eliminate two analyst positions out of the 14-person ISO. A reduction in positions would reduce the oversight role for information security at both the State and local level.

- **Accounting and Financial Planning – 6.0 positions and $480,000 ($163,000 GF).** The department proposes to eliminate 4.0 Accounting positions out of 18.5 positions in Fund Accounting, Reporting, Fiscal Services and Accounts Payable Units. The positions are responsible for reconciling county expenditure claim and collections data, paying vendor invoices and resolving accounts receivables issues. The department also proposes to eliminate one budget analyst position in the six-person Budget support Unit and one county allocation analyst position in the County Allocations Unit.

- **Human Resources – 1.0 position and $76,000 ($26,000 GF).** The department proposes to eliminate 1.0 Personnel Services Analyst position out of the 16 person Human Resources Section.

- **Office Support – 3.0 positions and $143,000 ($49,000 GF).** The department proposes to eliminate three Office Technician positions, which represents 26 percent of the department's Office Technician workforce.

- **Operating Expense and Equipment – $2.7 million ($935,000 GF).** The department proposes to reduce its OE&E funding by 15 percent. The department would prioritize purchases, travel and training and seek additional economies in its purchases in order to stay within its reduced expenditure levels.

- **Temporary Help [$300,000 ($102,000 GF)].** The department proposes to reduce its temporary help blanket by 45 percent. The department would reduce its use of student assistants, retired annuitants and other temporary personnel.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impact

Direct Customer Service—A General Fund revenue loss of $3.2 million due to a decrease in child support collections from intercepted funds and newly established child support orders; delayed call center and complaint response; delayed NSF collection activities, and reduced locate and intercept processing activities.

Performance Improvement—Less support to counties for quality assurance and performance improvement; loss of contracted support from counties to provide expertise to the state.

Information Technology Support—A reduction in the number of staff available for various IT related activities such as interfaces and application support.

Administrative Overhead—Prioritize reduced resources to maintain critical technology support and security, accounting, human resources, and other administrative functions.

Timing of Implementation

All reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change

The DCSS would propose trailer bill language to amend Chapter 803, Statutes of 1999 (AB 472) that provides a mandatory right for both custodial parties and noncustodial parents to a formal state hearing and instead provides flexibility to the director of DCSS to determine the method the department uses for child support hearings.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
California Work Opportunity and Responsibility to Kids (CalWORKs)
Title: Summary Write Up

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,557,628	$3,553,612	$5,690		
Reductions	$73,746	$0	$0	$73,746	
Governor's Budget	$1,483,882	$3,553,612	$5,690		
2008-09					
Workload Budget	$1,943,774	$3,221,401	$5,066		
Reductions	$389,051	$0	$0	$389,051	(6.0)
Governor's Budget	$1,554,723	$3,221,401	$5,066		

California Work Opportunity and Responsibility to Kids (CalWORKs)

In place of a budget balancing reduction, the Governor's Budget proposes to implement changes that promote personal responsibility and hold recipients accountable for the consequences of their actions, strengthen the work focus of the program, and improve California's ability to meet federal requirements and avoid fiscal penalties. The following key policy objectives serve as a foundation for the Administration's CalWORKs proposal:

- Emphasize the shared responsibility of government and participants to help families prepare for and achieve self-sufficiency through work.
- Continue to focus on employment to maximize participation in the workforce and decrease dependence upon aid.
- Create incentives for counties to utilize available resources more effectively and efficiently and reward the achievement of welfare-to-work goals.
- Maintain the support services necessary to transition recipients to the workforce.
- Maintain a statewide safety net for low-income families who meet work requirements.
- Maximize available federal block grant funds.

Major programmatic changes that place greater emphasis on work participation and reduce reliance upon public assistance are necessary to significantly improve the ability of the state and counties to meet federal work requirements in the TANF program. Failure to do so will result in

substantial federal penalties to the state and counties. Key components of this effort include:

- **Implement Graduated Full Family Sanctions** – In order to move more CalWORKs families out of poverty and to increase accountability by recipients, counties, and the state, it is imperative to strengthen work requirements by imposing a graduated full family sanction. This proposal would reduce grants by 50 percent when adults have been sanctioned for not participating and remain in sanction status for an accumulated total of six months. Adults who have been sanctioned for not participating for a second accumulated total of six months will receive a full family sanction. Adults could remedy their sanction at any time by complying with appropriate work activities. Prior to any graduated sanction, counties will contact the adult to ensure that he or she understands the participation requirements and to urge program compliance, as well as connect adults to resources in order to remove barriers to participation. These contacts will consist of some combination of phone calls, letters, and home visits. This graduated full family sanction policy will reduce prolonged noncompliance while providing a reasonable timeframe to achieve compliance during which benefits are still available. This proposal is a strategy to help the state avoid or reduce hundreds of millions of dollars in future fiscal penalties associated with federal WPR requirements, but requires $22.617 million in general fund to implement. This proposal is estimated to increase the work participation rate by 0.44 percent in federal fiscal year (FFY) 2008, by 3.7 percent in FFY 2009, and 5.7 percent annually.
- **Work Incentive Nutritional Supplement** - Working families who are receiving food stamps, but not also receiving CalWORKs assistance, would be eligible for this benefit if they work sufficient hours to meet federal TANF work participation requirements. This supplement provides a further bridge to self-sufficiency and better ensures that families who previously received CalWORKs assistance will not fall back into the program. This benefit would be set at a flat amount of $40 per month and each food stamp household may be eligible for one supplemental work incentive benefit per month. Will have a cost of $8.387 million in GF in 2008-09 and $18.6 million in 2009-10 but is projected to improve work participation rate by .87 in 2008-09 and by approximately 9 percent in 2009-10.
- **Continue County Efforts** – Would continue to support and promote county efforts to increase work participation associated with prior reforms enacted in 2006 by AB 1808. These efforts include 1) County Peer Reviews; 2) publication of performance outcomes; and 3) county implementation of strategies to engage CalWORKs recipients early in the program, maintain full engagement, prevent recipients from going into sanction, and encourage sanctioned individuals to re-engage in the program. Counties share in 50 percent of any penalties incurred for failure to meet the work participation rate, which provides additional motivation to improve their work participation rate. This recommendation includes continuation of the $90 million allocation to the counties.
- **Modify the Safety Net Program** - This proposal rewards working families by continuing safety net benefits for families beyond their 60-month time limit only if they meet federal work participation requirements. The current safety net program minimizes the incentive for families to become self-sufficient. Would remove approximately 33,500 families from CalWORKs. Will realize approximately $253.370 million in GF savings.
- **Ensure Consistent Child-Only Benefits** – This proposal provides cash aid for families receiving child-only benefits that are consistent with other CalWORKs families. Under this proposal, aid to families receiving child-only benefits will be limited to 60 months. These families include parents or caretakers who are undocumented non-citizens, drug felons, or fleeing felons. Of the 90,500 total CalWORKs Child-Only cases, 36,700 would be

discontinued as they have exceeded the 60-month limit. GF Savings of $235.840 million.

- **CalWORKs COLA: -** 4.25 percent COLA, pursuant to the current statute, will increase the grant amount for approximately 452,000 CalWORKs recipients. Maximum aide payment for a family of three would increase from $723 to $754 monthly. This will be an additional $131.1 cost in general fund. (Not calculated in savings or target due to statutory requirement)

These reform measures are estimated to provide net savings of $389.051 million in 2008-09. As a result of these CalWORKs proposals, an additional $68.5 million will be added to the TANF reserve. With these reforms, the Governor's Budget proposes to maintain the $230 million included in the Budget Act of 2006 to support CalWORKs program improvements, including $90 million for counties to implement program improvements that lead to better outcomes and increased work participation rates for CalWORKs recipients and $140 million to support county administration. The Governor's Budget eliminates $40 million in Pay for Performance incentive funds in 2007-08, but makes available $40 million in 2008-09 for those counties that achieve improved program outcomes during 2007-08. The combination of CalWORKs reforms and state and county efforts will position the state and counties to increase work participation rates, meet federal requirements, avoid penalties, and successfully move families from welfare to work.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Graduated Full Family Sanction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	($1,673)*	$0	$0	($1,673)	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	($22,617)*	$0	$0	($22,617)	
Governor's Budget					

***This portion of the reform proposal results in costs rather than savings.**

Program Description

The California Work Opportunity and Responsibility to Kids (CalWORKs) program is California's version of the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs is California's largest cash aid program for children and families, and is designed to provide temporary assistance to meet basic shelter, food, and clothing needs. While providing time-limited assistance, the program promotes self-sufficiency through work requirements and encouraging personal accountability. The program recognizes the different needs of each county and affords them program design and funding flexibility to ensure successful implementation at the local level.

Program Reduction

Currently in the CalWORKs program, a family that has been sanctioned for noncompliance with program requirements can continue to receive aid for its eligible children (until these children reach 18 years of age) without ever participating in welfare-to-work activities. Under current rules, when adults do not comply with program rules, they are given 30 days to participate. At the end of the

30 days, adults who are not participating are sanctioned (current adult-only sanctions are approximately $139). Adults that are in sanction are allowed to participate in welfare-to-work activities at any time and have benefits restored.

In order to move more CalWORKs families out of poverty and increase accountability by recipients, counties, and the state, it is imperative to strengthen work requirements by imposing a graduated full family sanction. Under this proposal, adults who remain in sanction status for an accumulated total of six months will receive an escalated sanction: the family grant will be reduced to 50 percent of the child-only grant. Adults who have been sanctioned for not participating for a second accumulated total of six months (i.e., adults who have a total of 12 months in sanction) will receive a full family sanction, thereby closing the case.

At the start of the first 30-day sanction, recipients will be provided a notice that informs them of the consequences of continuing in sanction. At each additional sanction, an additional reminder notice will be provided regarding the consequences of and options for curing their sanction. Prior to imposition of the 50 percent reduction, CDSS expects that counties will contact the adult to ensure that he or she understands the participation requirements, to urge program compliance, and to connect adults to resources in order to remove barriers to participation. These contacts may consist of some combination of phone calls, letters, and home visits. Increased client contact and outreach and the threat of a full family sanction will help encourage more families to engage and participate. This proposal will help increase the work participation rate (WPR) and bring the state closer to meeting federal WPR requirements.

The total annual cost would be $49,718,000 total funds by 2010-11.

Reduction Impacts
This proposal is estimated to increase the WPR by 0.44 percent in federal fiscal year (FFY) 2008, by 3.7 percent in FFY 2009, and 5.7 percent annually. This WPR increase will assist the state in its effort to achieve the federally required levels of WPR.

Timing of Implementation
All CalWORKs families would be informed of these upcoming program changes in March 2008 via a statewide mailer, noting that the effective date of these changes to be June 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Graduated Full Family Sanction

Impact on Clients/Consumers/Providers

- Strengthens recipient accountability and promotes recipient responsibility as this policy requires parents to be personally responsible for their actions and the support of their families.

- Discourages prolonged noncompliance by providing families with a stronger incentive to cure their sanctions.

- Provides support and Welfare-to-Work services for families that come into compliance and participate, and provides families with additional attention by increased contact from counties to help cure their noncompliance.

- Could discontinue aid to approximately 16,500 families statewide who do not cure their sanctions, and these families may not have reached self-sufficiency.

- May increase workload for some counties to contact and work with clients to help them cure their sanctions, although most counties (52) have identified increased contact and home visits as a strategy they have either already implemented or plan to implement in the county plan addenda describing actions counties will take to increase the level of participation among CalWORKs recipients.

- May increase workload for providers (e.g., job placement, substance abuse services, etc.) to provide necessary supportive services to individuals who increase their participation to avoid the full family sanction. However, no funding was assumed for the additional contact.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Work Incentive Nutritional Supplement (WINS)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	($8,387)*	$0	$0	($8,387)*	
Governor's Budget					

***This portion of the reform proposal results in costs rather than savings.**

Program Description

This new program would promote self-sufficiency through work by providing additional support in the form of a supplemental food stamp benefit to eligible working families (those working sufficient hours to meet federal Temporary Assistance for Needy Families (TANF) work participation requirements. Working families who are receiving food stamps, but not receiving California Work Opportunity and Responsibility to Kids (CalWORKs) assistance, may be eligible for the Work Incentive Nutritional Supplement (WINS) benefit if they work sufficient hours to meet TANF work participation requirements.

A WINS benefit for those families who previously received CalWORKs assistance provides a further bridge to self-sufficiency and better ensures that they will not fall back into the CalWORKs program. In addition, this benefit is an incentive for CalWORKs families with earned income who are receiving a low grant to leave CalWORKs, bank their remaining CalWORKs months in the event they need assistance in the future, and supplement their income with WINS. The benefit would be set at $40, paid with TANF or Maintenance of Effort (MOE) funds. Each food stamp household would be eligible for one supplemental WINS benefit per month. This proposal would provide additional support to working families and help bring the state closer to meeting federal work participation rate (WPR) requirements.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

Program Reform

This proposal, a strategy designed to help the state avoid or reduce hundreds of millions of dollars in future fiscal penalties associated with federal WPR requirements, requires costs to implement.

The total annual cost would be $24,245,000 total funds by 2010-11.

Reform Impacts

This proposal is estimated to increase the WPR by a net of 0.87 percent in federal fiscal year (FFY) 2009, a net of 8.98 percent in FFY 2010, and a net of 3.15 percent in FFY 2011.

These WPR increases will assist the state in its effort to achieve the federally required levels of WPR.

Timing of Implementation

Approval of this proposal will allow automation and programming changes beginning in
FY 2008-09. Actual WINS benefits to families will not be distributed until FY 2009-10.

Statutory and/or Regulatory Change

This proposal will require a change in state statute and emergency regulations.

Impact on Clients/Consumers/Providers

- Provides additional support to an estimated 41,700 working individuals to help further their efforts to support their families, which advocates would likely support.
- Receipt of a WINS benefit would not count toward federal time limits for receiving TANF assistance.
- Serves as an incentive for those families who have earned income and are receiving a low grant to leave CalWORKs, bank their remaining CalWORKs months in the event they need assistance in the future, and supplement their income with WINS.
- WINS benefits would be conveniently added to a recipient's electronic benefits transfer card.
- Requires a recipient to provide documentation of work hours (i.e., pay stub) in order to receive the benefit.
- Results in an increased county workload to document and verify hours, make aid code changes, and report and claim data on WINS recipients.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Continued County Efforts to Increase Work Participation

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0		
Governor's Budget					
2008-09					
Workload Budget					
Reductions	($687)*	$0	$0	($687)*	(6.0)
Governor's Budget					

*This portion of the reform proposal results in costs rather than savings.

Program Description
This proposal continues to support and promote county efforts to increase work participation by implementing county peer reviews, publicizing individual county performance outcomes, and continuing funding for county implementation of strategies to engage California Work Opportunity and Responsibility to Kids (CalWORKs) recipients early in the program, maintaining full engagement, preventing recipients from becoming sanctioned for not complying, and encouraging sanctioned individuals to re-engage in the program.

Counties share in 50 percent of any penalties incurred for failure to meet the federal work participation rate (WPR), which provides additional motivation to improve their rate. This proposal requests approval of funding and position authority for 6.0 positions to conduct peer reviews in approximately 18 counties per year as well as other performance oversight functions.

Program Reduction
This proposal is part of the overall CalWORKs Reforms and Reductions efforts. To support and promote county efforts to increase work participation associated

with the County Peer Review process, the California Department of Social Services will require state staff to provide oversight and technical assistance. This proposal results in a General Fund cost of $687,000. The annualized cost of this proposal would be $641,000 General Fund, and 6.0 positions.

Reduction Impacts

The state is facing a federal penalty of approximately $150 million if the 50 percent WPR requirement is not met. This proposal would help to avert the penalties.

Timing of Implementation

This proposal would have an effective date of July 1, 2008.

Statutory and/or Regulatory Change

This will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Modified Safety Net

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$17,761	$0		$17,761	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$253,370	$0	$0	$253,370	
Governor's Budget					

Program Description

The California Work Opportunity and Responsibility to Kids (CalWORKs) program is California's version of the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs is California's largest cash aid program for children and families, and is designed to provide temporary assistance to meet basic shelter, food, and clothing needs. While providing time-limited assistance, the program promotes self-sufficiency through work requirements and encouraging personal accountability. The program recognizes the different needs of each county and affords them program design and funding flexibility to ensure successful implementation at the local level.

Program Reduction

Safety Net families are families who have exceeded their 60-month assistance time limit but continue to be eligible for California Work Opportunity and Responsibility to Kids (CalWORKs). Currently in the program, a Safety Net family can receive aid for the eligible children (until these children reach 18 years of age) without having to participate in welfare-to-work activities. Aid to Safety Net families is not a requirement under federal Temporary Assistance for Needy Families (TANF) and most states do not aid this population. Safety Net benefits are funded with general fund (GF) dollars which are countable toward the Maintenance of Effort (MOE) in the TANF program. As a result of TANF Reauthorization, Safety Net families are

now included in the federal work participation rate (WPR) calculation.

In order to move more CalWORKs families off aid and out of poverty, it is critical to encourage families' progress toward self-sufficiency by increasing their participation. This proposal would create an incentive for Safety Net families to fully participate, encourage self-sufficiency through participation, and help increase the WPR, bringing the state closer to meeting federal WPR requirements in federal fiscal year (FFY) 2009.
The Modified Safety Net proposal creates an incentive for families to fully participate by rewarding working families who are fully participating in federally allowable work activities with continued maximum Safety Net benefits, while eliminating benefits for families that do not meet work participation requirements.

Reduction Impacts
This reduction will result in savings to the extent that GF would no longer be used to provide services to families who do not comply with the program work requirements. It rewards working families by continuing maximum Safety Net benefits for families in which the adult(s) is fully participating in federally allowable work activities. It encourages families to progress toward self-sufficiency through work and no longer be dependent on government assistance. This proposal would remove approximately 33,500 families from CalWORKs and will realize approximately $253.370 million in GF savings. The families affected will continue to be eligible for Food Stamps and Medi-Cal, but not for General Assistance (AB 1542, Chapter 270, Statutes of 1997).

Timing of Implementation
All CalWORKs families would be informed of these upcoming program changes in March 2008 via a statewide mailer, noting that the effective date of these changes to be June 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute and emergency regulations.

Impact on Clients/Consumers/Providers
- Rewards working families by continuing maximum Safety Net benefits for families in which the adult(s) is fully participating in federally allowable work activities.
- Encourages families to progress toward self-sufficiency through work and no longer be dependent on government assistance.
- May motivate CalWORKs families who have time remaining in their 60-month eligibility to take better advantage of services offered by the county welfare departments.
- Discontinues aid to approximately 33,500 families who may not have reached self-sufficiency.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Make Consistent Other Child-Only Benefits

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$17,832	$0	$0	$17,832	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$235,840	$0	$0	$235,840	
Governor's Budget					

Program Description
The California Work Opportunity and Responsibility to Kids (CalWORKs) program is California's version of the federal Temporary Assistance for Needy Families (TANF) program. CalWORKs is California's largest cash aid program for children and families, and is designed to provide temporary assistance to meet basic shelter, food, and clothing needs. While providing time-limited assistance, the program promotes self-sufficiency through work requirements and encouraging personal accountability. The program recognizes the different needs of each county and affords them program design and funding flexibility to ensure successful implementation at the local level.

Program Reduction
Under current CalWORKs regulations, child only cases include eligible children of families whose adult parent/caregiver relative(s) are undocumented non-citizens, drug felons or fleeing felons, recipients of Social Security Insurance (SSI), or have reached their 60-month time limit. In these cases the adult parent/caregiver relative is ineligible for CalWORKs assistance or services, but the children receive aid until they reach age 18.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

This proposal establishes a 60-month time limit on the receipt of aid for children whose parent or caretaker relative(s) is an undocumented non-citizen, a drug felon or a fleeing felon.

Reduction Impacts
This proposal will impact approximately 37,000 cases. The families impacted may continue to be eligible for Food Stamps and Medi-Cal, but may not be eligible for General Assistance, depending on local requirements.

Timing of Implementation
All CalWORKs families would be informed of these upcoming program changes in March 2008 via a statewide mailer, noting that the effective date of these changes will be June 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute and emergency regulations.

Impact on Clients/Consumers/Providers
Discontinues aid to approximately 37,000 child only cases whose parent or caretaker relative is an undocumented non-citizens, drug felon, or fleeing felon.

- This reduction will require families to access other community resources, such as food banks, Community Colleges, Regional Occupational Programs (vocational education programs for children and adults), adult education (remedial math, GED preparation, ESL), and Employment Development Department for job services.

- This will put pressure on local communities and other state resources to meet the additional needs of these families.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Governor's Proposal - Mailing Costs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	($174)*	$0	$0	($174)	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$0	$0	$0	$0	
Governor's Budget					

*This portion of the reform proposal results in costs rather than savings.

Program Description

The CalWORKs program will be implementing proposals that impact Safety Net cases and Child Only cases that have a parent or caretaker who is a fleeing felon, drug felon, or Undocumented Non-citizen. In addition, CalWORKs will implement graduated full family sanctions for cases that do not meet the federal work participation rate. A mailing will be sent out to the entire CalWORKs' caseload to inform them of these changes at a cost of $174,000 in the current year.

Program Reduction

Not applicable

Reduction Impacts

Not applicable

Timing of Implementation

All CalWORKs families would be informed of these upcoming program changes in March 2008 via a statewide mailer, noting that the effective date of these changes to be June 2008.

Statutory and Regulatory Change

None.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
CalWORKs
Title: Pay for Performance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	**$40,000**	**$0**	**$0**	**$40,000**	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$0**	**$0**	**$0**	**$0**	
Governor's Budget					

Program Description
Pay for Performance, created by Senate Bill 68 (Chapter 78, Statutes of 2005), is an incentive program to encourage counties to invest resources in work activities and supportive services to move families receiving California Work Opportunity and Responsibility to Kids (CalWORKs) toward meaningful and lasting employment, and to assist the state in increasing its federal work participation rate (WPR). Counties may receive additional funding for meeting particular standards in one or more of three measures: 1) employment rate of county CalWORKs cases, 2) modified federal WPR of county CalWORKs cases, and 3) percentage of county CalWORKs cases that have earned income three months after ceasing to receive assistance. In addition, a fourth measure was added by Assembly Bill 1078 (Chapter 622, Statutes of 2007), which includes the percentage of county CalWORKs cases, and cases that have left aid, that have earned income equal to or in excess of the maximum income level for Earned Income Tax Credit.

2008-09 Governor's Budget
CalWORKs Reform Proposal
(Dollars in Thousands)

Program Reduction

The original Pay for Performance allocation was suspended in state fiscal year (FY) 2005-06, and initially funded in FY 2007-08. The Governor's Budget eliminates funding of $40 million in Pay for Performance incentive funds in FY 2007-08, as counties have not yet been awarded funds for this incentive program, but makes available $40 million in FY 2008-09 for those counties that achieve improved program outcomes during FY 2007-08. This proposal will reduce the impact on the general fund costs by $40 million in FY 2007-08.

Reduction Impacts

As a result of this change, counties will have reduced means to employ strategies to get individuals employed. Counties will continue to work at increasing their rate of employment by CalWORKs recipients as they share 50 percent in any penalty incurred by the state for failure to meet the 50 percent work participation rate.

Timing of Implementation

The proposal will be effective March 1, 2008.

Statutory and/or Regulatory Change

None.

Impact on Clients/Consumers/Providers

- Depending on how counties had planned to use the discretionary Pay for Performance funds (i.e., some counties may have used Pay for Performance to fund direct benefits, services, or in-house programs for clients), this proposal could result in fewer recipients becoming employed.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,631,285	$2,353,206			
Reductions	$6,788	$4,109		$10,897	
Governor's Budget	$1,624,497	$2,349,097			
2008-09					
Workload Budget	$1,693,556	$2,386,736			
Reductions	$168,096	$96,400		$264,496	
Governor's Budget	$1,525,460	$2,290,336			

Program Description

Children's Services provides emergency response and in-home services for abused and neglected children and their families and provides training and technical assistance to their staff. This item also includes special programs such as Deaf Access that ensures public programs and services are adapted to meet the needs of deaf and hard of hearing individuals and their families.

Program Reductions

- Reduction in CWS Allocation – Local Assistance
- Privatization of Independent Adoptions – Local Assistance
- 10 Percent Reduction to the Basic Care, Specialized Care, and Clothing Allowance Rates for the Foster Care, Kin-GAP, and Adoption Assistance Programs – Local Assistance
- Stop Disclosure of Sibling Contact Information (AB 2488) – Local Assistance
- Reduce by 10% the Statewide Provision of Service to the Deaf and Hard of Hearing

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

- Privatization of Independent Adoptions – SO
- Stop Disclosure of Sibling Contact Information (AB 2488) – SO
- Reduce the Foster Family & Small Family Home Insurance Fund by 10%

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Reduction in CWS Allocation – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0		$0	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$83,708	$45,927		$129,635	
Governor's Budget					

Program Description
Child Welfare Services (CWS) provides emergency response and in-home services for abused and neglected children and their families. The program also provides training and technical assistance to administrators and staff.

Program Reduction
This proposal involves an 11.4 percent reduction to the total General Fund allocation for CWS, with the exception of the Adoptions and Child Abuse Prevention Programs.

Reduction Impacts
This proposed reduction to the total CWS General Fund allocation would affect recipients of service and county administration. The counties would have flexibility regarding how to implement the reduction.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require changes to state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Privatization of Independent Adoptions – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0		$0	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$839	$0		$839	
Governor's Budget					

Program Description

An independent adoption is an adoption in which the birth parent places their child directly with the prospective adoptive family. Independent adoptions are investigated on behalf of the court by California Department of Social Services' (CDSS) seven district offices in 55 counties and by three county adoption agencies (Alameda, Los Angeles, and San Diego). The investigations are required by law to assess the adoptive home and determine whether the child is a proper subject for adoption. The investigation must be completed within 180 days of the filing of the adoption petition and report the findings to the courts with a recommendation for or against the adoption petition. The fee for the investigation is $2,950 which helps offset the cost of the Independent Adoptions Program (IAP).

Program Reduction

This proposal will privatize the IAP by transferring the direct-services provision from the counties of Alameda, Los Angeles, and San Diego to licensed private adoption agencies effective July 1, 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Privatization of Independent Adoptions – Local Assistance

Counties will accept petitions through June 30, 2008. Concurrently, these counties will investigate petitions received through June 30, 2008, phasing-out operation through June 30, 2009.

Reduction Impacts

The proposal would discontinue IAP operated by the counties of Alameda, Los Angeles and San Diego. A significant impact of this proposal will be that licensed private adoption agencies could significantly increase adoption fees, currently capped in statute at $2,950, which would make adoptions less affordable and reduce the number of independent adoptions that take place.

In FY 09/10 the Department will achieve a $ 1.68 million general funds savings as a result of shifting the responsibility for independent adoptions to private agencies.

Timing of Implementation

The counties will accept petitions through June 30, 2008. Direct-service provision of IAP will shift from public agencies to licensed private full service adoption agencies effective
July 1, 2008.

Statutory and/or Regulatory Change

This will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: 10 Percent Reduction to the Basic Care, Specialized Care, and Clothing Allowance Rates for the Foster Care, Kin-GAP, and Adoption Assistance Programs – Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$6,788	$4,109		$10,897	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$81,471	$49,309		$130,780	
Governor's Budget					

Program Description
Foster care rates for Foster Family Home (FFH), Foster Family Agency (FFA), Group Home (GH) and KinGAP recipients support the care and supervision needs of children placed in out-of-home care by child welfare and probation agencies.

KinGap recipients are children placed with relatives receiving a rate equal to the basic foster care rate plus specialized care (if eligible), to assist the relative in providing permanency and preventing the children from re-entering or staying in foster care.

The Adoption Assistance Program (AAP) provides benefits to adoptive parents to enable them to meet the care and supervision needs of children who are AAP-eligible. The AAP grant is a negotiated amount based on the needs of the child and the circumstances of the family. The payment is based on the foster care payment the child would have received if the child remained in a foster care placement.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: 10 Percent Reduction to the Basic Care, Specialized Care, and Clothing Allowance Rates for the Foster Care, Kin-GAP, and Adoption Assistance Programs – Local Assistance

The Specialized Care Rate (SCR) paid to a provider over and above the family home basic rate provides for the additional care and supervision needs of the child due to the severity of the child's health and/or behavior problems. The SCR system provides an alternative to group home care, by facilitating the child's placement in a more family-like setting.

Emergency Assistance (EA) funds are available for use by the counties to assist in resolving the emergency of a "needy child" and to provide assistance on behalf of such a child or any other member of the household in which he/she is residing. These funds are available for children who do not meet federal or state foster care eligibility requirements. The EA payment amount is based on the foster care basic rate.

The California Department of Social Services (CDSS) currently funds maintenance payments from State General Funds (SGF) for approximately 1,664 seriously emotionally disturbed (SED) children. Most SED children are placed by the Department of Education in group home psychiatric peer group settings at rate classification levels 12 through 14. However, some SED children are placed in foster family homes and foster family agencies. Since there are no court adjudications (as parents retain legal custody), SED children cannot be eligible for federal foster care benefits and payments are made using non-federal foster care benefits.

Under current law, FFHs and KinGAP recipients will receive a five percent increase to the basic rate, specialized care rate, and clothing allowance effective 1/1/08. A five percent increase also will apply to new AAP cases entered into after 1/1/08. GH maintenance payments also will receive a five percent increase on that date. Foster Family Agencies (FFAs) will *not* receive a five percent rate increase on 1/1/08 under current law.

Program Reduction

This proposal would reduce the basic care rate, specialized care rate and clothing allowance rates for children in foster care including those children who are seriously emotionally disturbed, the Kin-Gap program, and the Adoptions Assistance Program by ten percent. Rates paid to Foster Family Agencies (FFA) will be reduced by five percent rather than ten percent as FFA placements are the only foster care category that did not receive a rate increase on January 1, 2008. This reduction will save $81.471 million in general fund and will affect the 80,000 children in Foster Care including 1,700 Seriously Emotionally Disturbed (SED) children.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: 10 Percent Reduction to the Basic Care, Specialized Care, and Clothing Allowance Rates for the Foster Care, Kin-GAP, and Adoption Assistance Programs – Local Assistance

In addition 14,000 children in the Kin-Gap Program and 7,300 children living with non-related legal guardians will be affected by the rate reductions.

Reduction Impacts
As a result of the 2007 Budget Act, the rates for FFHs, GHs, AAP, EA, and KinGAP will be increased by five percent effective January 1, 2008. The rates paid for SED placements into GHs and FFHs will also increase.

The proposed reduction in rates for foster care providers, the EA Program and the SCR System will provide less funding to meet the needs of children in care.

A reduction in the EA Program rate will have a similar impact. A reduction to the SCR system may reduce the placement alternatives available to children with special needs - medically

fragile, drug exposed infants, children with serious mental and/or physical health problems. The SCR system supports placing children with specially recruited and trained county foster and relative caregivers and as a result, defrays the costs incurred by using alternative placements into more expensive Foster Family Agencies (FFA) and group homes.

Timing of Implementation
Due to the regulatory requirement for adequate notice and the need for the counties to issue a Notice of Action to all recipients affected by the rate decrease, this rate reduction will be implemented in March 2008. Savings will begin accruing starting in June 2008.

Statutory and/or Regulatory Change
This proposal will require a change in state statute but will not require a change in emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Stop Disclosure of Sibling Contact Information (AB 2488) - Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0		$0	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$1,053	$787		$1,840	
Governor's Budget					

Program Description
AB 2488 permits an adopted person greater opportunities to initiate contact with siblings. It lowers the age at which siblings separated by adoption may submit a waiver from 21 to 18 years of age; permits siblings under 18 years of age who were separated by adoption to submit a waiver form with the consent of their adoptive parent, legal parent, guardian, or the dependency court under specified circumstances, permits an adopted person or his or her sibling to petition the superior court under Family Code Section 9205 to have CDSS or the licensed adoption agency that provided adoption services, be appointed as the confidential intermediary if a waiver form has not been filed by each party. This program was included in the Fiscal Year (FY) 2007-08 Governor's Budget Veto Message which delayed enactment to FY 2008-09.

Program Reduction
This proposal would eliminate AB 2488 and eliminates funding for counties to hire additional staff to provide the services pursuant to AB 2488.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Stop Disclosure of Sibling Contact Information (AB 2488) - Local Assistance

Reduction Impacts
Repealing AB 2488 would eliminate the provision whereby an adoptee or sibling would be able to petition the superior court to have a confidential intermediary assigned to search for the other party, and would prohibit the CDSS or county from providing search services in order to attempt to obtain a waiver form to facilitate a reunion between siblings separated by adoption. In addition, repealing AB 2488 would raise the age to file a waiver of confidentiality from 18 years of age back to 21. Adoptees or siblings under 18 years of age would be prohibited from filing a waiver. It was estimated that 60 confidential intermediary service requests would be received by the CDSS per month. This estimate was premised on the development and implementation of a statewide public information component for the program.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This will require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Reduce by 10% the Statewide Provision of Service to the Deaf and Hard of Hearing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0		$0	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$281	$300		$581	
Governor's Budget					

Program Description
The Deaf Access Program (DAP) was created in 1980 to ensure that public programs and services are adapted to meet the needs of deaf and hard of hearing individuals and their families, so that they may receive the public services to which they are entitled, achieve economic independence and fully participate in mainstream society. This is done through contracts with local, non-profit agencies that specialize in providing services to deaf and hard of hearing individuals. Services provided by the DAP include: communication services, counseling, advocacy services, independent living skill instruction, job development and placement, information and referral, and community education.

Program Reduction
The reduction would decrease services, including outreach, community education, and services, to children and hearing parents.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Reductions to the program funding would negatively affect the ability of the contracted, non-profit agencies to provide the mandated DAP services. Possible impacts include the reduction or elimination of certain mandated services due to staff eliminations and outreach office closures.

5180 California Department of Social Services (CDSS)
Children's Services
Reduce by 10% the Statewide Provision of Service to the Deaf and Hard of Hearing

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a statutory or regulatory change for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Privatization of Independent Adoptions – State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$422*	$0	$0	$422	18.0
Governor's Budget					

Total program cost is $2.5 million however collected fees/revenues offset the expenditures.
*There will be a loss of revenue of $850,000 in FY 2008-09. The annualized loss in revenue is $1.7 million

Program Description

An independent adoption is an adoption in which the birth parent places their child directly with the prospective adoptive family. Independent adoptions are investigated on behalf of the court by the California Department of Social Services' (CDSS) seven district offices in 55 counties and by three county adoption agencies (Alameda, Los Angeles, and San Diego). The investigations are required by law to assess the adoptive home and determine whether the child is a proper subject for adoption. The investigation must be completed within 180 days of the filing of the adoption petition and then report the findings to the courts with a recommendation for or against finalizing the adoption. The fee for the investigation is $2,950 which helps offset the cost of the Independent Adoptions Program (IAP).

Program Reduction

This proposal will privatize IAP by transferring the direct-services provision from CDSS to licensed private adoption agencies effective July 1, 2008. CDSS will accept petitions through June 30, 2008. Concurrently, CDSS will investigate petitions received through June 30, 2008, phasing-out operation through June 30, 2009. The annualized reduction amount is $843,000 General Fund and a reduction of 36.0 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
This proposal would prevent the need for 36.0 direct-service and support staff positions in seven Adoption's District Offices statewide. A significant impact of this proposal will be that licensed private adoption agencies could significantly increase adoption fees, currently capped in statute at $2,950, which would make adoptions less affordable and reduce the number of independent adoptions that take place.

Timing of Implementation
CDSS will accept petitions through June 30, 2008. Direct-service provision of IAP will shift from public agencies to licensed private full service adoption agencies effective July 1, 2008.

Statutory and/or Regulatory Change
Will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: Stop Disclosure of Sibling Contact Information (AB 2488) - State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$195	$94	$0	$289	3.0
Governor's Budget					

Program Description
AB 2488 permits an adopted person greater opportunities to initiate contact with siblings. It lowers the age at which siblings separated by adoption may submit a waiver from 21 to 18 years of age; permits siblings under 18 years of age who were separated by adoption to submit a waiver form with the consent of their adoptive parent, legal parent, guardian, or the dependency court under specified circumstances, permits an adopted person or his or her sibling to petition the superior court under Family Code Section 9205 to have CDSS or the licensed adoption agency that provided adoption services, be appointed as the confidential intermediary if a waiver form has not been filed by each party. This program was included in the Fiscal Year (FY) 2007-08 Governor's Budget Veto Message which delayed enactment to FY 2008-09.

Program Reduction
This proposal would eliminate AB 2488, and eliminate 3.0 Social Services Consultant III positions designated to provide services pursuant to AB 2488.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Repealing AB 2488 would eliminate the provision whereby an adoptee or sibling would be able to petition the superior court to have a confidential intermediary assigned to search for the other party, and would prohibit the CDSS or county from providing search services in order to attempt to obtain a waiver form to facilitate a reunion between siblings separated by

adoption. In addition, repealing AB 2488 would raise the age to file a waiver of confidentiality from 18 years of age back to 21. Adoptees or siblings under 18 years of age would be prohibited from filing a waiver. It was estimated that 60 confidential intermediary service requests would be received by the CDSS per month. This estimate was premised on the development and implementation of a statewide public information component for the program.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This will require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Children's Services
Title: 10 Percent Reduction to the Foster Family Home and Small Family Home
Insurance Fund

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$127	$0	$0	$127	0.0
Governor's Budget					

Program Description
The Foster Family Home and Small Family Home Insurance Fund is a depository for all funds appropriated by the Legislature for the purpose of paying, on behalf of foster family homes and small family homes, claims ad litem resulting from occurrences peculiar to the foster care relationship and the provision of foster care services.

Program Reduction
This proposal would reduce the annual General Fund appropriation to the fund by 10 percent. The fund currently contains a balance of $5.8 million in addition to the amount that is appropriated each fiscal year.

Reduction Impacts
Minimal impact to foster family homes and small family homes as claims paid on an annual basis have not exceeded the amount appropriated each fiscal year and the fund currently has an adequate balance to cover potential increases.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Supplemental Security Income/State Supplementary Payment
Suspension of the June 08 and June 09 SSP COLAs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,664,793				
Reductions	$23,253			$23,253	
Governor's Budget	$3,641,540				
2008-09					
Workload Budget	$4,049,111				
Reductions	$ 300,295			$300,295	
Governor's Budget	$3,748,816				

Program Description

The goal of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program is to enable needy aged, blind, and disabled people to meet their basic living expenses for food, clothing, and shelter by providing cash benefits. SSI is a federally funded benefit; SSP is State-funded and is added on to the SSI benefit. SSI/SSP eligibility also establishes automatic eligibility for Medi-Cal. The Social Security Administration (SSA) administers both SSI and SSP concurrently as one program in local SSA offices throughout California.

The Cash Assistance Program for Immigrants (CAPI) is a 100 percent General Fund program that allows immigrants to receive cash assistance when they were made ineligible for SSI/SSP solely due to their immigration status. The goal of CAPI is to enable certain needy aged, blind, and disabled immigrants to meet their basic living expenses for food, clothing, and shelter by providing cash benefits. CAPI provides a cash benefit ($10 less than the SSI/SSP benefit) to needy aged, blind and disabled immigrants who meet all other SSI/SSP eligibility requirements such as income, resources, etc. CAPI is administered by counties and county consortia with State supervision.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Supplemental Security Income/State Supplementary Payment
Suspension of the June 08 and June 09 SSP COLAs

The California Veterans Cash Benefit (CVCB) is a substitute for California's SSP benefit for individuals who were WWII veterans and/or members of the Government of the Commonwealth of the Philippines military forces on or after July 31, 1941, and returned to the Republic of the Philippines to live. CVCB provides a State-funded cash benefit equal to the SSP rate that individuals would have received in California. CVCB is administered by the SSA in conjunction with the similar federally funded Special Veterans Benefit program.

Program Reduction

Pass Through of Federal Cost of Living Adjustment (COLA) - Under this proposal, recipients of SSI/SSP still will see increased payments in total benefits in both years due to provision of the federal COLAs. In January 2008, SSI/SSP monthly payments for aged and disabled individuals will increase from $856 to $870, and monthly payments for aged and disabled couples will increase from $1,502 to $1,524. In January 2009, the monthly payment for aged and disabled individuals is estimated to further increase to $881, while the monthly payment for aged and disabled couples is estimated to further increase to $1,540. Recipients will still see increased payments in total benefits in both years due to provision of the federal COLAs, but an individual will receive 4.9 percent and a couple will receive 5.2 percent less than they otherwise would have.

Suspend June 2008 COLA: -The January 08 federal pass through would provide monthly grants of $870 for individuals and $1,524 for couples. The grants would remain at this level for the 1.3 million SSI/SSP recipients. The grant levels would also remain constant for the 8,500 Cash Assistance Program for Immigrants (CAPI) and 1,800 CA Veterans Cash Benefit (CVCB) recipients

Suspend June 2009 COLA: -The January 09 federal pass through would increase the monthly grant amount to $881 for individuals and $1,540 for couples. The grant levels would also remain constant for the 8,500 CAPI and 1,800 CVCB recipients. This grant amount would remain in effect until January 2010 when the federal pass through is received.

Reduction Impacts

The typical SSI/SSP recipient (aged or disabled, living independently with no other income) will receive a $14 federal SSI COLA increase in January 2008, up to $870. Suspending the June 2008 SSP COLA means the rate of $870 will remain in effect throughout 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Supplemental Security Income/State Supplementary Payment
Suspension of the June 08 and June 09 SSP COLAs

Passing through the federal SSI COLA in January 2009 means that the SSI/SSP payment for the typical recipient would increase by an estimated $11, to $881. Suspending the June 2009 SSP COLA means the rate of $881 would remain in effect throughout 2009.

In FY 09/10 the Department will achieve a $ 610 million general funds savings as a result of the suspension of the June 08 and June 09 SSP COLA's

Timing of Implementation

The SSA sets an annual date in late October by which they require notification of SSP changes to be effective January 1 of the following year. We would need to notify the SSA (as we do every year) by the 'yet to be specified' date in late October 2008 of the pass through of the SSI COLA for 2009 and suspension of the 2009 SSP COLA.

The SSA has already been notified of the SSP COLA taking effect June 2008 under current law. The SSA needs to receive official notification at least 90 days prior to the effective date of an SSI/SSP rate reduction that occurs on any date other than January 1. SSA would therefore need to be notified by March 1, 2008, about the suspension of the June 2008 SSP COLA.

Statutory and/or Regulatory Change

The suspension of the June 08 and June 09 SSP COLAs will require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
In Home Supportive Services (IHSS)

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$1,668,374		$3,348,761		
Reductions	$119,579		$241,424	$361,003	
Governor's Budget	$1,548,795		$3,107,337		

Program Description

The IHSS provides support services to eligible low-income aged, blind, and disabled persons to allow these individuals to remain safely in their homes and prevent institutionalization.

Program Reductions

- IHSS Reduction of Hours – Local Assistance
- Reduce County Administration Costs by Ten Percent – Local Assistance

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
In-Home Supportive Services (IHSS)
Title: IHSS Reduction of Hours

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget					
Reductions	**$109,411**		**$227,238**	**$336,649**	
Governor's Budget					

Program Description
The In-Home Supportive Services (IHSS) program provides support services, such as house cleaning, transportation, personal care services, and respite care to eligible low-income aged, blind, and disabled persons. These services are provided in an effort to allow individuals to remain safely in their homes and prevent institutionalization.

Program Reduction
The across the board IHSS Service reduction will be achieved by reducing "domestic and related services" hours by 18 percent. The "domestic and related service" category to be reduced includes the following:

- Domestic Services
- Meal Preparation
- Meal Clean-Up
- Laundry
- Food Shopping
- Shopping/Errands

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
In-Home Supportive Services (IHSS)
Title: IHSS Reduction of Hours

Reduction Impacts
The proposed reduction would reduce hours for these services by 1.08 hours per client. The average hours of domestic and related services per client are six per month. Since fifty-eight percent of IHSS recipients are provided services from a relative caregiver we believe this reduction will have minimal impact. This proposal ensures the highest level of recipient safety, since it does not impact the more individualized and intimate personal care services provided in the IHSS Program.

Timing of Implementation
Enactment of the legislative change will occur March 1, 2008. The reduction will be effective July 1, 2008; however, Medi-Cal State Plan amendments would also be required, which may occur after March 2008.

Statutory and/or Regulatory Change
The reduction will require a statutory change and would also require an amendment to the Department of Health Care Services Medi-Cal State Plan.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
In-Home Supportive Services (IHSS)
Title: Reduce County Administration Costs by Ten Percent

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$1,688,374		$3,348,761		
Reductions	$10,168		$14,186	$24,354	
Governor's Budget	$1,678,206		$3,334,575		

Program Description
The IHSS program provides in home assistance to eligible aged, blind and disabled individuals. IHSS program goals are to allow individuals to remain safely in their own homes and avoid institutionalization. Services covered by IHSS include: domestic and related services (housework, shopping for food, meal preparation, and laundry); non-medical personal care services; transportation (such as accompaniment to medical appointments); and paramedical services (necessary health care activities that recipients would normally perform for themselves were it not for their functional limitations). IHSS is administered locally by county social services agencies. The California Department of Social Services (CDSS) performs administrative direction and oversight of the IHSS program.

Program Reduction
Reduce the county administration cost by ten percent or approximately $24.4 million, resulting in $10.2 million General Fund (GF) savings. Commensurate workload reductions would also be proposed to extend the variable reassessment to 18 months for all non IHSS Plus Waiver (IPW), Personal Care Services Program (PCSP) and Residual recipient assessments.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
In-Home Supportive Services (IHSS)
Title: Reduce County Administration Costs by Ten Percent

This six month extension will provide workload relief to address a ten percent budget reduction.

Reduction Impacts
In order for the counties to accommodate this reduction in funding, CDSS is proposing a workload reduction. The counties would be able to delay all reassessments for non- IPW recipients up to 18 months. Expanding the 18 month variable assessment option to the full PCSP and Residual populations will provide county flexibility upon completing all reassessments. Additionally, expanding the existing 18 months for variable reassessments to all PCSP and Residual populations should have limited risk to IHSS recipient safety and well being. This proposal does not impair the ability of a county to conduct a reassessment more frequently than 18 months when a recipient has experienced a change in circumstances affecting his/her supportive service needs.

Timing of Implementation
Enactment of the legislative change will occur March 1, 2008 however, Medi-Cal State Plan amendments would also be required, which may occur after March 2008. The savings will begin to accrue July 1, 2008.

Statutory and/or Regulatory Change
A statutory change and amendments to existing state regulations would be needed to change the timeframe for variable assessments.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Adult Protective Services
Reduce Adult Protective Services Program by 10%

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$61,273		$53,050		
Reductions	$6,127		$5,305	$11,432	
Governor's Budget	$55,146		$47,745		

Program Description

The Adult Protective Services (APS) program provides services, without regard to income, to elders aged 65 and older, and dependent adults aged 18-64 who are functionally impaired, unable to meet their own needs, and who are victims of abuse, neglect or exploitation. There is no eligibility or means test for APS services and services are provided only with the approval and consent of the client. The California Department of Social Services (CDSS) is responsible for supervising the administration of the APS program which is administered locally by the APS program agencies in each of California's 58 counties.

Each county is required to establish and support an adult protective services system of protective services for elders and dependent adults who may be subjected to abuse, neglect, or exploitation, or who are unable to protect their own interests. County APS agencies investigate reports of abuse of elders and dependent adults who live in private homes and hotels (or hospitals and health clinics when the abuser is not a staff member.) County APS staff evaluates abuse cases and arranges for services such as advocacy, counseling, money management, out-of-home placement, or conservatorship.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Adult Protective Services
Title: Reduce Adult Protective Services Program by 10%

APS assists law enforcement agencies and district attorney's offices in the prosecution of those who commit crimes against elder or dependent adults.

Program Reduction
A ten percent across the board reduction to the APS program has been proposed in order to provide for a decrease in General Fund (GF) expenditures.

Reduction Impacts
Many APS agencies have begun to triage cases based on emergency and defer other cases. Given the reduction, counties may need to set up processes to evaluate and prioritize cases to continue to support and protect seniors and dependent adults.

Some services, such as advocacy, counseling, money management, out-of-home placement, or conservatorship may have to be redirected to other agencies.

Complex cases that involve financial abuse and self neglect more often require diligent research and documentation; thus, law enforcement agencies and mental health agencies would likely take the lead in developing these cases in order to ensure a successful outcome.

Timing of Implementation
The enactment of the legislation will occur March 1, 2008 and the reduction will take effect on July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require changes to either state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Community Care Licensing

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$46,991	$76,060	$30,018		
Reductions	$2,335	$254	$159	$2,748	33.0
Governor's Budget	$44,656	$75,806	$29,859		

Program Description

The Community Care Licensing Division (CCLD) directly licenses and monitors approximately 75,000 community care facilities and provides oversight, direction, and training to counties that license approximately 11,000 additional facilities. These facilities include child day care, children's residential, and elderly residential and day support facilities and serve approximately 1.4 million clients statewide.

One way that CCLD provides oversight of these approximately 86,000 community care facilities is by completing facility inspections. Annual inspections are made to facilities that require close monitoring due to their compliance history or because they care for developmentally disabled clients. These inspections equate to approximately 10 percent of all licensed facilities. For the remaining 90 percent of community care facilities, a 30 percent random sample is inspected annually.

Program Reduction

This proposal would reduce the current 30 percent random inspection protocol to a 14 percent random inspection protocol to achieve a 10 percent reduction in licensing costs. The annualized savings for this proposal is $4.7 million General Fund and 66.0 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Under this proposal, all facilities would continue to receive inspections at a reduced frequency (approximately once every 7 years), and CCLD will continue to respond to complaints, follow-up on administrative actions and violations, conduct criminal background checks, license new facilities, and otherwise administer the complement of inspections/protections and provider/staff supports required for effective program delivery.

To mitigate health and safety impacts, no reduction will be made to follow-up inspection schedules for facilities that have previously been found to be out of compliance with licensing standards. Even with this reduction, the frequency of visits will surpass the level occurring when the Administration took office.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
Will require a change in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Food Stamp Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$355,948	$484,402			
Reductions	$200	$0		$200	
Governor's Budget	$355,748	$484,402			
2008-09					
Workload Budget	$366,443	$504,501			
Reductions	$16,871	$20,530		$37,401	
Governor's Budget	$349,572	$483,971			

Program Description

The Food Stamp Program (FSP) provides benefits to low-income Californians via electronic debit cards, which participants may use to buy food from eligible retailers.

The California Food Assistance Program (CFAP) provides benefits to low income legal non-citizens between the ages of 18 and 65, who have resided in the U.S. for less than five years.

Program Reductions

- Food Stamp Administrative Reduction
- Ten Percent CFAP Benefit Reduction
- The remainder of the target reduction is achieved through the elimination of the Interim Statewide Automated Welfare System (ISAWS) migration project.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
California Food Assistance Program (CFAP)
Title: Ten Percent CFAP Benefit Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$200	$0	$0	$200	
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$2,500	$0	$0	$2,500	
Governor's Budget					

Program Description
Currently, the California Food Assistance Program (CFAP) provides benefits to low income legal noncitizens between the age of 18 and 65, who have resided in the U.S. for less than five years. Assembly Bill 1576 created a state-funded food stamp program (effective September 1997) for households that became ineligible for federally-funded food stamp benefits due to the federal welfare reform law (effective August 22, 1996). CFAP recipients must meet all other eligibility requirements that govern the federal Food Stamp Program to be eligible for state-funded benefits. The CFAP benefits and administrative costs are 100 percent state-funded.

Approximately 23 percent of the CFAP caseload represents families, and the funds spent on this population are countable towards the Temporary Assistance to Needy Families (TANF) Maintenance of Effort (MOE) requirement. The savings associated with these cases ($575,000) must be backfilled with other general fund spending in the California Work Opportunity and Responsibility to Kids program in order to meet the TANF MOE requirement. Utilizing projected excess MOE spending for this backfill would reduce the projected excess MOE Caseload Reduction Credit up to 0.02 percent.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This reduction proposes to reduce the CFAP benefit levels by ten percent.

Reduction Impacts
The current CFAP monthly population is approximately 23,400. This population may have their benefits reduced by ten percent. The average CFAP monthly benefit per person will be reduced from approximately $91 to $82.

Timing of Implementation
The ten percent reduction in benefits will be effective June 1, 2008.

Statutory and/or Regulatory Change
The ten percent reduction in benefits will require a change in state statute and emergency regulations.

Impact on Clients/Consumers/Providers
The 23,400 persons served by this program could be compelled to resort to other available sources, such as food banks, food pantries, and other community organizations to fully meet their nutritional needs.

The average CFAP monthly benefit per person will be reduced from approximately $91 to $82.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Food Stamp Programs
Title: Administrative Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0		
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$14,371	$20,530	$0	$34,901	
Governor's Budget					

Program Description
The Food Stamp Program (FSP) is the Nation's largest nutrition program for low-income households. The program provides benefits to low-income Californians via electronic debit cards, which participants may use to buy food from eligible retailers.

Program Reduction
County allocations for the administration of the federal FSP are proposed to be reduced by approximately four percent in order to meet a ten percent reduction in the FSP.

Reduction Impacts
Reducing the county administrative allocation will impact county operations. Counties will be compelled to maintain their existing workload while absorbing the reduction in administrative funding for program operations. CDSS is committed to pursuing strategies to mitigate this impact on counties by streamlining the application process. Strategies currently in place or under consideration include:

- Effective April 2008, as a result of a federal waiver, counties will have the option to substitute a phone interview in lieu of an in office interview for all quarterly reporting households at recertification and elderly/disabled households at both recertification and intake.

- We will extend the phone interview option by waiving the existing requirement for working program applicants and recipients to come into a county office for a face-to-face interview. This will require a federal waiver.
- Current State regulations require that for applicant households eligible for Expedited Service (ES), benefits must be provided within three days of application. Federal regulations allow for a seven-day processing time period for ES. California will adopt the federal standard, relieving counties of the more constrictive three-day mandate. This change would require a legislative remedy.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The proposal to reduce the FS administration will not require a change in state statute or emergency regulations.

Impact on Clients/Consumers/Providers
- Reducing county allocations for the administration of the federal FSP will result in counties having to maintain their existing caseloads with fewer resources.

- Reduction may affect program integrity activities resulting in increased errors, and a reduced emphasis on quality control activities.

- With fewer resources to maintain existing caseloads, consumers may receive lower quality customer service from the counties.

- Consumers may suffer from delays in processing initial applications and recertifications in the FSP.

- A reduction in the counties' administrative allocation will likely result in a commensurate reduction in county staff, which may negatively impact county outreach activities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Automation Projects

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$162,058	$151,381	$71,342		
Reductions	$3,385	$2,336*	$1,866	$7,587	
Governor's Budget	$158,673	$149,045	$69,476		
2008-09					
Workload Budget	$241,917	$170,397	$130,766		
Reductions	$43,965	$31,653	$22,259	$97,877	
Governor's Budget	$197,952	$138,744	$108,507		

*Includes $1.1 million in CalWORKs savings

Program Description

The Interim Statewide Automated Welfare System (ISAWS) Migration project will migrate the 35 ISAWS Consortium counties to the SAWS Consortium IV (C-IV). This project encompasses development, implementation, and operations activities for the ISAWS counties. The expanded C-IV represents approximately 27 percent of the clients statewide. Currently, there are approximately 6,200 users of the C-IV system and approximately 6,850 users of the ISAWS system. With the addition of the ISAWS counties, the C-IV system will support approximately 13,050 users in 39 counties.

Program Reduction

The state's unprecedented structural deficit requires difficult decisions to close the budget gap. To prevent the need to make reductions and introduce significant risk in other critical automation projects, this proposal would eliminate the ISAWS Migration project.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

- The ISAWS system is dependent on proprietary architecture; therefore, competition for those goods and services is limited or nonexistent.

- The federal agencies have committed to providing funding for the proprietary components of the system only through the completion of ISAWS migration. The Department will work with federal agencies to continue funding until the state budget can accommodate an alternative to replace ISAWS.

- As the ISAWS system (which was built in the late 1980's) ages, there are greater risks to the performance of a mission critical system that delivers benefits to approximately 13 percent of the state's caseload.

- Part of the ISAWS migration procurement strategy required the current C-IV Maintenance and Operations (M&O) contract to be terminated nearly three years early and an M&O procurement to be conducted for all 39 counties, including the ISAWS counties. This procurement was expected to result in lower M&O costs. Elimination of the ISAWS Migration project could void the early termination of the contract.

Timing of Implementation

Begin project termination March 1, 2008, and complete close-out by April 30, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Disability Determination

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$11,297	$224,308	$11,573		
Reductions	$589	$0	$590	$1,179	10.2
Governor's Budget	$10,708	$224,308	$10,983		

Program Description

The Disability Determination Service Division-State Programs (DDSD-SP) is responsible for determining medical eligibility for California residents who have applied for Medi-Cal disability under the provisions of Title XIX of the Social Security Act. Title XIX determinations are made by the state under regulation of the Centers for Medicare and Medicaid (CMS) and the Social Security Administration (SSA). In California, these determinations are made by the CDSS DDSD-SP, through an interagency agreement with the California Department of Health Care Services (CDHCS). The processing time standards for these cases are set in federal regulations and cannot be changed by the state.

Program Reduction

This reduction would decrease the DDSD-SP by $1.2 million ($589,000 General Fund) and 10.2 positions in 2008-09, along with decreases in overtime, temporary help positions, and operating expenses. The total annualized reduction for this proposal is $2.4 million ($1.2 million General Fund) and 20.4 positions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The DDSD-SP is funded with 50 percent reimbursements (Title XIX federal funds from CDHCS) and 50 percent General Fund. The reduction will result in a delay in disability determinations.

Timing of Implementation
This reduction will have an effective date of January 1, 2009.

Statutory and/or Regulatory Change
A change to federal regulation is required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Administrative Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$7,115	$2,838	$7,657		
Reductions	$70	$0	$0	$70	0.0
Governor's Budget	$7,045	$2,838	$7,657		
2008-09					
Workload Budget	$12,679	$12,092	$8,691		
Reductions	$830	$468	$179	$1,477	10.0
Governor's Budget	$11,849	$11,624	$8,512		

Program Description
CDSS' state operations budget includes funding and positions to support the operation and administration of the Department's programs.

Program Reductions
- Reduce CDSS Operating Expense and Equipment
- Reduce California State Accounting and Reporting System Contract
- Reduce Payroll Support
- Reduce State Hearings Work Force

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Administrative Support
Title: Reduce California State Accounting and Reporting System (CalSTARS) Contract

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$42	$53	$5	$100	0.0
Governor's Budget					

Program Description
The Fiscal Systems and Accounting Branch provides the accounting services, including contract payments, travel claims, payroll, county assistance and administrative services reimbursement, Cost Allocation Plan development and implementation, federal reporting, state reporting and general accounting services to the California Department of Social Services (CDSS) programs. The Fiscal Systems and Accounting Branch uses CalSTARS as its automated accounting system and has a CalSTARS contract to purchase the level of system usage needed to support the Department's accounting functions.

Program Reduction
This proposal would reduce the CalSTARS contract by $100,000 ($42,000 General Fund). Currently, nightly error reports are run for each business day during the entire fiscal year. This allows the Department to quickly identify and correct errors in the loading of data into CalSTARS. Reducing the number of error reports for eight months of the fiscal year from nightly to weekly would allow for a reduction in the contract of approximately $100,000. In addition, the number of special batches would be reduced. These reductions will limit the ability to obtain ad hoc accounting data and may delay some reports.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

This proposal would not apply to the nightly run of error reports and correction batches during the year-end closing process. It is essential that nightly error and batch reports be run at this time to ensure that the year-end reports are completed and submitted to the State Controller's Office on time.

Reduction Impacts
Under this proposal, the level of CalSTARS support purchased by CDSS would be reduced to only the essential needs of the Branch. The reduction will be taken in the number and frequency of special reports. This will have a minor impact on workflow and reduce the ability to respond to special requests for accounting and expenditure information.

Timing of Implementation
All of the changes could be implemented by September 1, 2008. Since the year-end process is not completed until mid-August of each year, the nightly error reports would continue until the Fiscal Year 2007-08 books are closed.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Administrative Support
Title: Reduce Payroll Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$11	$12	$1	$24	0.5
Governor's Budget					

Program Description
The Human Resource Services Branch provides services to the California Department of Social Services (CDSS) employees regarding payroll, workers compensation, benefits, examinations, employee issues labor relations, and classification and pay. The Branch also provides administrative support for overall CDSS department and program operations.

Program Reduction
This proposal would reduce 1.0 Management Services Technician (MST) in the Human Resource Services Branch. The MST provides assistance in obtaining medical clearances as part of the hiring process for certain classifications and monitors compliance with conflict of interest. The annualized reduction amount is $47,000 ($21,000 GF).

Reduction Impacts
This proposal would reduce internal customer service to CDSS Programs and the following services will be discontinued: 1) Salary Advance Database maintenance will not occur, 2) managers will no longer be automatically notified of due dates for Employee Probation Reports, 3) the Leave Accounting Balance Report will no longer be produced, and 4) Incompatible Activities notices will not be tracked.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
This reduction will have an effective date of January 1, 2009.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Administrative Support
Title: Reduce State Hearings Work Force

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$0	$0	$0	$0	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$337	$403	$173	$913	9.5
Governor's Budget					

Program Description
The State Hearings Division (SHD) is responsible for conducting quasi-judicial hearings on behalf of the Director on cases in the California Work Opportunity and Responsibility to Kids (CalWORKs), Food Stamp, Refugee Cash Assistance, Adult Services, Social Services, the Department of Health Care Services' Medi-Cal programs, and child support disputes for the Department of Child Support Services.

Program Reduction
This proposal is a reduction of 13.0 Administrative Law Judge (ALJ) positions and 6.0 Office Technician (OT) positions on an annualized basis. The annualized reduction amount is $2.1 million ($780,000 GF).

Reduction Impacts
ALJ staff would minimize travel unless required for complex cases and would issue a summary decision containing only a brief summary of the findings of fact and the legal conclusions in most cases. Time savings achieved by reducing travel time and decision writing time would be redirected to increase the number of hearings each ALJ conducts and decides. Nearly all hearings would be conducted by telephone or videoconference by an ALJ.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Support functions such as scheduling, compliance, and decision releasing would be centralized. ALJs would work from a home office conducting telephone and possibly videoconference hearings. Evidence received for a case would be transmitted electronically to the ALJ's home office. Nearly all hearings would be conducted by telephone or videoconference by an ALJ. In-person hearings will only occur on a very limited basis. Some examples of cases requiring an in-person hearing would be hearings with a large number of witnesses, multiple parties (e.g. claimant, managed care plan, and a county or state agency), and cases with substantial animosity between the parties, or cases with mental or physical disabilities of a party.

Additional costs would be incurred to provide ALJs with necessary home office equipment, including printer, fax/scanner, conference phones, cell phones, and digital recorders. These additional costs are accounted for in the savings generated from this proposal.

Timing of Implementation
The reduction will be effective January 1, 2009.

Statutory and/or Regulatory Change
This proposal will require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5180 California Department of Social Services (CDSS)
Administrative Support
Title: Department-wide Operating Expense and Equipment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions	$70	$0	$0	$70	0.0
Governor's Budget					
2008-09					
Workload Budget					
Reductions	$440	$0	$0	$440	0.0
Governor's Budget					

Program Description
California Department of Social Services' Operating Expense and Equipment (OE&E) expenditures include, but are not limited to, costs for travel, contracts, and equipment for all Divisions in the Department.

Program Reduction
This proposal would reduce the Department's OE&E expenditures across all categories. The Department will target in-state travel, out-of-state travel, contracts, and assess other OE&E costs to minimize the impact to the Department's mission.

Reduction Impacts
The OE&E reductions should have minimal impact to the Department's mission.

Timing of Implementation
Reduction will be effective March 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5225 California Department of Corrections and Rehabilitation
Adult Institutions and Paroles
20 month Early Release of Specified Non-Serious Non-Violent Inmates and Summary Parole for Non-Serious, Non-Violent Parolees

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$9,140,742	$3,524	$152,489		
Reductions	$17,885	-	-	$17,885	200
Governor's Budget	$9,122,857	$3,524	$152,489		
2008-09					
Workload Budget	$9,410,351	$3,569	$178,633		
Reductions	$354,299	-	-	$354,299	5,854
Governor's Budget	$9,056,052	$3,569	$178,633		

The Budget Balancing Reductions for the Department of Corrections and Rehabilitation (CDCR) adult institutions and paroles programs is comprised of two main proposals: 20 month early release of specified non-serious, non-violent, non-sex-offenders; and conversion to summary parole of all non-violent, non-serious, non-sex-offenders (including those subject to early release). The chart above shows the total reduction amounts for both of these components and assumes a March 1, 2008 enactment date for the necessary statutory changes. Each proposal is described in more detail below.

EARLY RELEASE

Program Description

The CDCR incarcerates felons sentenced by the courts to serve time in prison. The Department also incarcerates parole violators who have been returned to custody for parole violations, which can include the commission of new crimes. The Department currently incarcerates 171,081 inmates including: 162,574 inmates in 33 prisons, and 44 conservation camps, 6,307 inmates in various non-CDCR beds including private facilities, and 2,027 inmates in out of state private facilities. In 2005 the commitment offenses of the CDCR population included 49.8 percent having committed Crimes

Against Persons, 21.5 percent committed Property Crimes, 21.1 percent committed Drug Crimes, and 7.7 percent committed other crimes.

Program Reduction

To meet the 10 percent reduction target the Department would release specified offenders 20 months early. Specified offenders eligible for early release would include non-serious, non-violent, non-sex registrant offenders with no prior serious or violent crimes and with no strikes 20 months early. This proposal would also exclude those offenders who have committed certain crimes that are not defined as serious or violent crimes in the pneal code, but have elements of violence or pose significant public safety concerns. It would also exclude offenders that may have committed similar crimes in prison that were subject to administrative review but not prosecuted. Upon release these offenders would be placed on summary parole supervision, which over time will also result in decreased parole population. Due to the length of the early release many offenders will serve no time in state prison, and will not be supervised on parole. This will result in a total Average Daily Population reduction of 348 in 2007-08, 22,159 in 2008-09, and 26,136 in 2009-10 for a savings of $4.3 million in 2007-08, $256.4 million in 2008-09, and $526.7 million in 2009-10.

Records of all offenders that would be eligible will be reviewed for disqualifying offenses. This will require additional resources in case records. Requires approximately $600,000 in one-time overtime for all institution Case Records offices to review inmates for early release criteria, audit Central Files, prepare notices, contact local authorities to pick-up offenders with hold, process and transfer inmates for USINS, and prepare for parole. Ongoing the Department will need approximately 9.0 positions for an increase of an estimated 1,000 Paper Commitments per month from the Courts. If the court determines an inmate has less than 20 months to serve, it is anticipated the inmate will be released directly to parole. The Case Records Unit would be unable to immediately process all existing offenders for parole. This workload could only be completed by overtime as new staff requires a full year of training. In total, the cost in 2007-08 to perform these activities is $1.5 million, and would be $900,000 on an ongoing basis. This proposal includes proposed statutory language authorizing the CDCR to redirect programmatic savings beyond that reflected in the Budget Balancing Reductions to fund the cost of this workload in the current year. As a result, the 2007-08 savings amount reflects gross savings of $4.3 million and assumes that the $1.5 million in costs will be absorbed elsewhere in the Department's budget. The 2008-09 savings amount is net of the ongoing $900,000 annual cost.

Reduction Impacts

By releasing inmates 20 months prior to the end of their sentence, many offenders will spend little if any time in state prison, or any type of incarceration for committing felonies.

By reducing this low-level population, this type of population reduction will result in a significant reduction to the inmate work force. This will affect normal prison operations

by reducing the number of inmates that would be able to maintain the prisons, and could result in an increased need for maintenance resources, including grounds crews, and other jobs currently performed by inmate work crews.

There will also be an impact on the provision of rehabilitative services to inmates. Currently many of these programs are targeted at this population. This reduction would require a reassessment of these services and at a minimum would require a retooling of existing programs. Absent eligibility changes existing programs could be eliminated. In the end, this reduction could result in a higher percentage of the inmate population being able to participate in programs, and would allow the Department to eliminate the "churning" effect that short-term offenders have on programming resources.

The impacts will be especially acute in the female population, and a reconsideration of current reforms directed toward female offenders may need to be reconsidered.

Timing of Implementation
Assumes legislation would be effective March 1st and that inmates will be released starting June 1st. Assumes it will take six months to complete discharge of all eligible inmates. Also assumes that there will be a need for a layoff process before full savings could be realized.

Statutory and/or Regulatory Change
This proposal will require adding Penal Code Section 2933.7 to authorize the Department to release specified inmates 20 months early, as well as uncodified budget flexibility language allowing the CDCR to redirect existing resources toward the cost of implementing the population reduction policies.

SUMMARY PAROLE

Program Description
The CDCR supervises parolees released from prison. The length of supervision is dependent on the commitment offense and the behavior of the parolee while on parole. Successful specified parolees are discharged from parole supervision in their 13th month of parole. Currently CDCR supervises 125,274 parolees in California communities. There are also an additional 18,131 parolees at large. The level of supervision is dependent upon several factors, including the actions of the parolee, and the severity of the commitment offense. The Department has a variety of rehabilitative programs available for eligible offenders, including substance abuse treatment, literacy training, job services, and mental health treatment. A majority of parolees violate the conditions of their parole or commit new crimes and are returned to prison within two years of release from prison.

Program Reduction
The Department would place non-serious, non-violent, non-sex offenders with no prior serious, violent or strikeable offenses on summary parole after serving their prison term.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

This proposal would eliminate the option of returning an individual on summary parole using the administrative process and instead would require a new conviction. Because these individuals would still be on parole, the Department will require some clerical resources to monitor records and process inmates who convert to summary parole. These parolees would continue to be subject to search and seizure by any peace officer, as well as drug testing by any peace officer. By not supervising these parolees and eliminating the administrative return process, this results in both parole and institutional savings. This option would result in a reduction in parole ADP of 1,491 in 2007-08, 18,522 in 2008-09, and 28,174 in 2009-10, and a reduction in institutional ADP of 503 in 2007-08, 6,249 in 2008-09, and 8,635 in 2009-10. The combined savings associated with these reductions is $13.6 million in 2007-08, $97.9 million in 2008-09, and $231.5 million in 2009-10. As with the early release proposal, the 2007-08 savings is a gross total which assumes that costs to implement will be absorbed within existing resources, available for redirection from programmatic savings that are not reflected in these "ADP-only" reduction totals, while the 2008-09 and 2009-10 totals are net of the estimated costs to implement. These costs are discussed below.

Implementation of summary parole would depend on the resources available to review case records and determine eligibility for summary parole. There are many variables in determining the number of staff required to complete the conversion process. Various rap sheets will need to be reviewed for each case, however, it is anticipated that an unknown percentage of these offenders will have a prior serious or violent conviction, and thus will not require further staff work. Total costs to complete the review would be approximately $10 million on a one-time basis in 2007-08. Furthermore, it is estimated that an additional $4.1 million in 2007-08 and $4.2 million ongoing would be needed for 56 permanent case records positions, including $2 million in overtime costs to begin implementation.

Furthermore, all existing parole agents, with the exception of agents assigned to specialized caseloads charged with supervising High Risk Sex Offenders, would be tasked with this review, based on case assignment of the eligible population.

- Case distribution would equate to approximately 14 cases per agent for review. This staff work could be completed within ten working days.
- Unit support staff require approximately .25 hours per case to process. There are 190 Parole Units and Sub-Units throughout the state, which equates to approximately 135 cases to be processed by each unit. This staff work could be completed within ten working days.
- The two Case Records Units would receive up to 12,750 cases for processing and require approximately .50 hours per case to process to the Board of Prison Hearings for review. The workload for this unit would be overwhelming, given the additional daily required duties. It would take approximately 25 dedicated staff from each unit to complete this process in a six-week timeframe.
- Prior to complete implementation, the California Correctional Peace Officers Association would have to be provided with a 30-Day notice, and workload

negotiations would have to occur. This process would also have to be negotiated with the unions representing the Case Records Analyst and Unit Support staff.

Reduction Impacts

Most states do not place all inmates released from prison on parole. This would allow limited parole resources to be focused on offenders who are most likely to have difficulty reintegrating into society. This would result in the elimination of approximately 256 parole agent positions which would significantly reduce the number of vacant parole agents, and would have a positive impact on the Department's efforts to comply with the requirements of Jessica's Law.

Parolees are all convicted felons, and most of these offenders have had multiple contacts with the criminal justice system prior to being sentenced to prison. Parole is a valuable tool for the law enforcement community in order to keep these offenders under increased scrutiny to avoid new victims. The parole revocation process is preferred by District Attorneys and local law enforcement due to the expedited process, the lower burden of proof, and because the costs are borne by the State. This would shift these costs to local law enforcement and District Attorneys. Under this proposal, summary parolees would be subject to search, seizure, and substances testing by any peace officer and return to prison would be based on a new conviction prosecuted at the local level.

The savings estimate could be impacted by an increase in the number of new commitments prosecution rates for new crimes committed by offenders previously subject to the parole revocation process increase. The cost of a new prison sentence is likely to be higher than the cost of a revocation. However, it is not possible to estimate this potential impact.

Due to elimination of the parole revocation process, the inmates and parolees eligible for early release and summary parole would no longer be *Valdivia* class members. Impact to the *Valdivia* litigation would be in the form of reducing, but not eliminating the need for remedial sanctions. Most remedial options are contracted services that are not available to serious or violent parolees. A dramatic reduction in the non-violent non-serious parolee population would significantly reduce the existing workload. At a minimum, existing programs would have to be retooled and absent eligibility changes existing programs could be eliminated. Unless program requirements were changed, contractors may elect to discontinue services given the reduced volume. While the Department will continue to make every effort to maintain these services for the remaining traditional parolee population subject to *Valdivia*, obtaining contract to provide services could impact compliance with the Court's order.

Many established parole programs have exclusionary criteria which prohibit participation if the offender is classified serious or violent, or is required to register pursuant to PC 290. By eliminating this population, some programs could not be sustained. Ultimately, programs could face greater difficulty in recruiting and securing future contractors for

residential, support, and drug treatment services. The population of offenders eligible for rehabilitative services under SB 1453, SB 618 and Proposition 36, would be the same population eligible for summary parole. Elimination or modification of these programs would need to be evaluated.

Timing of Implementation

Assumes Legislation would be effective March 1st and that conversion to summary parole will begin June 1st. Assumes it will take four months to complete the conversion of all eligible parolees. Also assumes that there will be a need for a layoff process before full savings could be realized.

Statutory and/or Regulatory Change

This proposal will require amending Penal Code Section 3000 to create a summary parole status, Section 3056 and 3060 to exclude parolees on summary parole from having their parole revoked unless they have been convicted of a new crime. As noted previously, the Department will also need statutory flexibility to redirect programmatic savings toward the cost of implementing the parole conversion processes.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

5225 California Department of Corrections and Rehabilitation
Title: 10 Percent Reduction to Local Assistance Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$251,528	$22,224	$19,465		
Reductions	-	-	-		-
Governor's Budget	$251,528	$22,224	$19,465		
2008-09					
Workload Budget	$246,021	$22,224	$19,465		
Reductions	$24,602	-	-	$24,602	-
Governor's Budget	$221,416	$22,224	$19,465		

Program Description

The Department of Corrections and Rehabilitation (CDCR) provides funding to local jurisdictions to support mental health treatment for mentally ill offenders, and to support Juvenile Probation and Camps. The Mentally Ill Offender Crime Reduction (MIOCR) provides $45 million in grants to local law enforcement agencies to provide services to mentally ill offenders to avoid incarceration. These grants have widespread support in the law enforcement community. The Department also provides $201.4 million in funding to county probation departments to provide a broad spectrum of services for at-risk youth. This funding is also used to help operate juvenile camps and/or ranches.

Program Reduction

This proposal would reduce funding for these local assistance programs by ten percent: $4.5 million for MIOCR, and $20.1 million for Juvenile Probation and Camps program.

Reduction Impacts

This would reduce funding available for innovative programs to address mentally ill offenders, which can result in reduced incarceration costs. This could increase costs to provide these services in local jails and also in CDCR institutions.

Overall county probation funding is very low and this could restrict the implementation of innovative programs in various counties.

Timing of Implementation
Implementation July 1, 2008.

Statutory and/or Regulatory Change
This proposal will require amendments to Welfare and Institutions Code Section 18220, which specifies the allocation of funding for the Juvenile Probation and Camps Program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
K-12 Revenue Limit Apportionments
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$22,939,002				
Reductions	$360,000			$360,000	0.0
Governor's Budget	$22,579,002				
2008-09					
Workload Budget	$23,632,870				
Reductions	$2,574,794			$2,574,794	0.0
Governor's Budget	$21,058,076				

Program Description

K-12 Revenue Limit Apportionments are the primary source of general-purpose funding for California schools. The revenue limits are made up of local property tax and state aid. State aid consists of the difference between the revenue limit entitlement of a particular district and the amount of local general-purpose revenue. Based on information submitted by each school district, the Department of Education (CDE) calculates the share of each district's revenue limit and distributes funding on a per average-daily-attendance (ADA) basis. Revenue limits are an open-ended, or continuous, statutory appropriation. This continuous appropriation provides automatic increases and decreases in state aid depending on changes in ADA and property taxes.

School district revenue limits are comprised of a "base revenue limit" and several "add-ons" (or adjustments to the base revenue limit). Each school district has a specific (though not necessarily unique) base revenue limit per ADA. The base revenue limit is recalculated each fiscal year based on COLA, equalization, declining enrollment, necessary small school, and deficit factor adjustments. The revenue limit is also adjusted by a number of "add-ons" that are allocated to districts as part of their total revenue limit funding. Some of these "add-ons" include unemployment insurance, and PERS offsets.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would implement a one-time, mid-year reduction of $360 million for the 2007-08 fiscal year representing a current year deficit of 1.021 percent.

For 2008-09, this proposal would implement a $2.6 billion ongoing reduction, which results in the implementation of a 6.991 percent deficit factor that would be paid back to districts over time.

Subject to a proposal in the 2008-09 Education trailer bill, the deficit factor for 2008-09 would be reduced to 5.834% if the COLA factor for K-14 is shifted to the CPI(w) which is currently 3.65 percent. This change would reduce the amount to fully pay off the deficit factor by $452.7 million in the future.

Reduction Impacts
The Administration will introduce trailer bill legislation to identify savings in other programs in an effort to help offset the 2007-08 mid-year reduction of $360 million to K-12 apportionments. To the extent identified savings are insufficient to fully offset this reduction, districts may have to reduce costs or utilize reserves.

The deficit factor for 2008-09 may reduce instructional spending per student and could drive larger class sizes in some grades. However, it is unknown how each district will adjust to the reduction with any certainty.

Timing of Implementation
The proposed 2007-08 mid-year reduction will be effective upon passage of separate trailer bill legislation to implement the current year deficit factor in the Special Session.

The proposed 2008-09 reduction for this program will be effective upon passage of the 2008 Budget Act and accompanying deficit factor in the Education trailer bill.

Statutory and/or Regulatory Change
The proposed 2007-08 and 2008-09 reductions for this program will require the enactment of deficit factors within the Education Code in the Special Session and in the regular Education trailer bill, respectively.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Special Education
Title: Reduction to Special Education Rates

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,158,993				
Reductions					
Governor's Budget	$3,158,993				
2008-09					
Workload Budget	$3,285,094	$1,164,602			
Reductions	$357,910	($278,000)*		$357,910*	
Governor's Budget	$2,927,184	$1,164,602			

* Federal funds (shown as a non-add in the table above since it is unknown what locals will actually spend) may be lost from maintenance-of-effort requirements to the extent that local education agencies do not backfill an estimated $278 million.

Program Description

The Special Education program provides students with low-incidence disabilities (roughly 1% of K-12 enrollment) with a free and appropriate public education that promotes maximum interaction between students with disabilities and students who are not disabled. Services are typically provided to students ages 3-22; however, children who are younger than 3 years of age that meet specified criteria may also qualify. Based on enrollment data, there are approximately 680,000 special education students. The Budget Act of 2007 appropriates $3.2 billion General Fund for special education services, or approximately $4,600 per student. In addition, although Special Education funding is allocated based on total student enrollment, on average local education agencies receive approximately $1,700 per pupil in federal funds and $10,800 per pupil in base K-12 funding. In total, special education funding from all sources on average is approximately $17,000 per student.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce the per pupil state funding rate.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Per pupil rate would be reduced from approximately $4,646 to $4,305. To the extent that state and local funds go below the combined amount spent in the prior year, federal funds would be lost on a 1:1 basis. Schools may have to backfill most of this reduction as the program is federally mandated.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Child Development
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	**$1,761,366**				
Reductions	**$0**				
Governor's Budget	**$1,761,366**				
2008-09					
Workload Budget	**$1,825,186**				
Reductions	**$198,853**			**$198,853**	
Governor's Budget	**$1,626,333**				

Program Description

The Child Care and Development Program, administered by the Department of Education, provides child care and supportive services to children from low-income families. Subsidized services are provided through general child care, state preschools, alternative payment programs including CalWORKs Stage 2 and Stage 3, and specialized programs for children of migrant workers, handicapped children, and school-age children. Child care services are offered through child care centers, family child care homes, and license-exempt providers. Center-based programs are reimbursed using maximum standard reimbursement rates based on the age of the child and the hours of care ($34.38 per day for full-time general child care for 4 and 5 year olds and $21.22 for half-day state preschools in 2007-08). Family child care homes, centers and license-exempt providers redeeming alternative payment vouchers are reimbursed at their private pay rates within regional market rate limits. The 2007 Budget Act appropriation for child care funded approximately 392,000 slots. Local assistance funds also support local planning councils, resource and referral programs, a centralized eligibility list, and improvement of the quality of child care services.

The child care and development budget is funded through ongoing and one-time Proposition 98 General Fund and federal funds from the Child Care and Development Fund (CCDF) and Temporary Assistance for Needy Families.

The family income eligibility ceiling is 75 percent of the state median income (SMI) for a family of four for all child care and development programs pursuant to Section 8263.1 of the Education Code. All families must have fees assessed according to a sliding scale fee schedule based on family income with the exception of families participating in state preschools and the Bay Area Handicapped programs.

Program Reduction
The Budget includes a General Fund reduction of $198.9 million in 2008-09 for child care and development programs. Programs exempted from the reduction include CalWORKs Stage 2 and Stage 3 child care.

The workload budget for child care included a 4.94 percent cost-of-living (COLA) increase and an increase of 0.69 percent for statutory growth based on census data of children 0 to 4 years of age. This proposal would eliminate COLA and growth, and would reduce existing funding for the remaining programs proportionately regardless of fund source since CCDF funding is essentially fungible with General Fund.

The Governor's Budget also proposes to freeze the SMI at the 2007-08 level in order to preserve slots for the neediest families.

Reduction Impacts
After accounting for normal program savings from budgeted slots, approximately 8,000 existing slots will be reduced. Normal attrition rates in these programs should reduce the likelihood of a currently enrolled child losing their slot. The standard reimbursement rates for general child care and state preschools would remain at the current level.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Before and After School Programs
Across the Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$547,043				
Reductions	$0				
Governor's Budget	$547,043				
2008-09					
Workload Budget	$546,944				
Reductions	$59,589			$59,589	
Governor's Budget	$487,355				

Program Description

The After School Education and Safety (ASES) program funds grants to elementary and middle/junior high schools to establish and maintain before and after school education and enrichment programs. These programs are created through partnerships between local educational agencies and local community resources. The program is intended to provide safe and educationally enriching alternatives for students in kindergarten through ninth grade during non-school hours. ASES was established through Proposition 49 in 2002. ASES modified the pre-existing After School program, primarily increasing funding for this purpose to $550 million, providing for a continuous appropriation for the program and requiring the increase to be added on top of the minimum Proposition 98 guarantee.

Grant maximums are established in statute and generally awarded to partnerships based on planned enrollment levels at a specified dollar per pupil rate. The funding rates do not receive a COLA and the total program amount is limited by the initiative.

In addition to the ASES programs, 21st Century Community Learning Centers (21st CCLC) also provide over $125 million in federal funds to provide students in kindergarten through high school with academic enrichment opportunities in a safe environment during non-school hours and when school is not in session.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
The reduction proposed would reduce program funding by $59.6 million, thereby likely reducing the number and/or magnitude of grants that can be funded.

Reduction Impacts
The impact of the reduction should be minimal since a number of recent grant recipients have not implemented the program and/or have not achieved the enrollment levels initially anticipated. Additionally, some agencies qualify for federal funds through the 21st CCLC program which may provide a resource to offset reductions in pupil enrollments that may be necessary.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
This reduction will require a ballot initiative to go before the voters to amend the funding level under Proposition 49 when the state must suspend the Proposition 98 guarantee due to adverse fiscal circumstances.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Child Nutrition Programs-Public Schools
Title: Reduce Per Meal Reimbursement Rate

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$123,281	$1,645,022			
Reductions					
Governor's Budget	$123,281	$1,645,022			
2008-09					
Workload Budget	$130,420	$1,644,804			
Reductions	$14,209			$14,209	
Governor's Budget	$116,211	$1,644,804			

Program Description
The Child Nutrition Programs assist public schools, county offices of education, and other agencies in providing nutritious breakfasts, lunches, and snacks to economically disadvantaged children at no or reduced cost. The program supplements a $1.6 billion federal program.

Program Reduction
The proposal will eliminate the 4.94-percent COLA and reduce the per meal reimbursement rate paid to local educational agencies (LEAs). The Superintendent of Public Instruction has the authority to adjust the reimbursement rate as necessary to pay all LEA meal reimbursement claims for 2008-09.

Reduction Impacts
This reduction will reduce the free and reduced price meal reimbursement rate by approximately $0.02. However, the program received a $0.06 per meal augmentation in 2007-08.

We note that this program is contained within Control Section 12.40, which allows LEAs to transfer funding between categorical programs to meet local priorities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Proposition 98 Categorical Programs
Title: Grant/Funding Rate Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget					
Reductions					
Governor's Budget					
2008-09					
Workload Budget	$10,017,426				
Reductions	$1,091,395			$1,091,395	
Governor's Budget	$8,926,031				

Program Description
The Budget includes proportional reductions to various Proposition 98 programs such as Reader Services for the Blind, Class Size Reduction, Charter School Categorical Block Grant, Instructional Materials, Summer School, Economic Impact Aid, Home to School Transportation, Supplemental School Counseling and various Career Technical Education programs. The BBR write-ups that follow address the specific reduction to each of these programs.

Program Reduction
Reductions are achieved through a combination of rate reductions and minimum grant reductions.

Reduction Impacts
The impact of proposed reductions depends on local choices, but will likely result in a reduction in education related and supportive services provided to students and teachers.

We note that the authority in Control Section 12.40 will be increased to allow local education agencies to transfer up to 50 percent out of and 55 percent into a number of these categorical programs to meet local priorities. This should provide schools additional flexibility to assist them absorb the reductions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Supplemental Instruction
Title: Reduce Reimbursement Rate for Discretionary Programs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$420,789				
Reductions					
Governor's Budget	$420,789				
2008-09					
Workload Budget	$441,576				
Reductions	$48,110			$48,110	
Governor's Budget	$393,466				

Program Description

The Supplemental Instruction program includes **mandatory** services for "Remedial Instruction for grades 7-12" and "Retained or Recommended for Retention for Grades 2-9". **Discretionary** services include "low-STAR for grades 2-6" and "Core Instruction". The remedial program provides instruction to 651,000 pupils in mandatory programs and 289,000 pupils in discretionary programs. The number of students served and hours of instruction per student are uncapped for mandatory programs and capped at five percent of grade span and no more then 120 hours of instruction per student for discretionary programs. The current statutory rate for supplemental instruction is $4.08 per hour per eligible pupil (with small schools receiving a minimum of $8,715). The enabling law also allows the Superintendent of Public Instruction to reduce rates if necessary to remain within budget, or alternatively permits a redirection of funds from discretionary to mandatory programs.

Program Reduction

This proposal will eliminate the 4.94 percent COLA and result in a reduction to the reimbursement rates for the discretionary programs.

Reduction Impacts

The proposed reduction changes hourly discretionary program reimbursement rates from $4.08 to $2.00 to meet estimated demand for all programs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
California High School Exit Exam Supplemental Instruction
Title: Reduce Grant Funding for Grade Eleven Students

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$72,752				
Reductions					
Governor's Budget	$72,752				
2008-09					
Workload Budget	$76,346				
Reductions	$8,318			$8,318	
Governor's Budget	$68,028				

Program Description
The California High School Exit Exam (CAHSEE) Supplemental Instruction program provides local educational agencies with funding for remedial and targeted instruction for those students who have not passed the CAHSEE. Grade twelve students have priority for available funds and any remaining funds are prorated for grade eleven students.

Program Reduction
This proposal will eliminate the 4.94 percent COLA and reduce existing grant levels for grade eleven students. The Superintendent of Public Instruction will have the authority to adjust funding rates as necessary to prorate the remaining funding for grade eleven students.

Reduction Impacts
Less funding will be available for grade eleven students, funding for grade twelve students will not change.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
California School Age Families Education
Across the Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$58,395				
Reductions	$0				
Governor's Budget	$58,395				
2008-09					
Workload Budget	$60,967				
Reductions	$6,642			$6,642	
Governor's Budget	$54,325				

Program Description

The California School Age Families Education (CalSAFE) Program is a voluntary, community-linked, school-based program that serves expectant and parenting students and their children. CalSAFE was established pursuant to Senate Bill 1064 (Ch. 1078, Stats. 1998) which concurrently phased out three previously existing teen pregnancy-related programs for a more comprehensive model program. CalSAFE attempts to prevent dropouts and promote the child's well being by providing services to improve academic achievement and parenting skills for the students, and provides child care and development services for their children.

CalSAFE agencies currently receive an apportionment of $2,787 per unit of average daily attendance (ADA) for support services and $6,400 per ADA for academic services and child care is reimbursed at standard reimbursement rates, consistent with Child Care and Development programs. The program receives a COLA annually. Eight counties chose to retain their old Pregnant Minors Program funding rates based on revenue limits that range from over $10,000 to over $15,000 per ADA for all services. Because non-converting programs are capped to the certified 1998-99 level of enrollments, they are also eligible to receive additional funding through the CalSAFE model for additional units of average daily attendance upon approval of the State Department of Education if funding is available within the appropriation for the CalSAFE item.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would eliminate the 4.94 percent COLA and reduces allocations for all components proportionately. The Superintendent of Public instruction would have the authority to adjust funding rates as necessary to prorate the remaining funds to participating agencies.

Reduction Impacts
The impact of proposed reductions depends on local choices and enrollment levels in the program. Options for participating programs include, but are not limited to, limiting the range and scope of support services and the frequency of parenting classes for instance.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
School Breakfast or Summer Food Service Program Startup or Expansion Grants
Title: Reduce Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,017				
Reductions					
Governor's Budget	$1,017				
2008-09					
Workload Budget	$1,017				
Reductions	$111			$111	
Governor's Budget	$906				

Program Description
This program provides state funds for start-up and expansion grants to increase school participation in the School Breakfast and Summer Food Service programs. Grants of up to $15,000 per site are available for non-recurring costs of initiating or expanding a breakfast or summer program and are allocated on a competitive basis annually.

Program Reduction
This proposal will reduce the funding available for grants and will likely result in fewer school sites receiving start-up grants.

Reduction Impacts
In 2006-07, 95 schools received a grant. The reduction will likely result in approximately 9 or 10 fewer schools receiving the grant.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Oral Health Assessments
Title: Reduce Mandated Data Collection

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,400				
Reductions					
Governor's Budget	$4,400				
2008-09					
Workload Budget	$4,400				
Reductions	$479			$479	
Governor's Budget	$3,921				

Program Description
The Oral Health Assessment program requires school districts to notify parents or guardians with children enrolled in Kindergarten, or children enrolled in first grade who did not attend Kindergarten, that they must present proof that their children received an oral health assessment within the last 12 months. The program excuses parents or guardians from this requirement if it creates a financial burden or if they do not consent to the assessment. School districts are required to report data to county offices of education (COEs), who, in turn, are required to make the data available to the public.

Program Reduction
The proposal will reduce program costs for mandated COE activities.

Reduction Impacts
Approximately 10 percent of the mandated program costs are for COEs to collect and maintain school district data. This proposal will eliminate these mandated activities, which will generate program savings.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

This proposal will require amending Education Code Section 49452.8, which would eliminate data collection and maintenance requirements of COEs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Instructional Materials Block Grant
Title: Rate Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$419,774				
Reductions					
Governor's Budget	$419,774				
2008-09					
Workload Budget	$438,264				
Reductions	$47,749			$47,749	
Governor's Budget	$390,515				

Program Description
The Instructional Materials Funding Realignment Program assists local education agencies with providing K-12 pupils with standards-aligned instructional materials in a timely manner (by the beginning of the first school term that commences no later than 24 months after those materials were adopted by the State Board of Education (K-8) or a local school board (9-12)). Currently there are over six million pupils receiving instructional materials through the program (or roughly $69.52 per pupil).

Program Reduction
This proposal will eliminate the 4.94 percent COLA and reduce the per pupil rate from approximately $69.52 to $64.67.

Reduction Impacts
The impact of proposed reductions could require instructional materials procurements to be delayed, or alternatively for local education agencies to purchase the least costly offerings.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Arts and Music Block Grant
Title: Grant Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$109,757				
Reductions					
Governor's Budget	109,757				
2008-09					
Workload Budget	$115,179				
Reductions	$12,549			$12,549	
Governor's Budget	$102,630				

Program Description

The Arts and Music Block Grant provides grants to local education agencies to support standards aligned instruction in arts and music. Grant uses include: (1) hiring additional staff; (2) purchasing new materials, books, supplies, and equipment; and (3) providing staff development. Local education agencies currently receive $16.00 per pupil with minimum funding levels of $2,500 for schools with less than 20 eligible pupils and $4,000 for schools with over than 20 pupils.

Program Reduction

This proposal will eliminate the 4.94 percent COLA and change per pupil rates from approximately $16.00 to $14.25. Additionally, grant award minimums will change approximately from $2,500 to $2,228 for small schools and $4,000 to $3,564 for large schools.

Reduction Impacts

The impact of proposed reductions depends on local choices, but may include less staff or larger class size, deferred purchase of materials, supplies and equipment, or less intensive professional development.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Professional Development Block Grant
Title: Reduce Local Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$274,718				
Reductions					
Governor's Budget	$274,718				
2008-09					
Workload Budget	$286,819				
Reductions	$31,249			$31,249	
Governor's Budget	$255,570				

Program Description
The Professional Development Block Grant funds professional development activities allowed by the Staff Development Instructional Support, Teaching as a Priority, and Intersegmental programs. These activities include teacher recruitment and retention incentives, staff development projects designed to improve elementary teachers' skills, and programs that promote development of highly qualified teachers.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce local grants for teacher training and development.

Reduction Impacts
The proposed reduction would result in the district apportionments being reduced on a proportionate basis to conform to the available appropriation and, as a result, reduce the amount of funding schools have available for teacher training and development.

Timing of Implementation
The reduction will be effective upon enactment of the 2008-09 Budget Act.

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Administrator Training Program
Title: Reduce Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,000				
Reductions					
Governor's Budget	$5,000				
2008-09					
Workload Budget	$5,000				
Reductions	$545			$545	
Governor's Budget	$4,455				

Program Description

The Administrator Training Program is an incentive grant program that provides K-12 school principals and vice-principals instruction and coaching on leadership skills, financial and personnel management, the inter-relation of academic standards, instructional materials and curriculum frameworks, and the effective use of pupil assessments. Schools that are assigned a School Assistance Intervention Team, schools participating in the High Priority Schools Grant Program, and Reading First schools are required to participate in this program. Administrators assigned to, and practicing in, low-performing, or hard-to-staff schools receive highest priority for training, which consists of 80 hours of initial training, 80 hours of practicum, and an online survey.

Program Reduction

This proposal would reduce the grants provided for principal training.

Reduction Impacts

The proposed reduction would result in the grant amounts being reduced on a proportionate basis to conform to the available appropriation. As a result, the amount of training participating principals receive would likely be reduced.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008..

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Teacher Credentialing Block Grant
Title: Reduce Second Year Teacher Funding and Infrastructure Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$128,671				
Reductions					
Governor's Budget	$128,671				
2008-09					
Workload Budget	$135,027				
Reductions	$14,711			$14,711	
Governor's Budget	$120,316				

Program Description

The Teacher Credentialing Block Grant, also known as the Beginning Teacher Support and Assessment Program (BTSA), provides two years of mentoring and support to teachers who have earned a preliminary teaching credential. BTSA also provides a third year of mentoring and support for teachers who are teaching in a low-performing school and a voluntary year for experienced teachers who are new to a low-performing school. Additionally, the program provides funding for 12 regional infrastructure grants to support program delivery.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce the funding rate for second year teachers and regional infrastructure grants.

Reduction Impacts

Since first year teachers receive funding priority at the per-participant rate as specified in the Budget, the proposed reduction will not affect funding for these teachers. However, if the remaining funds appropriated in the item are insufficient to fund all second year teachers, the funds would be reduced on a proportionate basis to conform to the available appropriation. Similarly, the regional infrastructure grants would be prorated to conform to the amount appropriated for that purpose.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Bilingual Teacher Training Assistance Program
Title: Reduce Training Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,149				
Reductions					
Governor's Budget	$2,149				
2008-09					
Workload Budget	$2,244				
Reductions	$244			$244	
Governor's Budget	$2,000				

Program Description

The Staff Development Instructional Support program provides funding to the Bilingual Teacher Training Assistance Program (BTTP). The BTTP, offered through county offices of education to K-12 school teachers, provides training in teaching methods designed to support Specially Designed Academic Instruction in English and English Language Development, and primary language instructional services to English learners. This training helps teachers obtain authorizations for the Bilingual, Cross-cultural, Language and Academic Development certificate and the California Subject Examinations for Teachers examinations developed and administered by the California Commission on Teacher Credentialing. BTTP Centers also offer classes to help teachers fulfill the California Teachers of English Learners and the Cross-cultural, Language and Academic Development second language certificate requirement.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce grant amounts for bilingual teacher training.

Reduction Impacts

The BTTP is provided through a competitive grant based upon the ability of the applying agency to provide training services. While the current number of grants and recipients would not change, the per-grant amount would be reduced on a proportionate basis to

conform to the available appropriation as a result of this reduction. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Peer Assistance Review Program
Title: Reduce Funding for Mentoring

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$30,101				
Reductions					
Governor's Budget	$30,101				
2008-09					
Workload Budget	$31,426				
Reductions	$3,424			$3,424	
Governor's Budget	$28,002				

Program Description
Teacher Peer Assistance Review (PAR) program funds are used to provide mentoring services by veteran teachers to other experienced teachers who are having professional difficulties. Districts may also use PAR funds to supplement the Beginning Teacher Support and Assessment Program, the Alternative Certification Program, or any program that supports training and development of new teachers.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce district apportionments for mentoring services to teachers experiencing professional difficulties.

Reduction Impacts

Funding for PAR is allocated for 5 percent of CBEDS certificated teacher count multiplied by a specified per participant funding amount ($1,842 or $1,449 for 2006-07) that depends upon time of enrollment in the program. The proposed reduction would result in the district apportionments being reduced on a proportionate basis to conform to the available appropriation. This may result in a reduction in mentoring services provided.

We note that this program is contained within Control Section 12.40, which allows local

education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Reader Services for Blind Teachers Program
Title: Reduce Reimbursements

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$404				
Reductions					
Governor's Budget	$404				
2008-09					
Workload Budget	$422				
Reductions	$46			$46	
Governor's Budget	$376				

Program Description
The Reader Services for Blind Teachers Program provides blind teachers with the services of a reader for up to 15 hours per week.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce reimbursements to districts for providing reader services for blind teachers.

Reduction Impacts
Funding for Reader Services for Blind Teachers is provided to Districts that submit claims for reimbursement of services provided for blind teachers. District claims would be prorated to conform to the available appropriation. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
National Board Certification Program
Title: Reduce Teacher Incentive Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,000				
Reductions					
Governor's Budget	$6,000				
2008-09					
Workload Budget	$6,000				
Reductions	$654			$654	
Governor's Budget	$5,346				

Program Description
The National Board Certification Incentive Program provides an incentive grant of $5,000 per year for up to a maximum of four years to Board-certified teachers who agree to teach for four years in a low-performing school.

Program Reduction
This proposal would reduce the number of teachers provided with incentive grants.

Reduction Impacts
Since the program's grant amount is specified in statute, the proposed reduction could result in fewer grant recipients funded within the available appropriation.

Timing of Implementation
The reduction will be effective upon enactment of Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Teacher Dismissal Apportionment Program
Title: Reduce Reimbursement of Local Teacher Termination Costs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$48				
Reductions					
Governor's Budget	$48				
2008-09					
Workload Budget	$50				
Reductions	$5			$5	
Governor's Budget	$45				

Program Description
The Teacher Dismissal Apportionment partially reimburses legal and administrative costs school districts incur when they terminate teachers.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce state reimbursement of local costs for terminating teachers.

Reduction Impacts
If the available appropriation is insufficient to reimburse all district claims, then the reimbursements to districts for providing termination hearings would be prorated to conform to the available appropriation. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6360 Commission on Teacher Credentialing (CTC)
Paraprofessional Teacher Training Program
Title: Reduce Teacher Preparatory Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$7,850				
Reductions					
Governor's Budget	$7,850				
2008-09					
Workload Budget	$7,850				
Reductions	$855			$855	
Governor's Budget	$6,995				

Program Description
The Paraprofessional Teacher Training Program provides $3,500 per year for tuition/fees, books, and other support to assist teachers' aides to complete both their baccalaureate and teacher preparation programs. This program targets schools that have difficulty attracting and retaining certificated teachers. Participants must teach in the sponsoring district one year for each year the participant receives financial assistance.

Program Reduction
This proposal would reduce preparation grants available to prospective teachers.

Reduction Impacts
Since the per-participant incentive grant amount is set in statute, the proposed reduction could result in fewer grants being allocated within the available appropriation. As a result, fewer grants will be available to prospective teachers.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6360 Commission on Teacher Credentialing (CTC)
Teacher Assignment Monitoring Program
Title: Reduce Reimbursement of Monitoring Costs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$308				
Reductions					
Governor's Budget	$308				
2008-09					
Workload Budget	$308				
Reductions	$34			$34	
Governor's Budget	$274				

Program Description
The Teacher Assignment Monitoring Program provides funding to county offices of education (COEs) to monitor and ensure that all teachers are in teaching assignments that are consistent with their certification. Monitoring is done on a four-year cycle with each county monitoring 1/4 of the teacher assignments per year. COEs submit claims for reimbursement to the Commission on Teacher Credentialing.

Program Reduction
This proposal would reduce reimbursement of COE costs for monitoring teaching assignments.

Reduction Impacts
The proposed reduction would result in reimbursements being reduced on a proportionate basis to conform to the available appropriation. As a result, COEs would receive less funding to monitor teaching assignments.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Physical Education Teacher Incentive
Title: Reduce Physical Education Teacher Incentive Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$41,812				
Reductions					
Governor's Budget	$41,812				
2008-09					
Workload Budget	$43,878				
Reductions	$4,780			$4,780	
Governor's Budget	$39,098				

Program Description
The Physical Education Teacher Incentive grant program provides grants of $38,388 per school site to school districts as incentives to hire more credentialed Physical Education teachers for grades 1-8.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce grants for hiring physical education teachers.

Reduction Impacts
While the current number of grant and recipients would not change, the per-grant amount would be reduced on a proportionate basis to conform to the available appropriation as a result of this reduction.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Certificated Staff Mentoring Program
Title: Reduce Teacher Stipends

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$11,707				
Reductions					
Governor's Budget	$11,707				
2008-09					
Workload Budget	$12,285				
Reductions	$1,338			$1,338	
Governor's Budget	$10,947				

Program Description
The Certificated Staff Mentoring Program provides funds to school districts for teacher stipends for the purpose of encouraging excellent, experienced teachers to teach in priority schools and to assist teacher interns during their induction and first years of teaching.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce teacher stipends.

Reduction Impacts
The proposed reduction would result in per teacher stipends being reduced on a proportionate basis to conform to the available appropriation.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
High Priority Schools Grant Program and Sanctions
Title: Reduce Funding for Sanctioned Schools

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$149,209				
Reductions					
Governor's Budget	$149,209				
2008-09					
Workload Budget	$120,209				
Reductions	$13,097			$13,097	
Governor's Budget	$107,112				

Program Description

The High Priority Schools Grant Program (HPSGP) is a voluntary intervention program available to schools in deciles 1 and 2 who have failed to make their state Academic Performance Index growth targets for two consecutive years. The HPSGP provides $400 per pupil for three years for those schools that choose to participate. Schools that fail to make progress under this program are subject to sanctions by the state. For 2008-09, the HPSGP will provide grants to 436 schools.

The Immediate Intervention/Underperforming Schools Program (II/USP) is a voluntary intervention program similar to the HPSGP. No schools are currently funded under II/USP, however, several schools have not exited II/USP and are undergoing sanctions. II/USP schools undergoing sanctions are assigned a trustee or school assistance and intervention team and receive annual funding of $75,000 for an elementary or middle school, $100,000 for a high school and $150 per student for up to 36 months after entering sanctions.

Program Reduction

This proposal will reduce funding for sanctioned schools.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The reduction will eliminate funding for sanctions for the HPSGP and the II/USP. Most of the schools sanctioned under these programs are also sanctioned under the federal accountability system. Federal sanctions are likely more severe than those under HPSGP and II/USP. Therefore, this proposal will eliminate duplicative state and federal accountability system sanctions.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Student Assessment Program
Title: Reduce Test Contracts and Apportionments for Local Testing Costs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$85,123	$32,828			
Reductions					
Governor's Budget	$85,123	$32,828			
2008-09					
Workload Budget	$85,399	$31,278			
Reductions	$9,304			$9,304	
Governor's Budget	$76,095	$31,278			

Program Description

The Student Assessment Program provides for the statewide testing of K-12 students and includes the Standardized Testing and Reporting (STAR) program, the California High School Exit Exam (CAHSEE), and the California English Language Development Test (CELDT). The STAR program assesses whether students in grades 2-11 have met grade level academic standards. The CAHSEE assesses whether students have acquired basic skills and abilities to enter the workforce or to pursue higher education. Passage of the CAHSEE is a requirement for students to graduate from a public high school. The CELDT measures the English language proficiency levels of English learner students.

The State Department of Education (SDE) uses these funds to contract with external entities for test development, administration, and scoring. Also, these funds provide local educational agencies moneys on a per-student-tested basis (known as apportionment funding) to cover local test administration and reporting responsibilities.

Program Reduction

The Superintendent will have the discretion to adjust contracts and/or deliverables as necessary to maintain core STAR, CAHSEE, and CELDT functions.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

We note that the Budget proposes to increase the authority provided in Control Section 12.60 to include the student assessments program in those programs between which funds may be transferred to fund eligible participation. This additional flexibility will allow the SDE to minimize the impact of these reductions to the extent possible.

Reduction Impacts
The reduction will likely require a combination of: reducing contract obligations, eliminating some deliverables, and reducing the per pupil apportionment funding to local educational agencies.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Class Size Reduction Program 9th Grade
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$106,621				
Reductions					
Governor's Budget	$106,621				
2008-09					
Workload Budget	$111,373				
Reductions	$12,134			$12,134	
Governor's Budget	$99,239				

Program Description

The Morgan-Hart Class Size Reduction Act provides funds to school districts that reduce class size in Grade 9 English and one other Grade 9 course required for graduation, either Mathematics, Science, or Social Studies. The majority of pupils in participating classes must be identified as Grade 9 students. (Districts which implemented the program prior to June 30, 1998 may also be serving Grades 10, 11, or 12.)

Average class size for the school year at each participating school can be no more than 20:1 per certificated teacher and no more than 22 pupils enrolled in any participating class. In the current fiscal year a school district may receive $213 per student if it certifies an average class of 20 pupils and no more than 22 pupils in each participating class. The per student funding amount is adjusted each year by a COLA factor.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum allocations as necessary to prorate the remaining funding to participating schools.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the 9th Grade Class Size Reduction Program will be reduced by $12.1 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Class Size Reduction Program K-3
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	**$1,829,662**				
Reductions					
Governor's Budget	**$1,829,662**				
2008-09					
Workload Budget	**$1,895,760**				
Reductions	**$206,542**			**$206,542**	
Governor's Budget	**$1,689,218**				

Program Description
The goal of the K-3 Class Size Reduction (CSR) Program is to increase student achievement, particularly in reading and mathematics, by decreasing the size of K-3 classes to 20 or fewer students per certificated teacher.

The CSR Program is a voluntary program where the state provides per pupil funding for each child in grades K-3 who receives instruction in a class of 20 or fewer pupils. Districts have two funding options for this program in the current fiscal year. Option one provides approximately $1,071 per student enrolled in classes of 20 or less for the entire instructional day, and option two provides for an approximate $535 per student enrolled in classes of 20 or less for at least half the instructional day. All pupils must receive this instruction from a certificated teacher, not an instructional aide. Each CSR class must be in a separate, self-contained classroom or the equivalent square footage provided before CSR. Although classes may occasionally exceed 20 pupils without penalty, in order to receive funding each class must maintain an average of 20.4 pupils or less. The per student funding amount is adjusted each year by a COLA factor.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce existing allocation levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum allocations as necessary to prorate the remaining funding to participating schools.

Reduction Impacts
While the K-3 Class Size Reduction Program will be reduced by $206.5 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in student participation for this program.

Additionally, the Governor's Budget (under Control Section 12.60) would provide local education agencies with increased administrative flexibility by adding the Student Assessment program to the voluntary participation programs (Supplemental Instruction, Community Day Schools, National Board Certification, School Age Families, Charter School Categorical Block Grant, and Class Size Reduction) which districts can redirect unobligated funds among to fully fund eligible participation.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the 2008 Budget Act.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
English Language Acquisition Program
Title: Rate Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$63,600				
Reductions					
Governor's Budget	$63,600				
2008-09					
Workload Budget	$66,402				
Reductions	$7,234			$7,234	
Governor's Budget	$59,168				

Program Description
The English Language Acquisition Program provides instructional programs and services to English learners to become proficient in English. School districts participating in this program receive $100 per English Learner enrolled, in the school district, in grades four through eight, inclusive.

Program Reduction
This proposal will eliminate the 4.94 percent COLA and change funding from approximately $100 to $89 per pupil for the English Language Acquisition Program.

Reduction Impacts
The impact of proposed reductions depends on local choices, but may result in less supplemental instruction, or deferred procurement of supplemental instructional materials.

Timing of Implementation
The reduction will be effective upon implementation of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Economic Impact Aid
Title: Rate Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$994,279				
Reductions					
Governor's Budget	$994,279				
2008-09					
Workload Budget	$1,043,396				
Reductions	$113,678			$113,678	
Governor's Budget	$929,718				

Program Description
The Economic Impact Aid program funds compensatory educational services to economically disadvantaged and limited English proficient students who are at-risk. The K-12 program will serve approximately 3.1 million students in 2007-08 to improve academic achievement.

Program Reduction
This proposal will eliminate the 4.94 percent COLA and changes the average per pupil funding rate from $315.29 to $294.81.

Reduction Impacts
The impact of proposed reductions depends on local choices, but may include less tutors, supplemental instructional materials, or paraprofessionals. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Community Based English Tutoring
Title: Rate Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$50,000				
Reductions					
Governor's Budget	$50,000				
2008-09					
Workload Budget	$50,000				
Reductions	$5,447			$5,447	
Governor's Budget	$44,553				

Program Description
Community Based English Tutoring provides local educational agencies resources for programs of English language instruction to parents or other adult members of the community who pledge to tutor English learners. Approximately 590 local education agencies receive their funding from these programs.

Program Reduction
The proposal will reduce per pupil funding from approximately $32.44 to $29.00.

Reduction Impacts
The impact of proposed reductions depends on local choices, but may result in less training for or fewer mentors or tutors.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
International Baccalaureate Program
Title: Reduce Program Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,280				
Reductions					
Governor's Budget	$1,280				
2008-09					
Workload Budget	$1,336				
Reductions	$146			$146	
Governor's Budget	$1,190				

Program Description
The International Baccalaureate (IB) Program provides funding to public high schools and middle schools that offer the IB program. The program is a two-year comprehensive and rigorous pre-university curriculum leading to an IB diploma. Successful IB candidates are typically granted advanced placement credit at universities and colleges. Students participating in the full diploma program are engaged in a liberal arts curriculum that includes critical thinking classes, extracurricular activities, community service, and writing research papers. Funds may be used to cover ongoing costs of professional development and subsidize fees for exams for eligible students. First funding priority is given to high schools and middle schools that were funded in the prior year. Second funding priority is given to schools with the highest percentage of students from low-income families.

Program Reduction
The proposal will reduce the available appropriation, eliminate the 4.94-percent COLA, and reduce existing grant levels. The Superintendent of Public Instruction will have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
No new grantees will be funded. Existing grantees will receive prorated grant amounts.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon the enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Advanced Placement Fee Waivers
Title: Reduce Test Fee Reimbursements

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,793	$3,109			
Reductions					
Governor's Budget	$1,793	$3,109			
2008-09					
Workload Budget	$1,872	$3,109			
Reductions	$204			$204	
Governor's Budget	$1,668	$3,109			

Program Description

The Advanced Placement (AP) Program was established in 1955 by the College Board, a national nonprofit organization. The AP consists of rigorous college-level courses and end-of-course exams in 22 subject areas for high school students. Students that pass AP exams are typically granted advanced placement credit at universities and colleges.

The purpose of the AP Fee Waiver Program is to remove the financial barriers that prevent economically-disadvantaged students from taking AP end-of-course exams. These students pay only a $5 fee to take an AP test. Local Educational Agencies (LEAs) receive reimbursements and fee reductions from the state, federal government, and College Board to offset the full cost of an AP exam ($84). State and federal funds combine to reimburse $48 or $70 per exam (dependent on income level of student's family).

Program Reduction

This proposal will eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction will have the authority to adjust reimbursement rates to prorate the remaining funding to LEAs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
LEAs will receive approximately $46 and $67 per exam to help cover the $79 gap (an approximate loss of $2 or $3 per exam, respectively).

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
School Safety Block Grant
Title: Reduce Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$100,553				
Reductions					
Governor's Budget	$100,553				
2008-09					
Workload Budget	$104,983				
Reductions	$11,438			$11,438	
Governor's Budget	$93,545				

Program Description
This program provides funding to local educational agencies (LEAs) based on enrollment in grades eight through twelve. Funds may be used for any purpose that reduces violence among students, examples include: conflict resolution personnel, on-campus communication devices, staff training programs, and cooperative arrangements with law enforcement agencies.

Program Reduction
The proposal will eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction will have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
Per pupil allocation to LEAs would be reduced by approximately $4.00 per enrolled student. Further, minimum grants (currently $5,000 for each school site or $10,000 for each school district) will be reduced by a prorated amount.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
School Safety Consolidated Competitive Grants
Title: Reduce Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$18,050				
Reductions					
Governor's Budget	$18,050				
2008-09					
Workload Budget	$18,845				
Reductions	$2,053			$2,053	
Governor's Budget	$16,972				

Program Description
The School Safety Consolidated Competitive Grants program provides local educational agencies (LEAs) with funding to develop and implement safety plans for new schools, violence prevention strategies, school community policing strategies, policies to reduce youth involvement in gang activities, and other school safety related issues. Grants are awarded to LEAs that score the highest in a competitive application process. The application process requires LEAs to demonstrate specific school violence prevention needs and describe a specific plan to address those needs.

Program Reduction
The proposal will eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction will have the authority to reduce grant levels as necessary.

Reduction Impacts
Because funding is allocated on a competitive basis, it is likely that fewer grants will be awarded to LEAs.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Regional Occupational Centers / Programs (ROC/Ps)
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$485,656				
Reductions					
Governor's Budget	$485,656				
2008-09					
Workload Budget	$506,845				
Reductions	$55,221			$55,221	
Governor's Budget	$451,624				

Program Description

ROCPs provide high school students 16 years of age and older and adult students, with valuable career and technical education so students can: (1) enter the workforce with skills and competencies to be successful; (2) pursue advanced training in postsecondary educational institutions; or (3) upgrade existing skills and knowledge.

Students receive training at a variety of venues from regular classrooms on high school campuses to actual business and industry facilities, such as automotive dealerships and hospitals. In most ROCPs, courses are offered during the regular school day throughout the school year, in the late afternoon and evening, and sometimes during the summer.

ROCPs fall under one of three distinct organizational structures: (1) school districts participating in a county office of education operated ROCP; (2) school districts participating under a joint powers agreement; or (3) a single school district. ROCPs in California collaborate with public agencies and associations to create and implement instructional classes and programs. Examples of these programs include: Certified Nurse Assistant/Home Health Care Aide (CNA/HCA), Automotive Youth Education Systems Programs (AYES), ROCP CalWORKs, and SkillsUSA. One of the strengths of the ROCP delivery system is that ROCPs work in partnership with local business and

industry to design and provide programs for industry-based, transferable and portable certification programs based upon job market demand.

ROCPs receive nearly all of their funding for direct instruction from Proposition 98 General Fund on a per ADA basis (525 hours if attendance). Additional funding sources include federal Perkins Vocational and Technical Education Act of 1998 and one-stop centers funding through the Workforce Investment Act. The program receives growth funding based on the percentage change of enrollment in grades 11 and 12, as well as the COLA adjustment applied to many other K-12 categorical programs. Funding is used to help supplement the base revenue limit for high school students.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce existing allocation levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum allocations as necessary to prorate the remaining funding to ROCPs.

Reduction Impacts
While the ROC/P Program will be reduced by $55.2 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in student participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Apprentice Program
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	**$18,990**				
Reductions					
Governor's Budget	**$18,990**				
2008-09					
Workload Budget	**$19,928**				
Reductions	**$2,171**			**$2,171**	
Governor's Budget	**$17,757**				

Program Description

Apprenticeship programs provide anyone over the age of 16 the opportunity to gain specific job skills in various industries through direct training by experienced employees of those industries. These programs date to the Shelly-Maloney Apprenticeship Labor Standards Act of 1939 and consist of on-the-job training supplemented by classroom instruction provided by local education agencies.

Programs in California are developed and conducted by program sponsors including individual employers, employer associations, or a jointly sponsored labor/management association. Local ROCP and adult schools individually contract with program sponsors, providing educational leadership in the provision of Related and Supplementary Instruction (RSI).

Apprenticeship programs are funded in the annual Budget Act and reimbursement is calculated by multiplying the hourly rate set forth in the Budget Act by the number of apprenticeship hours reported by programs. Current law does not require growth or COLA.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce existing reimbursement levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum allocations as necessary to prorate the remaining funding to participating schools.

Reduction Impacts
While the Apprentice Program will be reduced by $2.2 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in student participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Adult Education
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$753,717				
Reductions					
Governor's Budget	$753,717				
2008-09					
Workload Budget	$810,725	$74,826			
Reductions	$88,328			$88,328	
Governor's Budget	$722,397	$74,826			

Program Description

The Adult Education Program provides life-long educational opportunities and support services to adults. Adult Education programs address the unique and evolving needs of individuals and communities by providing adults with the knowledge and skills necessary to participate effectively as productive citizens, workers, and family members.

State law allows unified or high school districts to establish separate adult schools. The state budget supports these adult schools based on average daily attendance (ADA), which equals 525 hours of attendance per unit of ADA. Courses under the following program areas can be funded by state apportionment:

- Adult Literacy/High School Diploma
- English as a Second Language/Citizenship
- Adults with Disabilities
- Career Technical Education/Apprenticeships
- Parenting, Family, and Consumer Awareness
- Older Adults

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce existing allocation levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum allocations as necessary to prorate the remaining funding to adult schools.

Reduction Impacts
While the Adult Education Program will be reduced by $$88.3 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that either avoids or mitigates any reduction in adult student participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Adults in Correction Facilities
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$17,771				
Reductions					
Governor's Budget	$17,771				
2008-09					
Workload Budget	$19,040				
Reductions	$2,074			$2,074	
Governor's Budget	$16,966				

Program Description

The Adults in Correction Facilities program provides education to incarcerated adults in basic education, high school diploma coursework, and English as a second language, similar to the regular Adult Education program.

The Adult Education in Correctional Facilities program is funded in areas pursuant to Budget Act language. The language also limits current year funding to the prior year funding as increased for growth and COLA. The revenue limit for this program is 80 percent of the adult education program as the host correctional facility is able to maintain any area designated for classroom instruction.

Program Reduction

This proposal would eliminate the COLA and reduce existing allocation levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum allocations as necessary to prorate the remaining funding to programs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the Adults in Correction Facilities Program will be reduced by $2.1 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in inmate participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Partnership Academies
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$23,490				
Reductions					
Governor's Budget	$23,490				
2008-09					
Workload Budget	$23,490				
Reductions	$2,559			$2,559	
Governor's Budget	$20,931				

Program Description

The academy model is a three-year program for students in grades 10-12 and is structured as a school-within-a-school. Academies incorporate integrated academic and career technical education, business partnerships, mentoring, and internships. The California Partnership Academies (CPA), were initiated in California in the early 1980's.

CPAs represent a high school reform movement that is focused on smaller learning communities. CPA components include rigorous academics with a career focus, a team of teachers, and active business involvement.

Funding is provided to academies, as follows:

(1) Districts operating academies may receive $1,400 per year for each qualified student enrolled in an academy during the first year of that academy's operation, provided that no more than $42,000 may be granted to any one academy for the initial year.
(2) Districts operating academies may receive $1,200 for each qualified student enrolled in an academy during the second year of that academy's operation, provided that no more than $72,000 may be granted to any one academy for the second year.

(3) Districts operating academies may receive $900 for each qualified student enrolled in an academy during the third and following years of that academy's operation, provided that no more than $81,000 may be granted to any one academy for each fiscal year.

Program Reduction
This proposal would reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Partnership Academies Program will be reduced by $2.6 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in student participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The proposed reduction for this program will not require any applicable statutory or regulatory changes to implement.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Agricultural Vocational Education
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,201				
Reductions					
Governor's Budget	$5,201				
2008-09					
Workload Budget	$5,430				
Reductions	$592			$592	
Governor's Budget	$4,838				

Program Description
The Agricultural Vocational Education programs serve to promote the development and use of curriculum, instructional materials, and instructional strategies that prepare students in all aspects of the agricultural industry and foster critical thinking, problem solving, leadership, and academic and technical skill attainment.

The program increases linkages between secondary and postsecondary institutions offering agricultural education programs; between academic and agricultural educators; and among agricultural educators, the agricultural industry, professional associations, and local communities. Additionally, this program allows school districts to apply for matching grants in order to support the purchase or lease of equipment used in agricultural career technical education programs.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the Agricultural Vocational Education Program will be reduced by $592,000, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in participation for this program.

We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Specialized Secondary Program Grants
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,155				
Reductions					
Governor's Budget	$6,155				
2008-09					
Workload Budget	$6,427				
Reductions	$700			$700	
Governor's Budget	$5,727				

Program Description

Specialized Secondary Programs (SSP) grant funds may be used for programs that provide students with advanced learning opportunities in a variety of subjects. Although these programs retain a core course work element within the approved curriculum, they may specialize in such areas as English-language arts, mathematics, science, history and social science, foreign language, and the visual performing arts. The acquisition of technology skills and their use as a tool for instruction and learning is also emphasized in these programs.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts

While the Specialized Secondary Program will be reduced by $700,000, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in student participation for this program.

We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Community Day Schools
Title: Funding Rate Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$51,999				
Reductions					
Governor's Budget	$51,999				
2008-09					
Workload Budget	$54,568				
Reductions	$5,945			$5,945	
Governor's Budget	$48,623				

Program Description
Community day schools provide six hours of classroom instruction to students who have been expelled, are probation referred pursuant to Sections 300 or 600 of the Welfare and Institutions Code, or are referred by a school attendance review board or other district process.

Program Reduction
This proposal would eliminate the 4.94 percent COLA and reduce existing funding levels. The Superintendent of Education would have the authority to adjust funding rates for students who LEAs have voluntarily placed in community day schools and to prorate the remaining funding to the community day schools as necessary.

Reduction Impacts
A funding reduction could result in community day schools limiting enrollment to mandated participants such as students expelled for specific actions or behaviors. Furthermore, community day schools may limit the school day to six hours if additional funding is not available for seven or eight hour school days. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
County Office Education Williams Audits
Title: Across the Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$10,000				
Reductions					
Governor's Budget	$10,000				
2008-09					
Workload Budget	$10,000				
Reductions	$1,089			$1,089	
Governor's Budget	$8,911				

Program Description
As part of the Williams Settlement Agreement, County Offices of Education (COE) conduct site visits at schools in deciles 1 through 3 to review, monitor, and report on teacher certification and assignment, the condition of facilities, and whether students are being provided core instructional materials. In addition, COEs have recently been tasked to determine whether students are notified of the opportunity to enroll for two additional years of high school if they have yet to pass the High School Exit Exam.

Program Reduction
This proposal will reduce the state reimbursement of COE costs for Williams compliance site visits. The Superintendent of Education would have the authority to adjust funding rates as necessary to prorate the remaining funding to the COEs.

Reduction Impacts
Reducing funding to the COEs could result in fewer site visits to deciles 1 through 3 schools.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Charter Categorical Block Grant
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$151,474				
Reductions	$0			$0	0
Governor's Budget	$151,474				
2008-09					
Workload Budget	$208,948				
Reductions	$22,765			$22,765	0.0
Governor's Budget	$186,183				

Program Description

The Charter School Categorical Block Grant provides charter schools with a general-purpose block grant in lieu of participation in specified categorical programs. Charter schools receive funding for the block grant on a per ADA basis (2007-08 Rate per ADA was $500). Certain categoricals are excluded from this block grant, and for some categoricals, charters are required to apply separately. Chapter 359, Statutes of 2005, AB 740 (Huff) established specific programs that were included and specific programs that were excluded and requires that new categorical programs be included in the block grant unless charters are made eligible to apply for those programs.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates as necessary to prorate the funding to grant recipients.

Reduction Impacts

While the Charter Categorical Block Grant will be reduced by $22.8 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Education Technology
Title: Grant Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$17,705				
Reductions					
Governor's Budget	$17,705				
2008-09					
Workload Budget	$18,485				
Reductions	$2,014			$2,014	
Governor's Budget	$16,471				

Program Description

The California Technology Assistance Project provides assistance to schools and districts in integrating technology into teaching and learning. The project provides technical assistance to local education agencies through 11 regional technical assistance centers. The projects focus is promoting effective use of educational technology through regional coordination of educational support services. The project provides assistance in: 1) Staff Development, 2) Information and Learning Resources, 3) Telecommunications Infrastructure, and 4) Coordination and Funding of technology projects.

Program Reduction

The proposal will eliminate the 4.94 percent COLA and reduce regional grants from approximately $1.4 million to $1.3 million.

Reduction Impacts

The impact of proposed reductions depends on local choices, but may include less, professional development, delayed technology procurement, or delayed telecommunications procurement. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
K-12 High Speed Network
Title: Unallocated Funding Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$10,404		$5,196		
Reductions					
Governor's Budget	$10,404		$5,196		
2008-09					
Workload Budget	$10,404		$5,196		
Reductions	$1,134			$1,134	
Governor's Budget	$9,270		$5,196		

Program Description
The K-12 High Speed Network maintains a high speed internet backbone for schools and for improving school internet access. The network is a public/private venture between the Corporation for Education Network Initiatives in California and the local education agencies. Eighty-seven percent of districts (863) and eighty-one percent of schools (7,677) are currently connected to the network. Virtually all remaining agencies have internet access through local providers.

Program Reduction
The proposal will result in an unallocated reduction to the lead agency (Imperial County Office of Education).

Reduction Impacts
The proposed reduction could cause system upgrades or maintenance to be deferred. We note that the program will likely have sufficient funding for resources from other sources to absorb this reduction.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Home to School Transportation
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$629,714				
Reductions					
Governor's Budget	$629,714				
2008-09					
Workload Budget	$660,822				
Reductions	$71,996			$71,996	
Governor's Budget	$588,826				

Program Description

Home-to-School transportation provides funding for approved transportation costs of local school districts and county offices of education, on a reimbursement basis. The program also funds transportation to and from related services for special education students required by individualized education programs. Under current law, a district's home-to-school transportation allowance is determined on the basis of two factors (1) the district's total approved expense and (2) the district's prior year allowance.

With the exception of special education programs, school transportation in California is not a mandated service and the absence of such a mandate allows maximum flexibility in local decision making on transportation programs. For example, some districts elect to charge parents for some portion of the cost of pupil transportation.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the Home to School Transportation Program will be reduced by $72 million, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in participation for this program.

We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Pupil Retention Block Grant
Title: Grant Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$97,461				
Reductions					
Governor's Budget	$97,461				
2008-09					
Workload Budget	$101,754				
Reductions	$11,086			$11,086	
Governor's Budget	$90,668				

Program Description
The Pupil Retention Block Grant combines funding for former program allocations that target pupils who need additional assistance (Elementary School Intensive Reading, Intensive Algebra Instruction Academies, Continuation High School Foundation, High Risk Youth Education and Public Safety, Tenth Grade Counseling, District Opportunity Classes and Programs, Dropout Prevention and Recovery, Early Intervention for School Success, and At-Risk Youth). Local education agencies may use the funding for any of the programs listed to the extent necessary to best meet their needs. Approximately 470 local education agencies receive this funding.

Program Reduction
The proposal will eliminate the 4.94 percent COLA and reduce average grants from approximately $207,000 to $193,000.

Reduction Impacts
The impact of proposed reductions depends on local choices, but may include less intensive outreach, consulting, remedial programs, and counseling, or deferred procurement of instructional materials.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Supplemental School Counseling Program
Title: Reduce Funding Rates

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$209,060				
Reductions					
Governor's Budget	$209,060				
2008-09					
Workload Budget	$219,388				
Reductions	$23,902			$23,902	
Governor's Budget	$195,486				

Program Description
The Supplemental School Counseling Program supports counseling for students in grades 7-12 at risk of not passing the high school exit exam or those who are more than two grade levels below curriculum standards by the seventh grade. Approximately 600 local education agencies receive approximately $78 per pupil or minimum funding levels of $5,000 (0-100 pupils served), $10,000 (100-200 pupils served), and $30,000 (200 + pupils served).

Program Reduction
This proposal will eliminate the 4.94 percent COLA and reduce per pupil rates from approximately $78 to approximately $70 and minimum funding levels from $5,000 / $10,000 / $30,000 to $4,456 / $8,911/ $26,733, respectively.

Reduction Impacts
Fewer counselors or less intensive counseling may result.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
School and library Improvement Block Grant
Title: Block Grant Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$465,451				
Reductions					
Governor's Budget	$465,451				
2008-09					
Workload Budget	$485,953				
Reductions	$52,944			$52,944	
Governor's Budget	$433,009				

Program Description

The School and Library Improvement Block Grant combines the former School Library Materials program and the School Improvement Program into one block grant. Local education agencies may use the funding to purchase resources such as: library books, computer software, CD ROMs, instructional materials, teacher professional development, parental awareness and other related items that may best meet their needs. Approximately 1,000 local education agencies receive funding from this block grant.

Program Reduction

This proposal will eliminate the 4.94 percent COLA and reduce grant award amounts proportionally. The average grant amounts would change from approximately $485,953 to approximately $433,009 per school district. Funding levels are based on a proportional allocation to that received in 2003-04, plus subsequent yearly growth and cost of living adjustments.

Reduction Impacts

The proposed reduction could reduce the amount of library materials (books, software, CD ROMS) and school improvement resources (professional staff development, instructional materials, parental awareness programs) purchased by a local education agency.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Foster Youth Programs
Title: Grant Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$18,992				
Reductions					
Governor's Budget	$18,992				
2008-09					
Workload Budget	$19,828				
Reductions	$2,160			$2,160	
Governor's Budget	$17,668				

Program Description
The Foster Youth programs provide support services to foster children who reside in a licensed foster family home, certified foster family agency home, court-specified home, county-operated juvenile detention facility, licensed children's institutions or group homes. Services include tutoring, mentoring, vocational training, emancipation services, training for independent living, and more. County offices of education, county juvenile detention programs, and core districts (Mt. Diablo Unified, Paramount Unified, Placer County Office of Education, Elk Grove Unified, Sacramento City Unified, and San Juan Unified) receive funding for services based on child welfare services data. The programs will serve approximately 44,000 pupils during 2007-08.

Program Reduction
This proposal will eliminate the 4.94 percent COLA and change per pupil rates from an average of $431.64 to $402.

Reduction Impacts
The impact of proposed reductions depends on local choices, but may include less intensive counseling, tutoring, vocational training, emancipation services, or training for independent living. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Gift and Talented Education
Title: Reduce Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$55,634				
Reductions					
Governor's Budget	$55,634				
2008-09					
Workload Budget	$58,084				
Reductions	$6,328			$6,328	
Governor's Budget	$51,756				

Program Description
This program provides funding for local educational agencies (LEAs) to develop unique education opportunities for high-achieving and underachieving pupils who have been identified as gifted and talented. LEAs may establish programs for these pupils consisting of special day classes, part-time groupings, and cluster groupings.

Program Reduction
The proposal will eliminate the 4.94-percent COLA and reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Reduction Impacts
Per pupil allocation to LEAs will be reduced by approximately $1.00 per student. Further, minimum grants ($2,500 for LEAs with fewer than 1,500 pupils in ADA) to LEAs will be reduced by a prorated amount. Schools may reduce services for these students or reduce the number of students allowed in their programs.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
American Indian Early Childhood Education
Title: Grant Funding Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$662				
Reductions					
Governor's Budget	$662				
2008-09					
Workload Budget	$695				
Reductions	$76			$76	
Governor's Budget	$619				

Program Description
This program provides funding to schools to improve reading, language arts, mathematics, and the self-esteem of Native American children in pre-kindergarten through grade four. Eight local education agencies (with an American Indian student population of at least ten percent) receive grant funding on a competitive basis. The program has a sunset date of January 1, 2009.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce grants from an average of $83,000 to $77,000.

Reduction Impacts
The impact of proposed reductions depends on local choices, but may include less instructional materials, intervention services, staff, supplemental instruction, tutors or professional development.

We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
American Indian Education Centers
Title: Reduce Center Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$4,540				
Reductions					
Governor's Budget	$4,540				
2008-09					
Workload Budget	$4,764				
Reductions	$519			$519	
Governor's Budget	$4,245				

Program Description
American Indian Education Centers provide services and assistance to students, parents, and schools to improve academic performance. Funding priority is given to existing centers and then to the establishment of new centers. Funding provides for: 1) educational technology, 2) upgrade and replacement of center vehicles, 3) staff development, 4) program coordination with other schools, 5) child care, 6) adult education, 7) teen pregnancy prevention, 8) literacy education, 9) tutoring, and 10) instructional materials. Twenty-nine centers currently receive grant funding.

Program Reduction
This proposal will eliminate the 4.94 percent COLA and reduce grant award amounts from an average of $157,000 to an average of $146,000.

Reduction Impacts
The impact of the proposed reduction depends on local choices, but may include less intensive instruction (or larger class size), counseling, parental involvement, tutoring, professional development, or instructional materials procurement.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education
Deferred Maintenance Program
Title: Reduce State-Matching Funds

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$277,382				
Reductions					
Governor's Budget	$277,382				
2008-09					
Workload Budget	$294,302				
Reductions	$32,064			$32,064	
Governor's Budget	$262,238				

Program Description

The School Deferred Maintenance Program (DMP) provides state-matching funds, on a dollar-for-dollar basis, to assist school districts that expend one-half of one percent of their General Fund budget on expenditures for major repair or replacement of existing school building components. Typically, this includes roofing, plumbing, heating, air conditioning, electrical systems, interior/exterior painting, floor systems, etc. The DMP is traditionally budgeted to fully fund the State's one-half of one percent match. The 2007 Budget Act provides funding of $277.4 million for the program.

To be eligible for state funds, a school district must submit a five-year deferred maintenance plan for approval by the State Allocation Board. The plan must list all the projects that the district expects to complete in the next five years. In years when demand for deferred maintenance funds exceeds the state funds available, districts may reduce their contribution to their maintenance fund to match the amount of state funding provided.

Program Reduction

This proposal will reduce state-matching funds for local deferred maintenance projects.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Over 1,000 school districts currently receive DMP funding from the state. The proposed reduction would result in approved apportionments being reduced on a proportionate basis.

As a result, schools will have less funding available for deferred maintenance projects.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Charter School Facility Grant
Title: Grant Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$18,000				
Reductions					
Governor's Budget	$18,000				
2008-09					
Workload Budget	$18,000				
Reductions	$1,961			$1,961	
Governor's Budget	$16,039				

Program Description
The Charter School Facility Grant Program provides funding to charter schools that provide classroom instruction that are located in low-income attendance areas or provide education to a specified percentage of pupils eligible for reduced-priced meals. This program mitigates the cost of leasing facilities for charter schools that serve predominantly low-income populations.

Program Reduction
The proposal will proportionally reduce grants to charter schools for facility lease costs.

Reduction Impacts
The proposal will reduce funding available to charters for facility needs and may result in charter schools being housed in lower quality facilities or being unable to open due to lack of funding for facility costs.

Timing of Implementation
The reduction will be effective upon enactment of the 2008 Budget Act.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
County Office Fiscal Crisis and Management Team (FCMAT)
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$11,680				
Reductions	$0			$0	0.0
Governor's Budget	$11,680				
2008-09					
Workload Budget	$12,257				
Reductions	$1,335			$1,335	0.0
Governor's Budget	$10,922				

Program Description

The County Office Fiscal Crisis and Management Assistance Team (FCMAT) was created by AB 1200 in 1991. The mission of the FCMAT is to help California's local education agencies fulfill their financial and management responsibilities by providing fiscal advice, management assistance, training and other related school business services. FCMAT provides various types of fiscal management assistance to local educational agencies and conducts comprehensive assessments of, and prepares improvement plans for districts under State control due to receipt of an emergency loan. In addition, FCMAT oversees the California Student Information Services (CSIS) project.

FCMAT reports to a board of directors comprised of one county superintendent and one district superintendent from each of the state's 11 service regions. A representative of the California Department of Education also is on the board. FCMAT currently receives Proposition 98 funding and is housed within the Kern County Office of Education.

Program Reduction

This proposal would eliminate the 4.94-percent COLA, reduce existing grant levels, and reduce the amount of funds available for FCMAT services to districts. While FCMAT will be reduced by $1.3 million, the reduction will be spread proportionately across the different programs within the FCMAT item.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Activities provided by FCMAT include conducting reviews, examinations, and audits of districts. Additionally, FCMAT provides financial and demographic information that is accessible to all local educational agencies, project management services for the California Information Services (CSIS) program, and provides staff development resources for school districts. The proposed proportional reductions may result in lower service levels in some areas and may possibly limit the number of reviews, examinations, and audits that can be accomplished.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Student Friendly Services
Title: Reduction in Funding for Web-Site Maintenance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$500				
Reductions					
Governor's Budget	$500				
2008-09					
Workload Budget	$500				
Reductions	$54			$54	
Governor's Budget	$446				

Program Description

The Student Friendly Services project operates a web-site that provides college-planning resources designed to improve outreach and admission services to students, families, counselors, teachers, and administrators.

Program Reduction

The reduction proposed will reduce funding from $500K to $446K.

Reduction Impacts

The impact of proposed reductions would reduce the grant award to the administering agency, Kern County Office of Education, by ten percent, which may result in fewer web-site enhancements or less frequent system updates.

Timing of Implementation

The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Civic Education
Title: Grant Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$250				
Reductions					
Governor's Budget	$250				
2008-09					
Workload Budget	$250				
Reductions	$27			$27	
Governor's Budget	$223				

Program Description
The Civic Education program provides professional development and instructional materials to local education agencies and encourages students to participate in civic activities. The program encourages students to become involved in public policy. A federal grant of $160,000 also supports the program.

Program Reduction
The proposal will reduce funding for the non-profit center for civic education.

Reduction Impacts
The impact of the proposed reduction depends on the center's choices, but may include less instructional materials, professional development, or services.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education
Year Round School Grant Program
Title: Reduce Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$97,308				
Reductions					
Governor's Budget	$97,308				
2008-09					
Workload Budget	$101,595				
Reductions	$11,069			$11,069	
Governor's Budget	$90,526				

Program Description
The Year-Round School (YRS) Grant Program provides incentive grants to school districts operating multi-track year-round educational (MTYRE) programs, and also provides an alternative way to construct the school calendar. Grant funding is based on the number of students housed in excess of a school's capacity as a result of MTYRE scheduling and is allocated on a per-pupil basis. The grant amounts represent the statewide average cost avoided per pupil as a result of a district operating a MTYRE schedule, and are calculated and adjusted by the Sate Allocation Board every two years. Currently, the grant amounts range from $1,106 to $1,991, according to the percentage by which the number of certified pupils reflects an increase in the capacity of the school site.

If the funds provided by the annual Budget Act are insufficient to fully fund all eligible grants, approved claims are provided a prorated share of available funds. The CDE has indicated that 5 school districts participated in the YRS Program for the 2006-07 fiscal year. Participation for the 2007-08 fiscal year is not yet available.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce grants provided to MTYRE schools.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
To the extent that the funds provided for this program are insufficient to fully fund all eligible grants, the approved claims would be reduced on a proportionate basis. We note that this program is contained within Control Section 12.40, which allows local education agencies to transfer funding between categorical programs to meet local priorities.

Timing of Implementation
The reduction will be effective upon enactment of the 2008-09 Budget.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
Targeted Instructional Improvement Block Grant
Title: Grant Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,075,731				
Reductions					
Governor's Budget	$1,075,731				
2008-09					
Workload Budget	$1,123,114				
Reductions	$122,363			$122,363	
Governor's Budget	$1,000,751				

Program Description

The Targeted Instructional Improvement Block Grant: 1) court-ordered and voluntary desegregation; 2) instructional improvement for low achieving pupils; and 3) supplemental funding for specified categorical programs (home-to-school transportation, economic impact aid, vocational education, high school pupil counseling, school improvement, specialized secondary schools, foster youth services, opportunity classes and programs, dropout prevention, gifted and talented education, native American Indian education, partnership academies, environmental education, instructional materials, beginning teacher support and assessment, reader services for blind teachers, child nutrition, school/law enforcement partnership, educational technology, and small school district bus replacement).

Funding provides for instruction, textbooks, school buses, counseling, and other educational purposes. The block grant is effectively general purpose funding for recipient districts after any relevant court orders expire. Approximately 550 local education agencies receive an average of $1.9 million from this block grant.

Program Reduction

This proposal will eliminate the 4.94 percent COLA and change grant award amounts from an average of $1.9 million to $1.8 million.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The impact of proposed reductions depends on local choices, but may include less intensive counseling, vocational education, dropout prevention, technology enhancement, or professional development services.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Student Leadership/California Association of Student Councils
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$33				
Reductions					
Governor's Budget	$33				
2008-09					
Workload Budget	$33				
Reductions	$4			$4	
Governor's Budget	$29				

Program Description
The California Association of Student Councils (CASC), is a 501(c)3 non-profit organization led by a group of high school students known collectively as the State Council.

The mission of the CASC is to provide student and advisor leadership development, emphasizing ethics, integrity, and collaborative decision making. CASC enhances the quality of education by involving students in activities and programs outside the classroom that build citizenship and encourage self-esteem. CASC serves as an advocate for youth, provides a channel for student views, and empowers youth to take action.

Program Reduction
This proposal would reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Student Leadership/California Association of Student Councils Program will be reduced by $4,000, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates

and funding levels in a manner that either avoids or mitigates any reduction in participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Administration and Program Support (Headquarters)
Title: Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$53,348				
Reductions					
Governor's Budget	$53,348				
2008-09					
Workload Budget	$55,999				
Reductions	$5,600			$5,600	
Governor's Budget	$50,399				

Program Description

The State Department of Education (SDE) includes the following administrative branches: Executive; Government Affairs; Legal and Audits; Policy Development and External Affairs; Finance, Technology, and Administration; Curriculum and Instruction; School and District Operations; and Assessment and Accountability. The functions of the SDE include: allocation of funds to local educational agencies; curriculum and management leadership; assessment and program review; focused school improvement and intervention; regulatory and compliance action; child development agency assistance; nutrition services and distribution of United States Department of Agriculture surplus donated food. The following programs are excluded from the reduction: fiscal insolvency loan payments, mandate deferrals, lease purchase payments, and loan repayments.

State Special Schools (Support and Transportation) and the State Board of Education are not included in Administration and Program Support (Headquarters). Reductions to these programs are discussed separately.

Program Reduction

This proposal will result in an unallocated reduction to the administrative costs of the SDE.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The reduction is unallocated, so the impact to the SDE will vary depending on how the Superintendent elects to reduce operational costs. The SDE will likely eliminate vacant positions (currently, approximately eleven percent of positions are vacant) and/or reduce operating expenses and equipment.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change to state statute or regulations is required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
State Special Schools
Title: Unallocated Reduction to Support & Transportation

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$40,587				
Reductions					
Governor's Budget	$40,587				
2008-09					
Workload Budget	$41,558				
Reductions	$4,156			$4,156	
Governor's Budget	$37,402				

Program Description
The State Special Schools provide administrative oversight and support to three schools and three Diagnostic Centers. The schools for the deaf and the blind provide education services to students ages 3-22. Current law also requires the state to fund transportation services to transport resident students to and from home on weekends or vacation periods. The Budget Act of 2007 appropriates $2.5 million for transportation services, or approximately $4,368 per student.

Program Reduction
This proposal will result in an unallocated reduction to the administrative costs and transportation services provided by the State Special Schools.

Reduction Impacts
The special schools currently have an approximate 20 percent vacancy rate, so eliminating some unfilled but funded positions may help mitigate the impact on priority services to students. The actual impact depends on how the program implements the unallocated reduction. We note that the Governor's Budget also contains a workload augmentation in the transportation item to align expenditures with the level of transportation costs in 2007-08.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
State Special Schools
Title: Unallocated Reduction to Classroom-Based Proposition 98 Funding

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$45,759				
Reductions					
Governor's Budget	$45,759				
2008-09					
Workload Budget	$46,469				
Reductions	$5,063			$5,063	
Governor's Budget	$41,406				

Program Description
The State Special Schools provide administrative oversight and support to three schools and three Diagnostic Centers. The schools for the deaf and the blind provide education services to students ages 3-22. The Budget Act of 2007 appropriates $44.3 million Proposition 98 General Fund for direct instruction services to students enrolled at the schools.

Program Reduction
This proposal will result in an unallocated reduction to classroom-based costs for the State Special Schools.

Reduction Impacts
The special schools currently have an approximate 20 percent vacancy rate, so eliminating some unfilled but funded positions may help mitigate the impact of the reductions on priority services to students. The actual impact depends on how the program implements the unallocated reduction. The per pupil rate would be reduced from approximately $44,300 to $41,800.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (SDE)
Advancement Via Individual Determination Program
Title: Reduce Regional Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$9,035				
Reductions					
Governor's Budget	$9,035				
2008-09					
Workload Budget	$9,035				
Reductions	$904			$904	
Governor's Budget	$8,131				

Program Description
The Advancement Via Individual Determination (AVID) program is a college preparatory program for low-income underachieving students that provides them with academic and social support as they undertake rigorous secondary curriculum to achieve four-year college eligibility. Grants are awarded to 11 regions statewide to support professional development, partnerships with other programs, technical assistance, and other related activities. The program is funded with non-Proposition 98 General Fund. About 1,060 schools have AVID programs.

Program Reduction
This proposal would reduce regional grants for AVID programs.

Reduction Impacts
The amounts of the 11 regional grants would be reduced on a proportionate basis to conform to the available appropriation as a result of this reduction. As a result, programs may reduce services provided or the number of students receiving those services.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

California Department of Education (CDE)
Vocational Education Student Organizations
Across-the-Board Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$514				
Reductions					
Governor's Budget	$514				
2008-09					
Workload Budget	$514				
Reductions	$51			$51	
Governor's Budget	$463				

Program Description

Vocational Education Student Organizations serve the following purposes:
(1) Equipping vocational education students with competencies necessary to enter the labor market and to assume successful roles in society by conducting leadership development programs for student officers, preparing instructional materials for teacher advisors, maintaining student membership and financial records, giving in-service training to the vocational teachers who advise the student organizations, maintaining affiliation with national vocational student organizations, and supplying support services necessary to carry out these activities.
(2) Training and preparing new and future vocational education teachers to organize, manage, and conduct vocational education student organization activities as an instructional strategy in the vocational curriculum by providing an opportunity for their participation in vocational student organization activities and by conducting college and university workshops to accomplish this purpose.

Program Reduction

This proposal would reduce existing grant levels. The Superintendent of Public Instruction would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the Vocational Education Student Organizations Program will be reduced by $51,000, the Superintendent of Public Instruction (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that may avoid or mitigate any reduction in participation for this program.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 State Department of Education
Child Nutrition Programs—Private Schools
Title: Reduce Per Meal Reimbursement Rate

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$12,163	$1,645,022			
Reductions					
Governor's Budget	$12,163	$1,645,022			
2008-09					
Workload Budget	$14,630	$1,644,804			
Reductions	$1,463			$1,463	
Governor's Budget	$13,167	$1,644,804			

Program Description
Similar to programs for public schools, the Child Nutrition Programs assist private schools, juvenile halls, shelters, public residential child care institutions, camps, family day care homes, and non-residential adult day care centers in providing nutritious breakfasts, lunches, and snacks to economically-disadvantaged children at no or reduced cost. The program supplements a $1.6 billion federal program.

Program Reduction
The proposal will eliminate the 4.94-percent COLA and reduce the per meal reimbursement rate paid to private schools and others. The Superintendent of Public Instruction has the authority to adjust the reimbursement rate, as necessary, to pay all meal reimbursement claims for 2008-09.

Reduction Impacts
This reduction will reduce the free and reduced-price meal reimbursement rate from approximately $0.22 to $0.20. However, even with this reduction, the program will receive a $0.04 per meal augmentation to align it with the public school reimbursement rate.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6110 California Department of Education (CDE)
American Indian Education Centers
Title: Reduce Center Grants for Administration

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$376				
Reductions					
Governor's Budget	$376				
2008-09					
Workload Budget	$376				
Reductions	$38			$38	
Governor's Budget	$338				

Program Description
American Indian Education Centers provide services and assistance to students, parents, and schools to improve academic performance. Funding in this item is for administration of the program.

Program Reduction
This proposal will reduce grant awards for administration by $38,000 General Fund.

Reduction Impacts
The impact of the proposed reduction may result in deferred purchases of materials or equipment, or possibly delayed response time in completing workload. The actual impact depends on how local education agencies implement the unallocated reduction.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the

Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6120 CA State Library
State Operations – Support
Title: Unallocated Reduction to State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$12,125				
Reductions					
Governor's Budget	$12,125				
2008-09					
Workload Budget	$16,308				
Reductions	$1,631			$1,631	
Governor's Budget	$14,677				

Program Description
The State Library serves as the central reference and research library for state government. The library collects, preserves, generates, and disseminates information to the public. Support functions include administrative duties, delivery services, and information technology assistance.

Program Reduction
This proposal reduces appropriations for state operations.

Reduction Impacts
This reduction could result in longer response times to receive research materials, or deferred purchases or cataloging of materials. The actual impact depends on how the program implements the unallocated reduction.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations is required for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6120 CA State Library
Sutro Library - Special Repairs Project
Title: Reduction to State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$17				
Reductions					
Governor's Budget	$17				
2008-09					
Workload Budget	$17				
Reductions	$2			$2	
Governor's Budget	$15				

Program Description
The Sutro Library provides the public with access to an extensive array of rare books, genealogical collections, and manuscripts, among other things. This budget item contains funding for special repairs to the facility.

Program Reduction
This proposal reduces appropriations for state operations.

Reduction Impacts
This $2,000 reduction would have no substantial impact to the facility.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations is required for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6120 CA State Library
Civil Liberties Public Education Program
Title: Reduction to Local Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$500				
Reductions					
Governor's Budget	$500				
2008-09					
Workload Budget	$500				
Reductions	$50			$50	
Governor's Budget	$450				

Program Description
The Civil Liberties Public Education Program provides competitive grants for public educational activities and the development of educational materials concerning the internment of the Japanese-American community during World War II.

Program Reduction
This proposal reduces the amount of local assistance grants.

Reduction Impacts
Reduced grants will likely result in fewer educational materials being produced or disseminated, less outreach, or deferred procurement of materials, as determined by the contractors.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations is required for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6120 CA State Library
Direct & Inter-library Loan Program / California Library Services Act
Title: Reduction to Reimbursement of Local Book Loan Costs

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$14,342				
Reductions					
Governor's Budget	$14,342				
2008-09					
Workload Budget	$14,342				
Reductions	$1,434			$1,434	
Governor's Budget	$12,908				

Program Description
The purpose of the California Library Services Act is to provide efficient systems reference and delivery services to the public via local libraries. Funding is provided to participating libraries in the form of reimbursements for their role in providing direct and inter-library loans, among other things. The Budget Act of 2007 appropriates $14.3 million General Fund (local assistance) in reimbursement funding for libraries that participate in this program.

Program Reduction
This proposal will reduce state reimbursement of the local cost of book loan programs.

Reduction Impacts
Although libraries may opt out of the program, most would likely provide less intensive services instead. This program and the English Acquisition & Literacy Program fall under the federal maintenance of effort requirement for Library Services and Technology Act funds. The requirement states that expenditures must equal the average of the prior three years. As a result, the reduction could decrease the amount of federal funds received for these programs.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

No change in state statute or regulations is required for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6120 CA State Library
English Acquisition & Literacy Program
Title: Reduction to Local Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,064				
Reductions					
Governor's Budget	$5,064				
2008-09					
Workload Budget	$5,064				
Reductions	$506			$506	
Governor's Budget	$4,558				

Program Description
The English Acquisition and Literacy Program provides English language literacy instruction and related services to children and adults. The Budget Act of 2007 appropriated $5.1 million General Fund, or roughly $50,000 per participating library, for this program.

Program Reduction
This proposal reduces funding by approximately $5,000 per library.

Reduction Impacts
Although libraries may opt out of the program, most would likely provide less intensive services instead. This program and the Direct & Inter-library Loan Program fall under the federal maintenance of effort requirement for Library Services and Technology Act funds. The requirement states that expenditures must equal the average of the prior three years. As a result, the reduction could decrease the amount of federal funds received by these programs.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations is required for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6120 CA State Library
Public Library Foundation Program
Title: Reduction to Local Grants

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$14,360				
Reductions					
Governor's Budget	$14,360				
2008-09					
Workload Budget	$14,360				
Reductions	$1,436			$1,436	
Governor's Budget	$12,924				

Program Description
The Public Library Foundation helps local libraries cover up to ten percent of their administrative costs. The amount of funding provided is subject to the annual Budget Act appropriation. Typically, local libraries use the funds to purchase materials, replace equipment, support staff, and cover operating expenses.

Program Reduction
This proposal reduces local grants.

Reduction Impacts
The reduction will most likely result in local libraries delaying purchases of materials and equipment, and/or limiting overtime or operational hours.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations is required for implementation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6125 Education Audit Appeals Panel
State Operations
Title: Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,273				
Reductions					
Governor's Budget	$1,273				
2008-09					
Workload Budget	$1,273				
Reductions	$127			$127	
Governor's Budget	$1,146				

Program Description
The Education Audit Appeals Panel adopts the annual guide for audits of K-12 education entities and independently resolves disputes arising from those audits. These activities set standards for compliance with education funding requirements, and allow both the state and local schools to avoid lengthy and expensive litigation over disputed funding.

Program Reduction
The proposal will result in an unallocated reduction to the administrative costs of the Panel.

Reduction Impacts
Minimal impact. Fewer audit disputes are actually considered by the Panel each year than anticipated when the budget for the Panel was initially developed.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6255 California State Summer School for the Arts (CSSSA)
Title: Ten Percent Funding Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,492		$737		
Reductions					
Governor's Budget	$1,492		$737		
2008-09					
Workload Budget	$1,534		$773		
Reductions	$153			$153	
Governor's Budget	$1,381		$773		

Program Description
The Summer School for the Arts provides training and education in fine arts to students. Current law requires the state to provide a minimum of 50 percent and a maximum of 75 percent of total state operations funding with the remaining coming from either private contributions or enrollment fees from attendance. The summer school currently receives $1,534,000 General Fund and $733,000 from enrollment fees. The 2007 Budget Act included $600,000 General Fund to reduce enrollment fees and increase financial aid to students. The program currently serves approximately 500 students.

Program Reduction
The proposal will result in an unallocated reduction to the State Summer School for the Arts.

Reduction Impacts
The proposed reduction may result in higher enrollment fees and increase financial aid. Nevertheless the proposed reduction represents only 25 percent of the $600,000 base increase provided in 2006. Delayed procurement or less intensive instruction could also result depending on how the program implements the unallocated reduction.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The proposed reduction will not require a change in state statutes and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6360 Commission on Teacher Credentialing (CTC)
Alternative Certification - Internship Program
Title: Reduce Internships

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$31,723				
Reductions					
Governor's Budget	$31,723				
2008-09					
Workload Budget	$31,723				
Reductions	$3,456			$3,456	
Governor's Budget	$28,267				

Program Description

The Alternative Certification Program partners school districts and colleges to train individuals pursuing teaching as a second career. Interns possess a baccalaureate degree, have passed the California Basic Educational Skills Test (CBEST), have demonstrated their subject matter competence, and are generally the teacher of record in the classroom. The State provides an incentive grant for two years for each participant, to be combined with a local match, to provide instruction, support, and assessment to the intern. By the completion of the program, participants are eligible for certification.

Internship programs, led by colleges, universities and school districts, allow individuals to complete their teacher preparation coursework concurrent with their first year or two in a paid teaching position. Internship program participants have passed the CBEST, have demonstrated their subject matter competence, and obtained character and identification clearance. The program provides teacher preparation coursework and an organized system of support from college and district faculty. Completion of an internship program results in the same credential as is earned through a traditional teacher preparation program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would reduce funding for teacher preparation internships.

Reduction Impacts
While the Alternative Certification Program will be reduced by $3.5 million, the Commission on Teacher Credentialing will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in an equitable manner that either avoids or mitigates any reduction in teacher participation for this program.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing, or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6420 California Postsecondary Education Commission
State Operations – 10-Percent Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,209				
Reductions	$0			$0	0
Governor's Budget	$2,209				
2008-09					
Workload Budget	$2,228				
Reductions	$223			$223	0
Governor's Budget	$2,005				

Program Description

The California Postsecondary Education Commission (CPEC) provides policy analyses, advice and recommendations to the Legislature and the Governor on statewide policy and funding priorities for colleges, universities, and other postsecondary education institutions. The Commission is also responsible for administration of the federally-funded Improving Teacher Quality Grant Program. The Commission has 16 members: one member each from the governing boards of the University of California, the California State University, and the California Community Colleges; one representative of the independent colleges and universities, appointed by the Governor; one representative from the State Board of Education; two student representatives, appointed by the Governor; and nine representatives of the general public, three each appointed by the Governor, the Speaker of the Assembly, and the Senate Rules Committee.

Program Reduction

The Budget includes a General Fund reduction of $223,000 from State Operations in 2008-09.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
It is anticipated that CPEC will meet the reduction in its State Operations budget by either eliminating a position or reducing its operating expenses and equipment, and by prioritizing its discretionary studies. Its reviews of proposed new instructional programs and facilities from the California Community Colleges, University of California, and the California State University would not be affected. CPEC's federal programs would not be impacted by the budget reduction.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6440 University of California
Institutional Support—10-percent Reduction
Instruction and Other Programs—10-percent Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,260,748				
Reductions	$0			$0	0
Governor's Budget	$3,260,748				
2008-09					
Workload Budget	$3,494,102				
Reductions	$331,902		-$333,000	$331,902	0
Governor's Budget	$3,162,200				

Program Description

The 1960 Master Plan for Higher Education designates the University of California (UC) as the primary state-supported academic agency for research, with exclusive jurisdiction in public higher education over instruction in law, medicine, dentistry, and veterinary medicine. Sole authority is also vested in the University to award doctoral degrees in all fields, with the exception of the doctorate in Education that may be awarded by the California State University. Joint doctoral degrees may also be awarded with the California State University.

There are ten UC campuses. Of the ten campuses, nine focus on undergraduate, graduate, and professional education. The remaining campus, UC San Francisco, is devoted exclusively to the health sciences. The University also operates five teaching hospitals in Los Angeles, San Francisco, Sacramento, San Diego, and Orange counties. UC awarded about 55,525 degrees in 2006-07, and enrolled 219,825 full-time equivalent students in 2007-08.

The UC state General Fund budget consists of a variety of programs including instruction, research, public service, academic support, teaching hospitals, institutional support, operation and maintenance of plant, and student financial aid.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The Institutional Support program includes campus administration and the Office of the President. Activities include planning, policymaking, and coordination activities within the Offices of the Chancellors, President and the Regents. In addition, this program includes police, accounting, payroll, personnel, administrative computing, material management, environmental health and safety, and publications.

Program Reduction

The Budget includes a General Fund reduction of $331.9 million in 2008-09 including:

- A 10-percent reduction of $32.3 million to Institutional Support; and
- A 10-percent unallocated reduction of $299.6 million for instruction and other programs.

The $331.9 million reduction exceeds the workload budget increases provided under the Higher Education Compact by $120.7 million. The workload budget for UC included a
5-percent increase of $154.8 million for basic budget and core instructional support, and a $56.4 million increase for 2.5 percent enrollment growth consistent with the Higher Education Compact.

Reduction Impacts

The reduction of $32.3 million to institutional support should be able to be achieved primarily through increased administrative efficiency and prioritization of the most important activities.

The unallocated reduction of $299.6 million will allow the UC Board of Regents the maximum flexibility to meet the reduction in a way that minimizes adverse impacts to core instructional programs. Historically, the Regents have addressed similar reductions through a combination of fee increases, larger class sizes, limitations on enrollment levels, increased efficiencies, and reductions to existing programs. Programs exempted from the unallocated reduction include lease payments securing lease revenue bonds.

Timing of Implementation

The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6600 Hastings College of the Law
Institutional Support—10-percent Reduction
Instruction and Other Programs—10-percent Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$10,631				
Reductions	$0			$0	0
Governor's Budget	$10,631				
2008-09					
Workload Budget	$11,239				
Reductions	$1,124			$1,124	0
Governor's Budget	$10,115				

Program Description

The mission of the University of California, Hastings College of the Law is to provide an academic program of the highest quality, based upon scholarship, teaching, and research, to a diverse student body and to assure that its graduates have a comprehensive understanding and appreciation of the law and are well trained for the multiplicity of roles they will play in a society and profession that are subject to continually changing demands and needs. In 2007-08, Hastings enrolled 1,263 full-time equivalent students.

The Hastings state General Fund budget consists of a variety of programs including instruction, academic support, student services, institutional support, and operation and maintenance of plant. The Institutional Support program includes executive management, personnel, fiscal services, public safety, community relations and administration. This program provides administrative support to all the programs provided by the Hastings College of the Law.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction

The Budget includes a General Fund reduction of $1.1 million in 2008-09 including:

- A 10-percent reduction of $252,000 to Institutional Support; and
- A 10-percent unallocated reduction of $872,000 for instruction and other programs.

The $1.1 million reduction exceeds the workload budget increases provided under the Higher Education Compact by $593,000. The workload budget for Hastings included a 5-percent increase of $531,000 for basic budget and core instructional support.

Reduction Impacts

The reduction of $252,000 to institutional support should be able to be achieved primarily through increased administrative efficiency and prioritization of the most important activities.

The unallocated reduction of $872,000 will allow the Hastings Board the maximum flexibility to meet the reduction in a way that minimizes adverse impacts to instructional programs. Historically, the Board has addressed similar reductions through fee increases in order to preserve instructional quality.

Timing of Implementation

The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6610 California State University
Institutional Support—10-percent Reduction
Instruction and Other Programs—10-percent Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,970,706				
Reductions	$0			$0	0
Governor's Budget	$2,970,706				
2008-09					
Workload Budget	$3,185,988				
Reductions	$312,899		-$255,000	$312,899	0
Governor's Budget	$2,873,089				

Program Description

The California State University (CSU) system is comprised of 23 campuses, including 22 university campuses and the California Maritime Academy. The system is administered by an independent governing Board of Trustees that includes 25 members. The Trustees appoint the Chancellor, who is the chief executive officer of the system, and the Presidents, who are the chief executive officers of the respective campuses.

While each campus has its own unique geographic and curricular character, all campuses offer undergraduate and graduate instruction for professional and occupational goals, as well as broad liberal education programs. For graduation, each campus requires a basic program of general education, regardless of the major selected by the student. CSU offers the doctorate in Education, as well as a limited number of doctoral degrees offered jointly with the University of California and with Claremont Graduate School. In 2006-07, CSU awarded approximately 89,100 degrees and estimates enrollments of approximately 366,000 full-time equivalent students in 2007-08.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The CSU state General Fund budget consists of a variety of programs including instruction, research, public service, academic support, student services, institutional support, operation and maintenance of plant, and student financial aid.

The Institutional Support program includes campus administration and the Chancellor's Office. Activities include executive management, fiscal operations, general administration, long-range planning, administrative information technology, public relations, and mandatory transfers.

Program Reduction
The Budget includes a General Fund reduction of $312.9 million in 2008-09 including:

- A 10-percent reduction of $43.2 million to Institutional Support; and
- A 10-percent unallocated reduction of $269.7 million for instruction and other programs.

The $312.9 million reduction exceeds the workload budget increases provided under the Higher Education Compact by $96.7 million. The workload budget for CSU included a 5 percent increase of $146.2 million for basic budget and core instructional support, and a $70.1 million increase for 2.5 percent enrollment growth consistent with the Higher Education Compact.

Reduction Impacts
The reduction of $43.2 million to institutional support should be able to be achieved primarily through increased administrative efficiency and prioritization of the most important activities.

The unallocated reduction of $269.7 million will allow the CSU Board of Trustees the maximum flexibility to meet the reduction in a way that minimizes adverse impacts to core instructional programs. Historically, the Trustees have addressed similar reductions through a combination of fee increases, larger class sizes, limitations on enrollment levels, increased efficiencies, and reductions to existing programs. Programs exempted from the unallocated reduction include lease payments securing lease revenue bonds.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
General Purpose Apportionments
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	**$3,079,349**				
Reductions	**$40,000**			**$40,000**	
Governor's Budget	**$3,039,349**				
2008-09					
Workload Budget	**$3,703,926**				
Reductions	**$403,542**			**$403,542**	
Governor's Budget	**$3,300,384**				

Program Description
General Apportionments are the primary mechanism through which state assistance is distributed to the colleges. Other than a requirement that 50-percent of general purpose funds be used for faculty salaries, the funds are for the general purposes of conducting instruction.

Program Reduction
For the current year, a $40 million one-time reduction is proposed. However, efforts will be made to identify savings to mitigate this proposal. The reduction to Apportionments for 2008-09 is two-fold. To implement the reduction to Apportionments, no COLA is provided (which saves $291.7 million at 4.94-percent). The remainder of the reduction is from Growth for Apportionments ($111.8 million).

Reduction Impacts
The result of these reductions will leave $60.8 million for growth which will allow the system to serve an additional 1.05 percent, or more than 12,000 additional students. Combined with no COLA in 2008-09, these reductions may result in a reduction in low demand course offerings. Because the Administration will work to identify Proposition 98 savings to offset the current year reductions, the impact of the $40 million redirection should be minimal.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The proposed reduction for 2008-09 for this program will be effective upon passage of the 2008 Budget Act. The current year reduction will be effective upon passage of a revised appropriation in the Special Session.

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges (CCC)
CCC Proposition 98 Categorical Programs
Grant/Funding Rate Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$769,947				
Reductions	$0			$0	
Governor's Budget	$769,947				
2008-09					
Workload Budget	$806,099				
Reductions	$79,966			$79,966	
Governor's Budget	$726,133				

Program Description
The Budget includes proportional reductions to all community college Proposition 98 categorical programs. These programs include such things as targeted student support services for underserved populations and disabled populations, career technical education programs, local infrastructure assistance grants, incentive grants for faculty-related programs and dedicated payments for specific state-mandated local programs. The BBR write-ups that follow address the specific reduction to each of these programs.

Program Reduction
Reductions are achieved through a combination of rate reductions and minimum grant or allocation reductions.

Reduction Impacts
The impact of proposed reductions depends on local choices, but will likely result in a reduction in education related and supportive services provided to students and teachers.

Timing of Implementation
These reductions will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Student Success for Basic Skills Students Program
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$33,100				
Reductions					
Governor's Budget	$33,100				
2008-09					
Workload Budget	$33,100				
Reductions	$3,606			$3,606	
Governor's Budget	$29,494				

Program Description
This program attempts to increase the success rate of ESL/Basic Skills students in an effort to improve completion rates for Associate Degrees, transfer to four-year institutions, and career related skills certificates. To address the retention and success rates of these students, this program provides resources for additional counseling, tutoring and other means of student support to further ensure success rates of basic skills students.

Program Reduction
This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Student Success for Basic Skills Program will be reduced by $3.6 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels to ensure equity for all applicable districts.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Apprenticeship
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$15,229				
Reductions					
Governor's Budget	$15,229				
2008-09					
Workload Budget	$15,981				
Reductions	$1,741			$1,741	
Governor's Budget	$14,240				

Program Description

Apprenticeship programs provide anyone over the age of 16 the opportunity to gain specific job skills in various industries through direct training by experienced employees of those industries. The Apprenticeship Program is a cooperative effort among the California Department of Education, the Chancellor's Office of the California Community Colleges, and the Department of Industrial Relation's Division of Apprenticeship Standards (DAS). Apprenticeship programs are administered by the DAS, while classroom instruction is provided by regional occupation programs, adult schools and community colleges.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts

While Apprenticeship will be reduced by $1.7 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Student Financial Aid Assistance Programs
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$51,640				
Reductions					
Governor's Budget	$51,640				
2008-09					
Workload Budget	$50,552				
Reductions	$5,508			$5,508	
Governor's Budget	$45,044				

Program Description

Student financial assistance programs at colleges administer federal, state and institutional financial aid programs. These programs totaled almost $1.1 billion and served more than half a million students in 2006-07.

Financial assistance programs include: 1) the Board Financial Assistance Program (BFAP) Administrative Allowance, 2) the Board of Governors' (BOG) Fee Waiver Program, 3) statewide media campaigns to promote the availability and affordability of community colleges, and 4) programs that facilitate direct contact with potential and current financial aid applicants.

Program Reduction

This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients for programs 3 and 4 noted above. The $0.91 per unit reimbursement to community college districts for BOG fee waiver awards and two percent of total waiver value to community college districts for the provision of BOG fee waiver awards will be adjusted based on 2008-09 budgeted growth totals.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While BFAP will be reduced by $5.5 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Extended Opportunity and Special Services (EOPS)
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$122,291				
Reductions					
Governor's Budget	$122,291				
2008-09					
Workload Budget	$132,184				
Reductions	$14,401			$14,401	
Governor's Budget	$117,783				

Program Description

EOPS was established to assist students affected by language, social, and economic hardships to achieve their educational objectives. EOPS provides services that are specifically designed to supplement other support programs and to help EOPS students complete their educational goals. The services that may be offered include, but are not limited to orientation, early registration, specialized counseling (for help with educational planning and career assessment), academic progress monitoring, basic skills instruction, tutoring, child care, work study, book grants, and other grants and loans.

The CARE program is geared toward recipients of public assistance who desire job-relevant education to break the dependency cycle. Students participating in CARE may choose a vocational certificate or license, associate degree or transfer program options.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While EOPS will be reduced by $14.4 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that either equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Disabled Students Programs and Services (DSPS)
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$115,011				
Reductions					
Governor's Budget	$115,011				
2008-09					
Workload Budget	$124,313				
Reductions	$13,544			$13,544	
Governor's Budget	$110,769				

Program Description

DSPS programs are designed to offer services, including specialized instruction where applicable, to provide equal access to the general educational program for students with verified disabilities. According to the state laws and regulations governing funding for the DSPS program, any support services or instruction funded, in whole or in part, must:

a) Not duplicate services or instruction which are otherwise available to all students:
b) Be directly related to the educational limitations of the verified disabilities of the students to be served;
c) Be directly related to the student's participation in the educational process;
d) Promote the maximum independence and integration of students with disabilities; and
e) Support participation of students with disabilities in educational activities consistent with the mission of the community colleges.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While DSPS will be reduced by $13.5 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the 2008 Budget Act.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Welfare Reform
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$43,580				
Reductions					
Governor's Budget	$43,580				
2008-09					
Workload Budget	$43,580				
Reductions	$4,748			$4,748	
Governor's Budget	$38,832				

Program Description
The colleges provide special services for public aid recipients whose work activities call for education delivered through the community colleges, concurrent with the State's California Work Opportunities and Responsibility to Kids Act (CalWORKs). In addition, the colleges are also allocated funds from federal Temporary Assistance to Needy Families (TANF) funds—the major federal block grant for the state's reformed welfare programs.

Program Reduction
This proposal would reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Welfare Reform Program will be reduced by $4.8 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Foster Care Education Program
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,254		$6,112		
Reductions					
Governor's Budget	$5,254		$6,112		
2008-09					
Workload Budget	$5,254		$6,112		
Reductions	$572			$572	
Governor's Budget	$4,682		$6,112		

Program Description
The Foster Care Education Program is an ongoing statewide network of educational programs, courses and workshops available to foster parents, potential foster parents and social service personnel. There are two funding sources for Foster Care Education: Proposition 98 General Fund and federal funds. Federal funding itself is comprised of federal funds budgeted in the Department of Social Services, and allocated to community colleges as a reimbursement.

Program Reduction
This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Foster Care Education Program will be reduced by $572,000, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the 2008 Budget Act.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Matriculation
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$101,803				
Reductions					
Governor's Budget	$101,803				
2008-09					
Workload Budget	$110,037				
Reductions	$11,988			$11,988	
Governor's Budget	$98,049				

Program Description
Matriculation is a process by which students are provided the assistance to establish and achieve realistic educational goals, including associate of arts degrees, transfer for baccalaureate degrees, and vocational certificates and licenses. Matriculation services include admissions, assessment, orientation, counseling, and follow up to all students enrolled in credit courses and selected non-credit students.

Program Reduction
This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Matriculation program will be reduced by $12 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Academic Senate
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$467				
Reductions					
Governor's Budget	$467				
2008-09					
Workload Budget	$467				
Reductions	$51			$51	
Governor's Budget	$416				

Program Description
The Academic Senate for California Community Colleges provides procedures for the faculty of the community colleges to participate in the formation of state policies, particularly on academic and professional matters. The Board of Governors relies primarily on the Academic Senate in the development of policy recommendations related to curriculum and student success as well as minimum qualifications for faculty.

Program Reduction
The Academic Senate is funded through a single grant that will be reduced by $51,000.

Reduction Impacts
This reduction would result in reduced funding to support the internal operations of the Academic Senate. The Academic Senate will have to prioritize how to implement the reductions and this may reduce some level of participation by the Academic Senate members in statewide governance functions.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Equal Employment Opportunity
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,747				
Reductions					
Governor's Budget	$1,747				
2008-09					
Workload Budget	$1,747				
Reductions	$190			$190	
Governor's Budget	$1,557				

Program Description
This program established a fund within the State Treasury to be administered by the Board of Governors, for the purpose of advancing equal employment opportunities in hiring and promotions within the community colleges. This program replaces the Faculty and Staff Diversity Fund, which was found to be non-compliant with the provisions of Proposition 209. Core activities associated with this program include: outreach and recruitment, in-service training on equal employment opportunity, and the accommodation of disabled employees and applicants.

Program Reduction
The Equal Employment Opportunity (EEO) program is funded primarily through statewide contracts with selected districts for specific EEO projects, while the remaining funds are distributed to local districts on the basis of FTES to support specific local EEO projects. This reduction would reduce grant levels for the statewide projects as well as reduce the district allocations, on a proportional basis.

Reduction Impacts
Performance of each project will have to be completed with fewer dollars per project.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The proposed reduction for this program will not require any applicable statutory or regulatory changes to implement.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Part-Time Faculty Health Insurance
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,000				
Reductions					
Governor's Budget	$1,000				
2008-09					
Workload Budget	$1,000				
Reductions	$109			$109	
Governor's Budget	$891				

Program Description
This program provides State subsidies for districts providing health benefits (not dental or vision) to eligible part-time faculty working at two or more community college districts. Participating districts negotiate with faculty unions to provide continuous health benefits for part-time faculty and file claims for State reimbursement of up to half the premium cost for eligible faculty. Faculty eligible for the State reimbursed program must have worked at the paying district for three consecutive semesters or four quarters, and work at two or more community college districts for a cumulative total workload of at least 60 percent of a full-time load.

Program Reduction
This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Part-Time Faculty Health Insurance program will be reduced by $109,000, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Part-Time Faculty Compensation
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$50,828				
Reductions					
Governor's Budget	$50,828				
2008-09					
Workload Budget	$50.828				
Reductions	$5,538			$5,538	
Governor's Budget	$45,290				

Program Description

Funds for this program are distributed to districts on the basis of actual FTES served. The funds are intended to be used as an incentive for districts to achieve greater equity or parity in the compensation provided to part-time faculty. Through the local collective bargaining process, districts determined the amount of funding necessary to achieve parity in pay for part-time faculty. This documentation is forwarded to the Chancellor's Office for certification. Once the Chancellor's Office has determined that a district has achieved such parity, these funds are available to serve any other education purpose.

Program Reduction

This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts

While the Part-Time Faculty Compensation program will be reduced by $5.5 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Part-Time Faculty Office Hours
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$7,172				
Reductions					
Governor's Budget	$7,172				
2008-09					
Workload Budget	$7,172				
Reductions	$781			$781	
Governor's Budget	$6,391				

Program Description
This program provides incentives to districts to fund office hours for part-time faculty so that they can provide academic counseling and assistance to students outside the classroom. This is similar to full time faculty office hours, which may allow for better student learning because faculty members are accessible outside the classroom to assist students.

Program Reduction
This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Part-Time Faculty Office Hours program will be reduced by $781,000, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Telecommunications & Technology Services
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$26,197				
Reductions					
Governor's Budget	$26,197				
2008-09					
Workload Budget	$26,197				
Reductions	$2,854			$2,854	
Governor's Budget	$23,343				

Program Description

The Telecommunications and Technology Infrastructure Program (TTIP) put into place the organizational and technical foundation required for a statewide telecommunications network for all community colleges. The program provides resources for three major components: infrastructure, applications development, and training of staff in the use of technology. The infrastructure component began with establishment of a systemwide network initiated by expanding the CSU system's network.

The California Virtual University is a separate component that supports the development and provision of on-line courses for the community college system. Funds are allocated to four locally based regional centers and one statewide center for staff development. The four locally based regional centers provide direct support to the colleges and faculty within their respective regions to assist in training faculty and staff in putting curricula online.

Another major component of TTIP is the California Partnership for Achieving Student Success (Cal-PASS). The Cal-PASS project is a database that collects, analyzes and shares student data in order to track performance and improve success from elementary school through university. Currently, over 2,000 elementary schools, high schools, community colleges, colleges and universities, from over 25 counties are participating in this partnership.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
This proposal would reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While TTIP will be reduced by $2.9 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that ensures the continuation of essential services and equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Fund for Student Success (FSS)
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,158				
Reductions					
Governor's Budget	$6,158				
2008-09					
Workload Budget	$6,158				
Reductions	$671			$671	
Governor's Budget	$5,487				

Program Description

The Fund for Student Success support specific, targeted investments designed to reach out to particular student populations on community college campuses. Specifically, FSS supports the following three program components:

- Puente Project
  The Puente Project is an academic preparation program whose mission is to increase the number of educationally disadvantaged students who enroll in four-year colleges and universities, earn college degrees, and return to the community as mentors and leaders of future generations. Puente provides three areas of service to students: teaching, counseling, and mentoring. Additionally, Puente trains school and college staff members to conduct this program at their sites.

- Mathematics, Engineering and Science Achievement (MESA) Program
  This program is designed to increase the number of financially and educationally disadvantaged students (with emphasis on those groups with the lowest eligibility rates for the University of California) pursuing degrees in mathematics, sciences, engineering, or computer science who are eligible to transfer to a four-year college or university. The program also focuses on reducing the amount of time required for MESA community college students to transfer to four-year colleges and universities,

improving the academic performance of MESA CCCP students, and increasing the leadership skills and educational expectations of MESA CCCP students.

- Middle College High School Program
  The Middle College High School Program is designed to provide "at-risk" students a high school education while concurrently receiving college courses and services. This is facilitated by integrating a high school into the community college campus. High school students attend classes at a community college and earn credit toward a high school diploma while having the opportunity to concurrently enroll in college courses and receive more intensive counseling and administrative attention. The ultimate goal of this program is to reduce dropout rates by improving the academic skills, self-esteem, and decision-making of participating students.

Program Reduction
This proposal would reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While the Fund for Student Success program will be reduced by $671,000, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Economic Development
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$46,790				
Reductions					
Governor's Budget	$46,790				
2008-09					
Workload Budget	$46,790				
Reductions	$5,098			$5,098	
Governor's Budget	$41,692				

Program Description

The Economic Development Program (EDP) was established in 1991, and in 1996 economic development became one of the primary missions of the California Community Colleges. The purpose of the program is to advance the state's economic growth and global competitiveness through education, training, and services that contribute to continuous workforce improvement, technology deployment and business development consistent with the state's regional economies. The role of the community colleges in this effort is to fulfill the vocational education and instructional needs of California business and industry through leadership, communication, and liaisons with the private sector as well as with public sector education and training providers. The California Community Colleges work with employers, advisory committees, and agency partners to identify, on a region-by-region basis, workforce education and training needs, including the needs of small business. Colleges have created a network of service providers that meet identified needs in a most cost-effective and timely manner.

Program Reduction

This proposal would reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the Economic Development program will be reduced by $5 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reductions.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Transfer Education and Articulation
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,424				
Reductions					
Governor's Budget	$1,424				
2008-09					
Workload Budget	$1,424				
Reductions	$155			$155	
Governor's Budget	$1,269				

Program Description
The transfer function is one of the community colleges primary missions. The funding for this program is available to support grants for transfer and articulation projects and common course numbering projects.

Program Reduction
The Transfer Education and Articulation program is funded through three statewide grants. Each of these grants would be reduced proportionately by the reduction.

Reduction Impacts
The reduction proposed for this program could diminish project funding levels proportionately or disproportionately. It is unknown what impact on articulation agreements and common course numbering would result, however it would likely be minor.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The proposed reduction for this program will not require any applicable statutory or regulatory changes to implement.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Physical Plant and Instructional Support
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$27,345				
Reductions					
Governor's Budget	$27,345				
2008-09					
Workload Budget	$27,345				
Reductions	$2,979			$2,979	
Governor's Budget	$24,366				

Program Description
This program provides funding for facility repairs, replacement and upgrade of worn out or obsolete instructional equipment and library materials for the California Community College system. Funds appropriated for this program are allocated to the community college districts on a per FTES basis. The Physical Plant program is designed to keep up with maintenance and repair needs of facilities. For every $1 a district expends from this appropriation for scheduled maintenance and special repairs, the recipient district shall provide $1 in matching funds. Districts that receive funds for architectural barrier removal projects shall provide a $1 match for every $1 provided by the state. For every $3 a district expends for replacement of instructional equipment and library materials, the recipient district shall provide $1 in matching funds.

Program Reduction
This proposal would reduce existing grant levels. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While Physical Plant and Instructional Support will be reduced by $3 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by

proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Career Technical Education (CTE)
Across the Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$20,000		$32,000		
Reductions					
Governor's Budget	$20,000		$32,000		
2008-09					
Workload Budget	$20,000		$38,000		
Reductions	$2,179			$2,179	
Governor's Budget	$17,821		$38,000		

Program Description

The overall goal of the Career Technical Education Initiative is to strengthen California's workforce development efforts by linking the state's investment in economic development with its investment in public instruction and other significant public investments. This initiative, based on SB 70 (Scott), directs the community colleges' Economic and Workforce Development regional centers to work with consortia including middle and junior high schools, high schools, and regional occupational centers and programs to improve linkages between the K-12 and community college segments, and strengthen career pathways in a manner that will result in students being better prepared for their careers, advanced training, and postsecondary education.

Program Reduction

This proposal would reduce existing grant levels. The Chancellor and its partnering agencies would have the authority to prioritize projects and adjust minimum and maximum grant levels as necessary.

Reduction Impacts

While the CTE program will be reduced by $2.2 million, the Chancellor (as noted above) will have the flexibility to implement this reduction in a manner that preserves the highest priority activities.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Childcare Campus Tax Bailout
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,836				
Reductions					
Governor's Budget	$6,836				
2008-09					
Workload Budget	$7,174				
Reductions	$782			$782	
Governor's Budget	$6,392				

Program Description

Since 1978, when Proposition 13 passed, 25 community college districts have received funds for operation of their campus child care centers through "tax-bailout funds" from the state (Proposition 98 funding). Prior to 1978, these 25 districts had levied permissive taxes to fund some of their campus child care center operational costs, and post-Proposition 13 cleanup legislation required the state to replace the lost permissive tax dollars for child care at these districts. The funds were based on the amount the districts lost in 1978, and varies from $13, 000 in the smallest district to over $2 m in the largest district (which has 9 campuses). The child care tax bailout funds had been part of the Department of Education's Child Development budget until they were transitioned more than two years ago to the Chancellor's Office for more efficient delivery of the funds to college districts. The per district allocation of this funding has not changed since the inception, except for receiving COLA in recent years.

Program Reduction

This proposal would eliminate the 4.94-percent COLA and reduce existing grant levels. The Chancellor would have the authority to adjust funding rates to prorate the remaining funding to grant recipients.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
While the Childcare Campus Tax Bailout program will be reduced by $782,000, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

Statutory and/or Regulatory Change
The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Local District Fiscal Oversight
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$570				
Reductions					
Governor's Budget	$570				
2008-09					
Workload Budget	$570				
Reductions	$62			$62	
Governor's Budget	$508				

Program Description
This funding allows the board of governors to request reviews of local community college districts if the board determines that there is an imminent threat to the fiscal integrity of a district as a result of fraud, misappropriation of funds, or other illegal fiscal practices. These reviews can be done preventatively or responsively, and are conducted under contract with the Fiscal Crisis and Management Assistance Team (FCMAT).

Program Reduction
This proposal would reduce funds available for reimbursement of these services.

Reduction Impacts
The reduction of $62,000 to Local District Fiscal Oversight may reduce the number of programs and colleges that receive assistance, or reduce the scope of assistance provided to colleges.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
Nursing Support
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$22,100				
Reductions					
Governor's Budget	$22,100				
2008-09					
Workload Budget	$22,100				
Reductions	$2,408			$2,408	
Governor's Budget	$19,692				

Program Description
This program is designed to increase the number of nursing program graduates. This program seeks to expand FTES enrollments, increase clinical placement opportunities for students, adequately prepare students for the academic rigors of nursing, reduce attrition and expand the curriculum and support services available to assist students to gain the knowledge, skills, and abilities necessary to pass the licensure exam.

Program Reduction
This proposal would reduce existing grant levels proportionately for all program components. The Chancellor would have the authority to adjust funding rates and minimum and maximum grant levels as necessary to prorate the remaining funding to grant recipients.

Reduction Impacts
While Nursing Support will be reduced by $2.4 million, the Chancellor (as noted above) will have the flexibility to implement this reduction by proportionately reducing funding rates and funding levels in a manner that equitably distributes the reduction.

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the Budget Act of 2008.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Statutory and/or Regulatory Change

The 2008 Omnibus Education Trailer Bill contains language to authorize the Superintendent of Public Instruction, the Commission on Teacher Credentialing or the Chancellor of the Community Colleges to make proportionate reductions to programs, including making adjustments to specific rates or minimum or maximum levels of funding.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

6870 California Community Colleges
State Operations
Across-the-Board Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$10,027	$263			
Reductions					
Governor's Budget	$10,027	$263			
2008-09					
Workload Budget	$10,309	$251			
Reductions	$1,031			$1,031	
Governor's Budget	$9,278	$251			

Program Description
The Chancellor's Office provides leadership and policy direction in the continuing development of the California Community Colleges system. Among its charges are establishing minimum academic and personnel standards; evaluating and reporting on the fiscal and educational effectiveness of the districts; conducting research and providing appropriate information services; providing representation, advocacy and accountability for the colleges before State and national legislative and executive agencies; and administering local assistance programs (both operational and capital outlay).

Program Reduction
The proposal would reduce the state operations General Fund support by 10 percent from the 2008-09 workload budget level. The Chancellor would retain ultimate flexibility in implementing these reductions.

Reduction Impacts
The reduction to the Chancellor's Office state operations will likely cause a decrease in technical assistance service to local districts for a variety of categorical programs and may possibly reduce responsiveness to various Administration and Legislative requests.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The proposed reduction for this program will be effective upon passage of the 2008 Budget Act.

Statutory and/or Regulatory Change
The proposed reduction for this program will not require any applicable statutory or regulatory changes to implement.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7980 California Student Aid Commission
State Operations
Ten Percent Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$15,506				
Reductions	$0			$0	0.0
Governor's Budget	$15,506				
2008-09					
Workload Budget	$15,785				
Reductions	$1,579			$1,579	0.0
Governor's Budget	$14,206				

Program Description
The California Student Aid Commission (CSAC) administers state and federal student financial aid programs to help eligible middle and low-income undergraduate and graduate students pay for educational expenses. Specifically, the CSAC administers the following student aid programs: Cal Grant, Assumption Program of Loans for Education (APLE), Graduate APLE, National Guard APLE, State Nursing APLE, and Nurses in State Facilities APLE, Law Enforcement Personnel Dependents Scholarships, Robert C. Byrd Scholarships, Child Development Teacher and Supervisor Grant, and the Chafee Foster Youth.

Program Reduction
The proposal will reduce the available appropriation by ten percent.

Reduction Impacts
The CSAC will likely implement the reduction by eliminating vacant positions and reducing operating and equipment expenses. The reductions may ultimately result in delays in responding to inquiries on Cal Grants and other student aid programs.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7980 California Student Aid Commission
California Student Opportunity and Access Program
Ten Percent Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,367				
Reductions	$0			$0	0.0
Governor's Budget	$6,367				
2008-09					
Workload Budget	$6,367				
Reductions	$637			$637	0.0
Governor's Budget	$5,730				

Program Description
The California Student Opportunity and Access Program (Cal-SOAP) provides financial aid outreach and tutoring services to help economically disadvantaged K-12 students gain access to financial aid and postsecondary education. The Cal-SOAP also assists the matriculation of community college students to four-year institutions. There are 16 Cal-SOAP consortia operating in 17 locations.

Program Reduction
The proposal will reduce the available appropriation by ten percent. The California Student Aid Commission would have discretion in allocating the reduction among participating consortia.

Reduction Impacts
A reduction to the Cal-SOAP could reduce the amount of assistance provided to various consortia and, thus, may impact the amount of tutoring and outreach services to economically disadvantaged students.

Timing of Implementation
The reduction will be effective upon enactment of the Budget Act of 2008.

Statutory and/or Regulatory Change
No change in state statute or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7100 Employment Development Department (LWDA)
Unemployment Insurance Appeals Board
Title: Reduce Audit Appeals

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$560				
Reductions					
Governor's Budget	$560				
2008-09					
Workload Budget	$563				
Reductions	$56			$56	0.5
Governor's Budget	$507				

Program Description
The California Unemployment Insurance Appeals Board (CUIAB) is a quasi-judicial agency whose primary purpose is to conduct impartial hearings and issue prompt decisions to resolve disputed unemployment insurance and disability insurance determinations, and contested tax liability assessments, for the Employment Development Department (EDD).

Program Reduction
This reduction involves staff performing tasks related to tax liability assessments. Those assessments include General Fund (GF) revenue.

Reduction Impacts
The CUIAB holds hearings on petitions from taxpayers concerning assessments made by EDD's Tax Branch. Through this process, the CUIAB resolves liability for employment tax contributions and Personal Income Tax (PIT) withholdings, which the latter is supported by the GF. This reduction would impact services related to those assessments.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7100 Employment Development Department (LWDA)
Administrative Support
Title: Reduce Administrative Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,586				
Reductions					
Governor's Budget	$1,586				
2008-09					
Workload Budget	$1,900			-	-
Reductions	$190			$190	1.8
Governor's Budget	$1,710				

Program Description
As one of the largest tax collection agencies in the nation, the Employment Development Department (EDD) works with employers to collect California's employment taxes and data to support the employment security, child support, and personal income tax programs.

Program Reduction
This reduction includes staff performing administrative support activities (AS&T) for the tax program.

Reduction Impacts
The EDD tax collection function is a shared cost workload between the Unemployment Insurance (UI), Disability Insurance (DI), General Fund (GF), and Employment Training Fund (ETF) funds. The GF reduction to administrative support services would create a negative impact on the tax sharing ratio. The United States Department of Labor (DOL), Office of Cost Determination, requested the EDD update the cost sharing agreement for the federal and state taxes that EDD collects. The cost sharing agreement involves the federal UI program and three State programs which include the DI, GF, and ETF. This agreement is commonly referred to as the tax-sharing ratio. The

EDD's processing of employer taxes has changed since the last approved tax-sharing ratio in 1992. Since the tax collection function is a shared cost workload, these changes have resulted in a workload shift between the UI, DI, GF and ETF programs. Currently the GF is being supplemented by the other funds, resulting in inequity and potential audit findings. This reduction would further put the personal income tax portion of the ratio out of federal compliance.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7300 Agricultural Labor Relations Board (ALRB)
Board/General Counsel
Title: Delay Claims Processing/Litigation

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,126				
Reductions	$150			$150	1.8
Governor's Budget	$4,976				
2008-09					
Workload Budget	$5,148				
Reductions	$515			$515	3.7
Governor's Budget	$4,633				

Program Description

Charged with the enforcement of the Agricultural Labor Relations Act (ALRA), the Agricultural Labor Relations Board (ALRB) has two principal functions: 1) the conduct of secret ballot elections to determine whether employees wish to be represented by a labor organization and, 2) the prevention of unfair labor practices, chiefly defined as practices which impede the exercise of employee free choice. The ALRB is modeled on the National Labor Relations Board (NLRB).

The General Counsel of the ALRB is responsible for investigating and prosecuting unfair labor practices as defined by State law. The California Agricultural Labor Relations Act is modeled on the National Labor Relations Act. However, the California Act is concerned with the rights of agricultural employees while the National Act covers industrial employees. The General Counsel is also responsible for the administrative arm of the agency including personnel and accounting. In addition, the General Counsel supervises the agency's regional staff located in offices in El Centro, Salinas and Visalia.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
The Board reduction will eliminate one Hearing Officer I. ALRB Hearing Officers have specialized knowledge of labor law, and preside over evidentiary hearings in unfair labor practice and disputed election cases, chiefly challenged ballots and election objections.

General Counsel positions proposed for reduction include a senior attorney, a Regional Director (attorney) and a field examiner.

Reduction Impacts
Eliminating the Hearing Officer I will leave the ALRB with one part-time judge. There are currently seven complaints pending hearing and six election cases that may necessitate a hearing on election objections or unit clarification. The existing hearing officer could not timely hear these pending matters and there would be no back-up if he is unable to hear a case due to recusal, illness, etc.

Attorneys and field examiners (investigators) are critical to the mission of investigating and prosecuting unfair labor practices, and conducting elections. The loss of two attorney positions and a field examiner severely hamper the ability of ALRB to process unfair labor practice claims in a timely manner.

There has been an approximate increase of 25% in the number of unfair labor practice charges filed over the past two years and an increase in the number of elections being conducted by regional staff. The increase in unfair labor practice charges has lead to delays in investigating and prosecuting cases, at the risk that some cases may never be successfully prosecuted. Because the ALRB is a small agency, whenever an election must be conducted, the staff of an entire regional office must cease working on unfair labor practice cases and investigate and conduct the election. At times, all of the regional staff statewide is needed to run an election. The proposed reduction will further delay the investigation and prosecution of unfair labor practice charges. Furthermore, the ALRB's ability to conduct elections within the seven-day period required by law will be jeopardized. The reduction will limit the General Counsel's ability to carry out his legal mandate.

Timing of Implementation
The reduction will be effective March 1, 2008

Statutory and/or Regulatory Change
This reduction will not require change in a state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7350 Department of Industrial Relations (DIR)
Self-Insurance Plans
Title: Operating Expenses and Equipment Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$44				
Reductions					
Governor's Budget	$44				
2008-09					
Workload Budget	$44				
Reductions	$4			$4	
Governor's Budget	$40				

Program Description
Self Insurance Plans (SIP), a program within the director's office of the Department of Industrial Relations (DIR), authorizes qualified employers to provide their own coverage for workers' compensation liabilities. The director of Industrial Relations is responsible for certification of public and private self insured employers, third-party administrative agencies that oversee self insurance programs, and individual claims adjusters. Self insurers are required to post a security deposit -- adjusted annually to cover liabilities incurred -- and to submit to SIP audits.

Program Reduction
The department proposes a reduction in the General and Miscellaneous Operating Expense.

Reduction Impacts
The reduction impact is minimal.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
The reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7350 Department of Industrial Relations (DIR)
Mediation/Conciliation
Title: Mediation/Conciliation Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,194				
Reductions					
Governor's Budget	$2,194				
2008-09					
Workload Budget	$2,213				
Reductions	$221			$221	
Governor's Budget	$1,912				

Program Description
The State Mediation and Conciliation Service (SMCS) was established to improve employer-union relations in California. Skilled, impartial State Mediators mediate labor disputes between employers and employee organizations free of charge.

Program Reduction
Eliminate 2 of the division's 13 mediation staff.

Reduction Impacts
The main impact of a reduction from 13 to 11 mediator positions will be an increase in the number and duration of public sector strikes in the state. In the last year alone, SMCS has been involved in helping to avert strikes in transit (San Bernardino and Contra Costa bus companies), schools (San Francisco and many others) and numerous cities and counties. In cases where there were strikes (for example Hayward schools, Mendocino County deputy DA's, Hartnell College faculty) our mediators helped to broker deals to end the strikes. With fewer mediators spread out over the same number of disputes, parties will be more likely to head down the path of confrontation without the benefit of a State Mediator. Assistance to the parties would be delayed at critical turning points in collective bargaining. These are time-sensitive negotiations driven by contract expiration dates and other external factors. A delay in mediation can result in a work stoppage.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

In the past eighteen months, there have been approximately one dozen strikes in the California public sector. Our mediators have been instrumental in ending all but two of them. In those two cases, they settled without our assistance.

In addition, last year saw a significant increase in parties filing for impasse with PERB under EERA, HEERA and the Dills Act. 180 such impasses were filed – up from an average over the last five years of 150 (a 20% increase). Each of these impasses (in K-14, higher education, and state employment) requires extensive mediation by a state mediator. If this trend continues, there will be a need for more mediators, not less.

A second impact of this reduction will be a diminished capacity of SMCS to assist the Governor's Office in the response to and preparation for a transit intervention. During this past year, SMCS was instrumental in assisting the GO after the Orange County Transportation Authority requested that the Governor intervene in its dispute with the Teamsters. Once the request was made, one mediator was relieved of all other duties to work full-time on making the time-sensitive process of convening a Board of Investigation proceed smoothly. Not only did he provide invaluable on-site assistance to the governor's and LWDA staff, he ultimately mediated an end to the ten-day strike. The mediator logged in 341 hours on this case alone. With a smaller staff, it would be difficult to devote this much attention and time to a single dispute. If we did, other disputes would be allowed to fester. This could lead to more strikes.

A third impact would be on SMCS' capacity to assist the State of CA and its unions in resolving their many disputes. In the past year, SMCS has assisted the State and its unions in two crucial and high-profile disputes. One was the long-standing dispute over access by SEIU Local 1000 representatives to state facilities. After a lengthy multi-day mediation process, a state mediator helped the parties agree on a resolution to this issue. While this was not an imminent strike threat situation, it was vital conciliation work. With a smaller staff of mediators, it would be difficult to find enough time to service non-strike related dispute resolution, such as this State of CA – SEIU Local 1000 case.

Another high-profile state case also required an extraordinary commitment of SMCS resources. The impasse mediation with the CCPOA required the freeing up of two mediators on short notice to meet with the parties on multiple days over a two-month period. Although the mediation did not result in an agreement, both parties praised SMCS for its role in attempting to move the parties toward a deal. With only eleven mediators statewide, we would no longer have the luxury of assigning two mediators to a high-profile case such as the State of CA - CCPOA.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
The reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7350 Department of Industrial Relations (DIR)
Division of Occupational Safety and Health
Title: Board Staff Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,223				
Reductions					
Governor's Budget	$2,223				
2008-09					
Workload Budget	$2,223				
Reductions	$222			$222	1.8
Governor's Budget	$2,001				

Program Description
The mission of the Appeals Board is to fairly, timely, and efficiently resolve appeals and to provide clear, consistent guidance to the public, thereby promoting workplace safety and health.

The mission of the Occupational Safety and Health Standards Board (OSHSB) is to promote, adopt, and maintain reasonable and enforceable standards that will ensure a safe and healthy workplace for California workers.

Program Reduction
The proposed reduction is the elimination of one Hearing Officer position at the Appeals Board and a Staff Services Manager position at the OSHSB.

Reduction Impacts
The elimination of the Hearing Officer I position (1) will result in over 1,000 fewer appeals heard by the board (at present over 3,000 cases are backlogged, approximately 1,000 of which have been backlogged for over 10 months). This increases the potential of federal complaint filing due to failure to process cases in a timelier manner. The case backlog represents an amount due and payable to the General Fund that cannot be accurately estimated at this time.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The elimination of the Staff Services Manager 1 position (1) at OSHSB will result in delays in the rule making process, and the board's ability to respond to petitioners and applicants.

Timing of Implementation
The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
The reduction will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7350 Department of Industrial Relations (DIR)
Division of Labor Statistics and Research
Title: Eliminate Publication of Apprenticeship Prevailing Wage Determinations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,940				
Reductions					
Governor's Budget	$2,940				
2008-09					
Workload Budget	$2,940				
Reductions	$294			$294	2.9
Governor's Budget	$2,646				

Program Description
The Division of labor Statistics and Research (DLSR) is dedicated to serving the people of California by collection, compiling, and presenting accurate and timely statistics and research relating to the condition of labor in the state.

Program Reduction
Eliminate three positions responsible for the publication of prevailing wage determinations.

Reduction Impacts
As a result of this reduction the division will no longer publish apprenticeship prevailing wage determinations, and will cease collecting data specific to this program activity.

Timing of Implementation
This reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

7350 Department of Industrial Relations (DIR)
Administrative Support
Title: Reduce Administrative Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$5,525				
Reductions					
Governor's Budget	$5,525				
2008-09					
Workload Budget	$5,525				
Reductions	$553			$553	2.9
Governor's Budget	$4,972				

Program Description
The Division of Administration is primarily responsible for ensuring the integrity of the department's financial and administrative internal controls. The division also provides support services to all DIR divisions, boards, commissions, and programs.

Program Reduction
Position and operating expense reductions will occur in the budget and personnel offices, and in the Office of the Director.

Reduction Impacts
Administrative workload will be redistributed amongst remaining staff. Operating Expense contemplated equate to an approximate 2.2% reduction in administrative operating expense.

Timing of Implementation
This reduction will be effective July 1, 2008

Statutory and/or Regulatory Change
This proposal will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8140 Office of the State Public Defender (OSPD)
Capital Appeal Legal Representation
Title: Fiscal Year 2008-09 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$11,956				
Reductions	$405			$405	9.0
Governor's Budget	$11,551				
2008-09					
Workload Budget	$12,142				
Reductions	$1,214			$1,214	9.0
Governor's Budget	$10,928				

Program Description

The objective of the State Public Defender is to provide legal representation in Capital Appeals cases to indigents who do not have the financial ability to obtain legal counsel. The Department focuses its resources exclusively on post-conviction proceedings following a judgment of death.

Program Reduction

To achieve a 10% Reduction, the OSPD must permanently eliminate a total of 9.5 positions from its current staff, including 6.5 attorney positions and 3 support positions.

In addition, The Department would also need to reduce its Fiscal Year 08-09 OE&E budget by approximately 22%.

Reduction Impacts

A reduction of the magnitude to the Department's Fiscal year 08-09 Budget would prohibit OSPD from fulfilling its mission for existing clients because the agency would lack necessary funds for travel to remote courthouses to litigate appeals and to investigate and prepare claims for habeas corpus litigation. It would also prohibit the

Department's ability to provide the necessary continuing education of staff, including attorneys not yet qualified to be counsel of record in capital post-conviction cases. Finally, any reduction will commensurately suppress the agency's ability to accept new cases, increase the backlog of un-represented inmates, and further delay adjudication of their appeals.

Timing of Implementation

The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8180 Payment to Counties for Homicide Trials Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,500				
Reductions	$0			$0	0.0
Governor's Budget	$2,500				
2008-09					
Workload Budget	$2,500				
Reductions	$250			$250	0.0
Governor's Budget	$2,250				

Program Description
The Payment to Counties for Homicide Trials Program reimburses counties for homicide trial costs that exceed a specified percentage of countywide property tax revenues. The purpose is to ensure extraordinarily costly trials do not impose a burden on counties with smaller revenue bases.

Program Reduction
The Administration proposes to achieve the reduction through a 10 percent decrease in the 2008 Budget Act appropriation and by limiting reimbursements to 90 percent of amounts allowed under current law.

Reduction Impacts
This will reduce payments to counties by 10 percent. The amount of reduction will depend on actual claims which have varied significantly from the budget in past years.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require changes in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8260 California Arts Council
Program Name: 90—Arts Council
Title: Administrative and OE&E Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,227				
Reductions	$24			$24	.3
Governor's Budget	$1,203				
2008-09					
Workload Budget	$1,238				
Reductions	$124			$124	1.0
Governor's Budget	$1,114				

Program Description
The Arts Council, founded in 1976, has a mission to advance California through arts and creativity. Guided by a recently adopted strategic plan, the agency addresses its mission through a three-component approach that promotes public awareness of the arts, advocacy for the arts, and programs that emphasize the importance of arts education in California schools and local arts programming.

Program Reduction
2007-08
Four month reduction of the Exempt Special Assistant to the Director position that is currently vacant. The position is designed to assist the Director in the implementation of special projects and initiatives in support of the agency's strategic plan. Salary and related benefits for four months total approximately $24,000.

2008-09
Elimination of the Exempt Special Assistant to the Director position that is currently vacant. The position is designed to assist the Director in the implementation of special projects and initiatives in support of the agency's strategic plan. Annual salary and related benefits total approximately $76,000. General reduction to Operating Expenses & Equipment (OE&E) totaling $48,000.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

2007-08

Funding associated with the vacant Special Assistant to the Director position has been used to partially support grantsmaking efforts. With this reduction, the CAC will limit these efforts which will result in the release of approximately 3 to 4 less grant awards.

2008-09

Funding associated with the vacant Special Assistant to the Director position has been used to partially support grantsmaking efforts. With this reduction, the CAC will limit these efforts which will result in the release of approximately 10 less grant awards.

Reductions to OE&E will result in reduced staff travel for grant guideline workshops and grant monitoring activities, reduction to consultant contract(s) for public awareness efforts, reduced hours for student assistants who serve as the only support staff for agency personnel, and deferred training, IT services, and equipment upgrades or purchases.

Timing of Implementation

2007-08

The reduction will be effective March 1, 2008.

2008-09

The reduction will be effective July 1, 2008

Statutory and/or Regulatory Change

Will not require a change in state statute and emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8320 Public Employment Relations Board (PERB)
Fact Finding, Oakland Office, General Counsel's Office, and Administrative Services
Title: PERB Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,234				
Reductions	$0			$0	0.0
Governor's Budget	$6,234				
2008-09					
Workload Budget	$6,634				
Reductions	$510			$510	3.0
Governor's Budget	$6,124				

Program Description
The objectives of the Public Employment Relations Board (PERB) are to administer and enforce California public sector collective bargaining laws in an expert, fair, and consistent manner; to thereby promote service to the public through improved public sector labor relations; and to provide a timely and cost-effective method through which employers, unions, and employees can resolve their labor relations disputes.

Program Reduction
PERB will be eliminating its Fact Finding budget, closing its Oakland office, eliminating two legal support staff positions, and reducing its travel and library purchases budgets as well as a Human Resources position.

Reduction Impacts
If PERB is unable to fund fact finding contracts, the burden will fall to the parties. Ultimately, this may lead to further costs to the state through mandated costs in providing fact finding services to school employers or the university systems at true market value for arbitrators/fact finders.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The closure of the Oakland office will significantly impact PERB's constituencies. Increased distances to PERB offices will delay the submission of documents to Sacramento or Los Angeles, which could impact statutory filing deadlines.

The elimination of legal support staff will require PERB attorneys and administrative law judges to spend time on routine tasks involving work other than processing, resolving, mediating, and adjudicating labor-relations disputes. PERB's resulting work product, including briefs filed with the Courts of Appeal and California Supreme Court, could be negatively impacted by this reduction.

Travel Reduction – PERB will not be able to send staff to assist in the Los Angeles office. Cases will be significantly delayed as the administrative law judges in that office try to handle the full caseload. Hearings now being scheduled 60 days after mediation could take up to 6 months.

Library Purchases - Reduction of funds available for this purpose will mean that publications go out of date.

Human Resource Personnel – Eliminating funding for PERB's Human Resources position would require PERB to use the Department of General Services (DGS) to carry out its personnel work.

Timing of Implementation

The closure of the Oakland Office will be effective January 1, 2009. This is a partial reduction for 2008-09 and a full reduction of $280,000 for 2009-10 since it will take time to close the office. All other reductions will be effective July 1, 2008.

Statutory and/or Regulatory Change

Eliminating the Fact Finding budget will require a statutory change (Sections 3541.3, 3548.1, 3548.3, 3563, 3591, 3592, and 3593 of the Government Code; and Section 99561 of the Public Utilities Code).

Closing the Oakland Office will require a regulatory change. Regulations currently specify which counties must file in the San Francisco Regional Office (Oakland Office).

The reductions for the General Counsel's Office and Administrative Services will not require a statutory change or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8380 Department of Personnel Administration (DPA)
Classification and Compensation Division
Title: Reduction in the Classification and Compensation Division

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,394				
Reductions	$0			$0	0.0
Governor's Budget	$6,394				
2008-09					
Workload Budget	$7,026				
Reductions	$398			$398	2.9
Governor's Budget	$6,628				

Program Description
The Classification and Compensation Division (CCD) administers the state's Classification and Compensation Plan as described in Section 19816 of the Government Code. Programmatically, CCD is divided into three distinct functions as follows: (1) classification and compensation development and maintenance (Classification and Compensation Program), (2) salary and leave administration (Personnel Services Branch), and (3) service and seniority determinations (Service and Seniority Unit).

Program Reduction
Reducing the CCD by $398,000 represents a reduction in 3.0 positions and a reduction in operating budget.

Reduction Impacts
Staffing shortages may delay implementation of critical (health and safety) classification and compensation changes. This could result in the inability of departments to hire qualified staff and meet statutory requirements primarily in level-of-care agencies such as Developmental Services and Mental Health and public safety agencies such as the Department of Corrections and Rehabilitation. In addition, the Department of Personnel

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Administration must review and respond to grievances within specific timeframes from 30 to 60 days upon receipt. Staffing reductions may delay the grievance process.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
A change in state statute will not be needed.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8380 Department of Personnel Administration (DPA)
Labor Relations
Title: Reduction in Labor Relations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,125				
Reductions	$0			$0	0.0
Governor's Budget	$3,125				
2008-09					
Workload Budget	$4,402				
Reductions	$239			$239	1.9
Governor's Budget	$4,163				

Program Description

The Labor Relations Division represents the Governor and presents the state's management position in negotiations with the exclusive representatives of the 21 bargaining units. Contract issues include wages, hours, and working conditions for represented employees. The Department of Personnel Administration (DPA) is responsible for setting the pay and benefits of confidential, supervisory, managerial, and exempt employees. The DPA prepares costs estimates for collective bargaining proposals, reviews proposals from a financial standpoint, and makes recommendations regarding all financial issues related to statewide collective bargaining.

Program Reduction

Reducing the Labor Relations Program by $239,000 represents a reduction in 2.0 positions and a reduction in contract dollars for salary surveys. DPA will no longer be able to do the types of comprehensive salary surveys completed in the last few years. Instead, DPA will only be able to survey for approximately 41 "benchmark" classifications representing broad groups of workers such as attorneys, auditors, scientists, etc.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
The state will have less comprehensive data with which to compare compensation for state classifications with local agencies and private industry.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
A change in state statute will not be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8380 Department of Personnel Administration (DPA)
Legal Division
Title: Reduction in the Legal Division

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,538				
Reductions	$0			$0	0.0
Governor's Budget	$1,538				
2008-09					
Workload Budget	$2,661				
Reductions	$403			$403	2.9
Governor's Budget	$2,258				

Program Description
The Legal Division represents the Governor, the Department of Personnel Administration (DPA), and other state agencies and departments in all labor relations and most employment matters. Areas of service include labor relations, personnel and discipline matters, and wage and hour claims. DPA attorneys also have been called upon to provide legal representation in areas of employment law, such as claims under the Americans with Disabilities Act (ADA) and the Family Medical Leave Act (FMLA).

Program Reduction
Reducing the Legal Division by $403,000 million represents a reduction of 3.0 positions and a reduction in travel budget.

Reduction Impacts
The Legal Division's litigation options will be restricted due to decreased travel budgets. Roughly half of all the cases handled by the Legal Division require some form of travel to out-of-the-area work cites to gather facts, interview witnesses, and attend hearings. This reduction will result in the DPA requiring witnesses to travel to Sacramento to be

prepared for cases. In addition, existing staff will be required to work longer hours and handle more cases.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
A change in state statute will not be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8380 Department of Personnel Administration (DPA)
Administrative Services Division
Title: Reduction in the Administrative Services Division

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,870				
Reductions	$0			$0	0.0
Governor's Budget	$1,870				
2008-09					
Workload Budget	$1,870				
Reductions	$119			$119	0.9
Governor's Budget	$1,751				

Program Description
The Administrative Services Division provides support to all of the Department of Personnel Administration (DPA) programs. The Administrative Services Division is charged with providing administrative support services to the DPA, the Human Resources Modernization Program (a statewide initiative), and for the recruitment of a "headhunter" to develop a pool of healthcare professionals within the Health and Human Services Agency and the Department of Corrections and Rehabilitation.

In addition, the Information Management Branch is in the midst of retooling/building a solid information technology infrastructure to shore up the viability and security of the DPA which in turn provides data resources statewide.

Program Reduction
Reducing the Administrative Services Division by $119,000 represents a reduction in 1.0 position and a reduction in operating budget.

Reduction Impacts
A reduction in the Administrative Services Division may result in the reduction or

elimination of services to the DPA internal and statewide programs.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
A change in state statute will not be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8380 Department of Personnel Administration (DPA)
Benefits Program
Title: Reduction in the Benefits Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$637				
Reductions	$0			$0	0.0
Governor's Budget	$637				
2008-09					
Workload Budget	$813				
Reductions	$226			$226	1.9
Governor's Budget	$587				

Program Description

The Benefits Program administers a comprehensive employee benefit package designed to support the state in attracting and retaining a qualified and diversified workforce. Benefits include dental, vision, flexible benefits, employee assistance safety/wellness, life, long-term disability, and legal service benefits. The Department of Personnel Administration (DPA) also manages the state's workers' compensation master service agreement and a full range of disability and return-to-work programs for employees injured on or off the job.

Program Reduction

Reducing the Benefits Program by $226,000 represents a reduction in 2.0 positions and a reduction in operating budget.

Reduction Impacts

A reduction in the Benefits Program could lead to inefficiencies in providing statewide benefits administration.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
A change in state statute will not be required.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8380 Department of Personnel Administration (DPA)
Rural Health Care Equity Program
Title: Reduction in the Rural Health Care Equity Program – Retiree Contributions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$22,624				
Reductions	$0			$0	0.0
Governor's Budget	$22,624				
2008-09					
Workload Budget	$22,965				
Reductions	$515			$515	0.0
Governor's Budget	$22,450				

Program Description
Code Section 22877 of the Government Code established the Rural Health Care Equity Program (RHCEP) to provide reimbursements of certain health care expenses for state employees and annuitants who do not have access to a Health Maintenance Organization (HMO).

Program Reduction
Reducing the RHCEP by $515,000 represents a 10 percent reduction in annuitant RHCEP subsidies.

Reduction Impacts
Annuitants that are not Medicare participants will have their annual RHCEP subsidies reduced by $50 (from $500 to $450) or approximately $4.50 per month. Annuitants that are Medicare participants and currently receive a RHCEP subsidy amount equal to their Medicare Part B premiums incurred, will have their maximum allowable monthly subsidy reduced by $7.50 (from $75 to $67.50).

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective October 1, 2008.

Statutory and/or Regulatory Change
This budget balancing reduction will require statutory changes to Section 22877 of the Government Code, which will reduce annuitant RHCEP subsidies by 10 percent.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8570 California Department of Food and Agriculture (CDFA)
Agricultural Plant Health and Pest Prevention Services
Pest Detection and Eradication Program Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$71,484				
Reductions	$0			$0	0.0
Governor's Budget	$71,484				
2008-09					
Workload Budget	$67,447				
Reductions	$4,945			$4,945	0.0
Governor's Budget	$62,502				

Program Description
The Division of Plant Health and Pest Prevention Services (PHPPS) is responsible for protecting the State against the invasion of plant pests and diseases. The PHPPS accomplishes this by maintaining the Border Protection Stations, enforcing quarantines, operating a statewide detection trapping program, providing special detection surveys, maintaining emergency project response teams, and operating a control program to minimize the impacts of the Pierce's disease on the winegrape industry.

Program Reduction
This reduction will eliminate a portion of the survey activity for the Red Imported Fire Ant (RIFA) Program in Southern California, eliminate all of the Diaprepes Root Weevil (DRW) eradication and survey activities, and eliminate a portion of the Pierce Disease Control Program's operations.

Reduction Impacts
Reduced RIFA surveys could lead to broader quarantines throughout the Southern California counties, increased use of pesticides, and increased potential of human and livestock exposure to RIFA. Eliminating the eradication and survey activities for DRW will force the PHPPS to focus on enforcing regulatory laws throughout the state in an attempt to control the spread of this pest; however, this could result in its spread throughout the state. The PDCP is a cost sharing program with the Federal

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Government and industry, reducing state support could lead to a reduction in federal funds and industry support.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statutes and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8570 California Department of Food and Agriculture (CDFA)
Animal Health and Food Safety Services
Elimination of Animal Health Functions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$14,987				
Reductions	$0			$0	0.0
Governor's Budget	$14,987				
2008-09					
Workload Budget	$13,289				
Reductions	$1,329			$1,329	11.0
Governor's Budget	$11,960				

Program Description
The Animal Health and Food Safety Services Division protects public health and the health of California's livestock and poultry, provides safety of food at animal origin, and protects California livestock owners against losses due to animal theft and straying.

Program Reduction
The proposed reduction will eliminate the National Animal Health Monitoring and Reporting Systems; biologics regulation; Animal Care Program; and aspects of the Meat Inspection Program. This proposal would also reduce the Investigative Field Services Unit (ISU).

Reduction Impacts
The reduction will reduce State animal health officials' knowledge of both state and national disease trends, and may reduce federal funding for animal disease surveillance. It will eliminate State regulatory expertise related to humane and proper treatment of domestic farm animals through science-based animal care methods and practices. This reduction will eliminate positions from the ISU, which will no longer conduct investigative and enforcement activities.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will require a change in state statutes and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8570 California Department of Food and Agriculture (CDFA)
Marketing, Commodities, and Agricultural Services
Reduction of Weighing and Measuring Activities

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,326				
Reductions	$237			$237	0.0
Governor's Budget	$2,089				
2008-09					
Workload Budget	$2,225				
Reductions	$222			$222	0.0
Governor's Budget	$2,003				

Program Description
The Division of Measurement Standards (DMS) is responsible for the enforcement of California weights and measures laws and regulations. The DMS activities are designed to ensure the accuracy of commercial weighing and measuring devices; verify the quantity of both bulk and packaged commodities; and enforce the quality, advertising and labeling standards for most petroleum products. The DMS works closely with county sealers of weights and measures who, under the supervision and direction of the Secretary of Food and Agriculture, carry out the vast majority of weights and measures enforcement activities at the local level. Ensuring fair competition for industry and accurate value comparison for consumers are the primary functions of the county/state programs.

Program Reduction .
The proposed reductions will reduce oversight, training, and coordination of County Weights and Measures officials and reduce testing of commercial weighing and measuring devices.

Reduction Impacts
The reductions may increase the backlog in evaluations and testing of commercial weighing and measuring devices. The testing backlog currently averages 8 to 10 weeks due to previous program budget cuts. In addition, the proposed reduction for this

program may limit the State's ability to provide training and coordination to County weights and measures officials, as well as respond to public complaints or inquiries.

Timing of Implementation
For fiscal year 2007-08, the reduction will be effective March 1, 2008.

For fiscal year 2008-09, the reduction will be effective July 1, 2008.

Statutory and/or Regulatory Changes
This reduction will not require a change in state statutes and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8570 California Department of Food and Agriculture (CDFA)
General Agricultural Activities
Reductions in Environmental Planning and Emergency Response

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$14,637				
Reductions	$263			$263	0.0
Governor's Budget	$14,374				
2008-09					
Workload Budget	$14,744				
Reductions	$1,475			$1,475	4.0
Governor's Budget	$13,269				

Program Description

General Agricultural Activities serves as the central point of contact for logistical coordination of all departmental resources and facilitates industry and agency coordination on environmental issues affecting agriculture. It manages an emergency response program enabling CDFA to effectively respond to emergency events. The laboratory system protects the State through regulatory and diagnostic surveillance, safeguarding the public from diseases common to humans and animals, food borne illnesses, and bioterrorism.

Program Reduction

The proposed reduction cuts various operating expenses for the Policy/Planning and Development program. It limits the Emergency Preparedness and Supply Unit's (EPSU) ability to implement the California Animal Response Emergency System and closes the Davis Electron Microscopy Section and the Fresno Avian Virology and Microscopy Section. The Agricultural Security and Emergency Response (ASER) Program will withdraw from programs established to improve the local's ability to evacuate pets and livestock during emergencies. This will result in the elimination of four positions.

For fiscal year 2007-08 the proposed change will reduce the ASER program.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
For fiscal year 2007-08 the impact may be a reduced capacity to prepare California's agricultural industry for natural and man-made disasters.

For fiscal year 2008-09, the reduction may limit CDFA's ability to improve dairy environmental performance regarding air and water quality. Efforts in generating bioenergy production to reduce greenhouse gases and increase carbon sequestration may also be limited. In addition, CDFA's ability to respond to agricultural security threats and emergencies will be reduced. Closure of the two sections in the Davis and Fresno labs may result in delayed detection of bioterrorist activities and foreign animal diseases involving livestock and poultry. Reducing EPSU's budget may curtail its ability to effectively maintain an emergency plan and notification system to reach all cooperating government and industry operations. Reduction of ASER may restrict the State's capacity to prepare California's agricultural industry for natural and man-made disasters.

Timing of Implementation
For fiscal year 2007-08, the reduction will be effective March 1, 2008.

For fiscal year 2008-09, the reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statutes and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8570 California Department of Food and Agriculture (CDFA)
Executive and Administrative Services (Distributed)
Administrative Services Reduction

	GF (Distributed)	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,424				
Reductions	$0			$0	0.0
Governor's Budget	$6,424				
2008-09					
Workload Budget	$6,641				
Reductions	$664			$664	8.0
Governor's Budget	$5,977				

Program Description
Executive/Administrative Services includes the executive leadership of the Secretary's office and all administrative support functions for the Department. The Secretary's Office sets priorities and policies to protect, support, and promote agriculture in the State of California and helps protect the health and welfare of the public and the environment.

Program Reduction
The proposed reduction will eliminate analytical and support positions within the Administrative Services area.

Reduction Impacts
These reductions will reduce support in implementing climate control action programs; eliminate or reduce support training functions for the Department; reduce service to Department staff in the areas of management reporting and personnel services; and increase the workload for existing employees creating a delay in response to departmental staff in areas such as financial reporting.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute and/or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8620 Fair Political Practices Commission (FPPC)
FPPC's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$8,147				
Reductions					
Governor's Budget	$8,147				
2008-09					
Workload Budget	$8,247				
Reductions	$825			$825	
Governor's Budget	$7,422				

Program Description
At this time, we do not know how the Fair Political Practices Commission will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8640 Political Reform Act (PRA)
PRA's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$0				
Reductions					
Governor's Budget	$0				
2008-09					
Workload Budget	$2,745				
Reductions	$275			$275	
Governor's Budget	$2,470				

Program Description
At this time, we do not know how the Political Reform Act reduction will be allocated. The funding provided in the Political Reform Act item is distributed to three departments: the Secretary of State, the Franchise Tax Board, and the Department of Justice.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8780 Little Hoover Commission (LHC)
LHC's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,037				
Reductions					
Governor's Budget	$1,037				
2008-09					
Workload Budget	$1,043				
Reductions	$104			$104	
Governor's Budget	$939				

Program Description
At this time, we do not know how the Little Hoover Commission will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8820 Commission on the Status of Women (COSW)
COSW's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$540				
Reductions					
Governor's Budget	$540				
2008-09					
Workload Budget	$588				
Reductions	$59			$59	
Governor's Budget	$529				

Program Description
At this time, we do not know how the Commission on the Status of Women will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8830 California Law Revision Commission (CLRC)
CLRC's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$732				
Reductions					
Governor's Budget	$732				
2008-09					
Workload Budget	$736				
Reductions	$74			$74	
Governor's Budget	$662				

Program Description
At this time, we do not know how the California Law Revision Commission will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8840 Commission on Uniform State Laws (CUSL)
CUSL's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$149				
Reductions					
Governor's Budget	$149				
2008-09					
Workload Budget	$165				
Reductions	$17			$17	
Governor's Budget	$148				

Program Description
At this time, we do not know how the Commission on Uniform State Laws will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8855 Bureau of State Audits (BSA)
BSA's Budget
Unallocated Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$16,229				
Reductions					
Governor's Budget	$16,229				
2008-09					
Workload Budget	$16,275				
Reductions	$1,628			$1,628	
Governor's Budget	$14,647				

Program Description
At this time, we do not know how the Bureau of State Audits will allocate the 10-percent General Fund reduction to the programs.

Program Reduction
Unknown. Information is not available.

Reduction Impacts
Unknown. Information is not available.

Timing of Implementation
Unknown. Information is not available.

Statutory and/or Regulatory Change
Unknown. Information is not available.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8860 Department of Finance
Fiscal Integrity and Oversight
Title: Department of Finance Reduction

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$44,452		$15,927		
Reductions	$0		$0	$0	0
Governor's Budget	$44,452		$15,927		
2008-09					
Workload Budget	$33,753		$20,892		
Reductions	$3,375		$105	$3,480	28.5
Governor's Budget	$30,378		$20,787		

Program Description
By statute, the Director of Finance serves as the Governor's chief fiscal policy advisor with emphasis on the financial integrity of the state and maintenance of a fiscally sound and responsible Administration.

The objectives of the Department of Finance are:

- To prepare, present, and support the annual financial plan for the state.
- To assure responsible and responsive state resource allocation within resources available.
- To foster efficient and effective state structure, processes, programs, and performance.
- To ensure integrity in state fiscal databases and systems.

Program Reduction
The proposed reduction requires the elimination of 30 positions and related operating expenses.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impact
A reduction to this program will:

- Reduce the amount and quality of analysis and oversight in the development and administration of budgets, which will result in an increased chance of significant errors.
- Result in fewer audits and oversight of department finances and performance, including the loss of the strike team to react to crises.
- Result in reduced services to the public and other governmental entities in providing information from the Census Data Center, as well as eliminate the ability to provide major studies and reports.
- Decrease the analytical capability and responsiveness to assist units and departments with fiscal and accounting policies and procedures.
- Reduce the quality and timing of services provided by human resources, business services, information services, as well as decrease funds available for training, in-state travel, and maintenance fees.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8880 Financial Information System for California (FI$Cal)
Title: Reduction of Lease Funding

	GF	FF	Other	Total Reductions	PY Reduction
2007-08*					
Workload Budget	$6,715				
Reductions	$0			$0	0.0
Governor's Budget	$6,715				
2008-09					
Workload Budget	$2,417		$37,650		
Reductions	$242			$242	0.0
Governor's Budget	$2,175		$39,825		

* 2007-08 Budget is reflected in Item 8860 – Department of Finance.

Program Description
The Financial Information System for California (FI$Cal) is a joint effort by the partnership of the Department of Finance, the State Controller's Office, the State Treasurer's Office and the Department of General Services to develop, implement, and utilize a single integrated statewide financial management system for California.

Program Reduction
A reduction of $242,000 from the budget for facility operations.

Reduction Impacts
Due to current lease rates, this reduction may limit the options to lease space for the project in the core area of Sacramento where most state offices are located.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8885 Commission on State Mandates
Mandates
Title: State Operations

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,673				
Reductions	$0			$0	0.0
Governor's Budget	$1,673				
2008-09					
Workload Budget	$1,739				
Reductions	$168			$168	1.0
Governor's Budget	$1,571				

Program Description
Two primary objectives of the Commission on State Mandates, as a quasi-judicial body, are to fairly and impartially hear and determine if local governments are entitled to reimbursement for increased costs mandated by the state, and, to make determinations regarding significant financial distress concerning a county. The Commission consists of seven members representing state and local agencies and is staffed with 13 positions.

Program Reduction
This reduction would reduce operating costs by $168,000.

Reduction Impacts
Commission staff conducts research and prepares analyses for Commission members to make determinations at various phases of the mandates determination process. From July 2006 to December 2007, staff has reduced the test claim workload from 102 claims to 68 claims and reduced the pending statewide cost estimates from seven to five. During this period, pending incorrect reduction claims increased from 123 to 141 and parameters and guidelines increased from 29 to 36. The proposed reductions will

reduce staffing and may slow the clearance of the backlogs.

Timing of Implementation

This reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This proposal does not require a change in state statue or regulations

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8910 Office of Administrative Law (OAL)
Program 10 - Regulatory Oversight
Regulatory Oversight 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,912				
Reductions					
Governor's Budget	$2,912				
2008-09					
Workload Budget	$2,931				
Reductions	$293			$293	
Governor's Budget	$2,638				

Program Description

OAL's primary statutory responsibility is reviewing regulations proposed by over 200 state agencies for compliance with standards set forth in California's Administrative Procedure Act. OAL transmits approved regulations to the Secretary of State, and provides for the official compilation and publication of state regulations in the California Code of Regulations (CCR). OAL is also required by statute to publish a weekly Notice Register containing public notices required to be published under the APA, and other notices of general public interest. State law requires OAL to provide free online versions of the CCR and the Notice Register via its website.

In addition, OAL assists state regulatory agencies through a formal training program, as well as through less formal methods, to understand and comply with the Administrative Procedure Act. Through its Reference Attorney service the office provides direct legal advice to state agencies and members of the public regarding California rulemaking law. In addition, OAL evaluates whether rules being used by state agencies constitute "underground regulations" which have not been properly adopted pursuant to the requirements of the Administrative Procedure Act. We issue formal determinations reflecting those evaluations.

Program Reduction

OAL plans to reduce spending on services, printing, communications, postage, repairs

and maintenance of equipment, and will eliminate purchases of new equipment.

Reduction Impacts

OAL anticipates seeing a dramatic increase in workload as a result of AB 32, the greenhouse gas bill. We have already begun receiving rulemakings from ARB and other agencies implementing AB 32. While ARB rulemakings relating to AB 32 are just gearing up, we have seen an increase in requests for training as other agencies have asked us to conduct additional training for their staff who will be promulgating rules on the greenhouse gas legislation. However, the reduction limits our resources to be able to contract for such services and thereby impairs our ability to meet our statutory obligation.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 10 - Army National Guard Program
Army National Guard 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$22,704				
Reductions					
Governor's Budget	$22,704				
2008-09					
Workload Budget	$15,214	$48,650			
Reductions	$1,521	$100		$1,621	2.9
Governor's Budget	$13,693	$48,550			

Program Description
The objective of this program is to optimize the preparedness and readiness of the California Army National Guard's community based land force to respond to state emergencies and national security missions supporting civil authorities with organized units that are manned, equipped, trained, and resourced. The Temporary Emergency Shelter Program provides armories statewide for use by local officials to conduct emergency shelter programs for homeless persons during severe weather conditions.

Program Reduction
This reduction will have a serious impact in our ability to sustain, maintain and repair California Military Department facilities.

Reduction Impacts

Under-funding of maintenance and repair of armories has long been a problem for the California Military Department. As a result, according to a 2006 Bureau of State Audit report, at least 87 percent of the armories in California are in need of improvement. As noted in AB1712, "The Legislature hereby finds and declares that the Military Department is unable to perform its security, emergency response, and social and community missions due to deficiencies in the physical condition and suitability of some of its armories."

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

The proposed 10% reduction in state funds will have a serious impact on our ability to sustain, maintain and repair California Military Department facilities. The magnitude of the impact goes well beyond the simple 10% figure for several reasons. First, we must account for fixed expenses such as leases, utilities and municipal services, which cannot be reduced without closing facilities. As a result, maintenance, repair and modernization must absorb a 14.3% cut to achieve an overall 10% reduction. Second, the state funds for modernization, maintenance and repair are generally matched with federal dollars. Consequently, the Military Department will lose federal funds for maintenance and repair as well.

As a result of these reductions, reaction time for minor repairs will be increased, and major repairs may need to be delayed. Delaying repairs often leads to additional damage, further exacerbating the problem. BMAR (Backlog of Maintenance and Repair) increases rather than decreases. Facilities continue to deteriorate. Poorly maintained facilities impacts recruiting and retention, readiness, the morale of our soldiers and community use of our facilities.

Timing of Implementation
The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 20 – Air National Guard
Air National Guard 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$6,098				
Reductions	$100			$100	
Governor's Budget	$5,998				
2008-09					
Workload Budget	$4,000	$15,612			
Reductions	$400	$400		$800	
Governor's Budget	$3,600	$15,212			

Program Description
The objective of this program is to maximize the readiness of all California Air National Guard units to effectively execute federal or state missions. Plans are developed and maintained for employment of Air National Guard forces during state emergencies and federal mobilization. Support plans include airlift, rescue, communications, and other specialized services. Training is conducted using United States Air Force and Air National Guard technical schools and on-the-job training at home stations or training sites within the United States or overseas. The federal government provides virtually all supplies, equipment, transportation, subsistence, and support services necessary for training, deployment, and commitment of the Air National Guard.

Program Reduction
A 10% reduction in this program would adversely affect the Air National Guard infrastructure.

Reduction Impacts
A 10% reduction in this program would directly affect the Air National Guard infrastructure, increasing deterioration of facilities as well as increase safety and environmental risks. This equates to a total loss of Federal matching funds of $400,000.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 30 – Office of the Adjutant General
Office of the Adjutant General – Administration 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$12,080				
Reductions	$700			$700	
Governor's Budget	$11,380				
2008-09					
Workload Budget	$13,815				
Reductions	$1,382			$1,382	8.6
Governor's Budget	$12,433				

Program Description
This program provides strategic methodology and organization to fulfill the mission of the California National Guard to support our communities and nation and ensure the public safety of our citizens. This program governs the joint activities and performance of the Military Department in areas such as personnel and fiscal resource management, judicial affairs, internal controls, facility management, youth education, and information technology.

Program Reduction
A 10% reduction will eliminate 3 Permanent Positions in the Veterans Honor Funeral Program.

Reduction Impacts
California encompasses the largest veteran population in the nation with over 2.3 million veterans. The California Military Department currently provides Military Funeral Honors Program services for those veterans in the State of California by participating in over 625 funerals per month. The 10% budget reduction equates to 3 permanent positions in this program. This will adversely impact the capability to render appropriate military honors for our deceased veterans.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 35 – Military Support to Civil Authority
Military Support to Civil Authority 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,352				
Reductions	$100			$100	
Governor's Budget	$3,252				
2008-09					
Workload Budget	$2,000				
Reductions	$200			$200	1.9
Governor's Budget	$1,800				

Program Description
The Military Support to Civil Authority Program supports the emergency needs of civil authority when called to duty by the Governor. To assure a timely and effective response of National Guard resources, policies and procedures governing their use are continuously reviewed and updated. Liaison and coordination is maintained with federal, state, and local agencies so that mutual understanding and unity of purpose is assured during an emergency. The objectives of this program are to plan and prepare for the deployment of National Guard personnel and equipment to support civil authority when called to state service by the Governor due to domestic emergency or natural disaster and to provide the state, county, city, and other public agencies with the coordination necessary to insure a timely, organized response.

The California National Guard continues to have responsibility, pursuant to prior-year sub-grant funds from the Office of Homeland Security, to coordinate and direct statewide training and exercise programs for state and local first responders involving incidents of Weapons of Mass Destruction. This program is a critical aspect of the overall State Homeland Security Assessment and Strategy, and the state partnership with the United States Department of Homeland Security, Office of Domestic Preparedness.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Program Reduction
A 10% reduction in this program will eliminate 2 PY's. in the Joint Operations Center.

Reduction Impacts
A 10% reduction in this program will reduce operational and emergency response planning efforts for State of California missions, as well as limit liaison training which supports immediate integration during interagency operations.

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 40 – Military Retirement
Military Retirement 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$3,439				
Reductions	$100			$100	
Governor's Budget	$3,339				
2008-09					
Workload Budget	$2,000				
Reductions	$200			$200	
Governor's Budget	$1,800				

Program Description
This program provides retirement benefits, similar to those provided by the federal military services, to persons who entered state active duty prior to October 1, 1961, and have served 20 or more years, at least 10 of which have been on state active duty, or have been separated for physical disability. All other permanent state employees are covered by the Public Employees' Retirement System.

Program Reduction
Minimal impact.

Reduction Impacts
Minimal impact.

Timing of Implementation
The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 50 – California Cadet Corps
California Cadet Corps 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$436				
Reductions					
Governor's Budget	$436				
2008-09					
Workload Budget	$1,185				
Reductions	$119			$119	
Governor's Budget	$1,066				

Program Description
The California Cadet Corps is a statewide, school-based, applied leadership program conducted within a military framework. The program is designed to provide maximum growth and leadership opportunities for cadets in the middle school through high school levels.

Program Reduction
The existing funding does not meet the basic uniform cost of $65 per cadet per year. A 10% cut in this program will further exacerbate this situation.

Reduction Impacts
The 10% reduction on the California Cadet Corps will have a negative impact on Cadet Corps operations. Cadet uniforms have been neglected for the past several years due to repeated reductions in the permanent baseline funding for the program. This reduction will result in a net loss of 900 uniforms. The Cadet Corps serves approximately 10,000 students at less than $60 per year. The existing funding does not meet the basic uniform cost of $65 per cadet per year let alone provide for basic operating expenses and training for the cadets. It is unrealistic to expect the cadets to wear the same uniform for several years.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 55 – State Military Reserve
State Military Reserve 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$713				
Reductions					
Governor's Budget	$713				
2008-09					
Workload Budget	$1,000				
Reductions	$100			$100	
Governor's Budget	$900				

Program Description
The State Military Reserve (SMR) is a volunteer organization that supports the California Military Department's National Guard organizations during training, preparation for mobilization, demobilization, and military support to civil authorities during periods of state emergencies and disasters.

Program Reduction
Reduction in training for the SMR Force.

Reduction Impacts
A 10% reduction in this program will reduce the funding available to train SMR forces to be able to respond to state emergencies. This program is one of the key assets in the state available to provide trained personnel to respond to natural disasters or civil disorders anywhere in the state. This program is comprised mainly of volunteers and the State gains a significant "return on investment" from this workforce.

Timing of Implementation
The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8940 Military Department
Program 65 – California National Guard Youth Program
California National Guard Youth Programs 10% Reduction Detail

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$7,000				
Reductions	$100			$100	
Governor's Budget	$6,900				
2008-09					
Workload Budget	$7,000	$9,181			
Reductions	$700	$500		$1,200	5.7
Governor's Budget	$6,300	$8,681			

Program Description
The California National Guard Youth Programs are responsible for the command, leadership, and management of five unique youth programs located throughout California. These programs are financed with both federal and state funds. The California National Guard is involved in youth programs because political and community leaders at the federal, state, and local levels recognize that the National Guard brings structure, discipline, and effective leadership training methods to the educational setting. These programs include the Grizzly Youth Academy, Angel Gate Academy, Oakland Military Institute, STARBASE Academy, and Alternative Placement Academies.

Program Reduction

HQ Youth Programs-Loss of 1 PY impacts HQ management of Youth Programs.

Oakland Military Institute-A reduction in this program will reduce the military staff at OMI, which will negatively impact student supervision and training.

Grizzly Youth Academy-A 10% reduction ($211,930) in State funding would necessitate a $317,895 reduction in federal funding for a total reduction of $529,825. A reduction of this magnitude would cause a reduction in staffing which would then lead to

a reduction in the number of students served.

Challenge Support-Reaching the graduation requirement of 200 students will be very difficult if the 10% budget reduction is implemented.

Sunburst Youth Academy-The same comments stated above in reference to Grizzly Youth Academy apply to this academy as well.

Reduction Impacts

Oakland Military Institute-Established in 2001 through a partnership between the City of Oakland and the California National Guard, Oakland Military Institute (OMI) is an innovative, co-educational charter school committed to preparing urban students for success in college. OMI offers a critically important educational alternative for students and families. Employing a military-style structure, cadets learn to apply self-discipline to direct academic achievement. Students wear uniforms and adhere to a strict code of conduct. The Military Department's role is vital to the success of the institution. A reduction of 10% in this program will reduce the military staff at OMI, which will negatively impact student supervision and training and will shift $200,000 of expenditures previously paid by the California Military Department to OMI.

Grizzly Youth Academy-Grizzly Youth Academy is a residential program that serves California's at risk high school drop out population. One third of all public high school students, and nearly one half of all Blacks, Hispanics and Native Americans, fail to graduate from public high school. Dropouts are much more likely than their peers who graduate to be unemployed, living in poverty, receiving public assistance, in prison, on death row, unhealthy, divorced, and single parents with children who drop out from high school themselves. Studies show that the lifetime cost to the nation for each youth who drops out of school and later moves into a life of crime and drugs is $1.7 to $2.3 million. A reduction of this magnitude would cause a reduction in staffing which would then lead to a reduction in the number of students served.

Grizzly Youth Academy is staffed to serve 4 platoons (45 to 50 students per platoon) 24 hours a day, 7 days a week. A budget reduction will eliminate one platoon of 45 to 50 students per class or 90 to 100 cadets per year. This reduction creates further problems, as funding for the program is based on the number of students served. A decrease in students served perpetuates a decrease in overall funding. The award winning Grizzly Youth Academy received national acclaim when they were recognized by the National Guard Bureau as the "Best Overall Program" in the country.

Sunburst Youth Academy-The same comments stated above in reference to Grizzly Youth Academy apply to this academy as well.

Timing of Implementation

The 2007-08 reduction will be effective March 1, 2008. The 2008-09 reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

None.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8950 California Department of Veteran Affairs (CDVA)
Veteran Homes Program
Title: Program Reductions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$101,422				
Reductions	$1,729			$1,729	17.8
Governor's Budget	$99,693				
2008-09					
Workload Budget	$186,254				
Reductions	$18,687			$18,687	115.0
Governor's Budget	$167,567				

Program Description

The Veteran Homes Program provides a continuum of care for residents including acute care, Skilled Nursing (SNF), Intermediate Care, Domiciliary (DOM) and Residential Care for the Elderly (RCFE) services to its members. Within this program, there are three homes in Yountville, Barstow and Chula Vista and five new homes being constructed in Greater Los Angeles and Ventura County (GLAVC), Redding and Fresno.

Program Reduction

- The Veterans Home of California, Yountville will limit the expansion of the Memory Care Unit to 40 beds. The Home will maintain the SNF census at 180 beds.
- The Veterans Home of California, Chula Vista will reduce the DOM and RCFE census by providing private rooms through the conversion of double occupancy rooms into single occupancy rooms. While this decreases the number of available beds, the proposal better meets the needs of the residents through increased privacy. In order to meet the reductions for 2008-09 the Home will begin implementing actions in January 2008 to reduce DOM and RCFE census

through normal attrition and the previously planned return of SNF members to Barstow.

- The GLAVC (Lancaster & Ventura County) Veteran Homes will postpone the opening of the Adult Day Health Care (ADHC) until fiscal year 2009-10.
- The Redding & Fresno Veteran Homes will delay staffing of the pre-activation teams for both homes until July 2009.
- The VistA component will be eliminated from the Enterprise-wide Veterans Home Information System (Ew-VHIS) project.

Reduction Impacts

- This reduction will result in a decrease of 75 veterans potentially served at Yountville in the SNF/Memory Care Units. There may be a need to initiate a layoff of seven staff to accomplish these savings.
- The reduction of beds in Chula Vista will result in a decrease of approximately 60 veterans being served in the DOM and RCFE levels of care, but will provide for increased privacy for the residents.
- The delay in establishing the pre-activation team should not significantly impact the construction of the Redding and Fresno Homes.
- Provision of Adult Day Health care services will be delayed three months at both the Lancaster and Ventura campuses.
- The elimination of the VistA component from the Ew-VHIS project will not reduce the capabilities of the VHIS IT Project.

Timing of Implementation

The reductions to take effect March 1, 2008.

- Hiring of staff for the Memory Care Unit and SNF bed expansions at Yountville will cease in January 2008.

The reductions that will take effect July 1, 2008.

- Hiring of staff for the Memory Care Unit and SNF bed expansions at Yountville will cease in January 2008.
- A limited admission plan for the DOM and RCFE in Chula Vista will begin in January 2008 in order to reach the target census early in fiscal year 2008-09.
- All ADHC associated hiring plans and admission schedules will be delayed from fiscal year 2008-09 to fiscal year 2009-10.
- Hiring of the Redding and Fresno pre-activation team members will be delayed from fiscal year 2008-09 to July 2009.
- A special project report will be submitted in early 2008 for the proposed change in the Ew-VHIS project.

Statutory and/or Regulatory Change

Will not require a change in state statutes or in emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8950 California Department of Veteran Affairs (CDVA)
Veteran Claims Program
Title: Reduction in Veteran Outreach

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,630				
Reductions					
Governor's Budget	$2,630				
2008-09					
Workload Budget	$2,630				
Reductions	$263			$263	1.0
Governor's Budget	$2,367				

Program Description

The Veteran Services Division (VSD) provides assistance to California's veterans and their families primarily through outreach and by providing veteran benefit claims initiation and development, representing claimants before government agencies, and providing information on benefits veterans have earned. Additional services to homeless vets may include providing food, clothing, and/or toiletries through support of local stand-downs. VSD has four locations within California, Sacramento, San Diego, Los Angeles and Oakland.

Program Reduction

This program reduction will reduce essential outreach efforts provided by staff to all veterans. Training for staff, veteran service organizations, and county veteran service offices will also be reduced.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts
Loss of positions and associated funding will reduce the Division's ability to provide services to veterans returning to California with severe injuries resulting from their service in a war zone. This proposal may require a layoff. This may also have a direct impact on the amount of federal dollars flowing into California's economy.

Timing of Implementation
The reduction will take effect July 1, 2008. Activities to implement any required layoff will commence as early as January 2008.

Statutory and/or Regulatory Change
Will not require a change in state statutes or in emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8950 California Department of Veteran Affairs (CDVA)
Veteran Cemetery
Title: Reduction to OE&E

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$316	$172	$55		
Reductions					
Governor's Budget	$316	$172	$55		
2008-09					
Workload Budget	$316	$172	$55		
Reductions	$32			$32	
Governor's Budget	$284	$172	$55		

Program Description
This program serves the veteran population in eighteen Northern California counties and provides services for interment of veterans, their spouses and eligible dependents.

Program Reduction
Reduction of OE&E, related to contracting, travel and training.

Reduction Impacts
This proposal is possible through a planned transition of services from contractor provided services to civil service staffing. This transition will provide greater service to area veterans and their families and provide for greater flexibility to meet emergent requirements, while eliminating constraints associated with contracted services. Reductions to contracting, travel, and training expenses will be offset by the ability of civil service staff to take advantage of alternative work force options.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will take effect July 1, 2008.

Statutory and/or Regulatory Change
Will not require a change in state statutes or in emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8950 California Department of Veteran Affairs (CDVA)
Subvention
Title: Reduction of Local Assistance

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,600		$1,392		
Reductions					
Governor's Budget	$2,600		$1,392		
2008-09					
Workload Budget	$2,600		$1,392		
Reductions	$260			$260	
Governor's Budget	$2,340		$1,392		

Program Description

This program provides state funding specifically to support the operation of County Veteran Service Offices (CVSO) throughout the State. Counties must meet statutory and policy requirements to take advantage of these funds. CVSOs work in partnership with CDVA's Veteran Services Offices to provide outreach and educational programs, to increase awareness of, and participation in federal, state, and local veteran benefit programs. CVSO's are a critical component to the State's effort to ensure veterans are provided access to their earned benefits.

Program Reduction

Reduces local assistance funding for county Veteran Services Offices.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

Impact will cause a decrease in active outreach and educational programs conducted by CVSO's directly with the veteran. These reductions will affect all counties but will have the greatest impact on small counties, where the loss of State funds may cause closures of entire programs. This proposal will result in reduced access to veteran benefits, will reduce the flow of federal dollars into the California economy, and will have an adverse impact on information for veterans returning to California from service in wartime.

Timing of Implementation

The reduction will take effect July 1, 2008.

Statutory and/or Regulatory Change

Will not require a change in state statutes or in emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

8950 California Department of Veteran Affairs (CDVA)
Administrative Support
Title: Reduction of Staff in Administrative Support

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,214				
Reductions	$30			$30	0.5
Governor's Budget	$2,184				
2008-09					
Workload Budget	$2,247				
Reductions	$149			$149	2.5
Governor's Budget	$2,098				

Program Description

This program provides for the Department's full range of programmatic and administrative support. Functions include executive management, budgeting, accounting, personnel, legal, and business services. These costs are distributed to major programs.

Program Reduction

- Eliminate one position in the Human Resources (HR) Division that supports the Homes Division in the recruitment and hiring of staff for the new veterans homes.
- Reduce 1.5 positions within the Legal Office that supports the filing of un-reimbursed cost of care claims.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Reduction Impacts

- Elimination of the HR position may have an impact on the timely hiring of staff to activate the new veteran Homes in West Los Angeles, Lancaster, Ventura, Fresno, and Redding.
- Loss of claims staff may have a minor impact on the ability to collect un-reimbursed costs of care from deceased members' estates. This may slow or reduce the monetary support provided to all Homes' Moral Welfare and Recreation Funds.

Timing of Implementation

The reduction to take effect March 1, 2008

- Do not hire for the position in the Human Resources (HR) Division that supports the Homes Division in the recruitment and hiring of staff for the new veterans homes.

The reduction that will take effect July 1, 2008.

- Do not hire for the position in the Human Resources (HR) Division that supports the Homes Division in the recruitment and hiring of staff for the new veterans homes.
- Reduce 1.5 positions within the Legal Office that supports the filing of un-reimbursed cost of care claims.

Statutory and/or Regulatory Change

Will not require a change in state statutes or in emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9100 Tax Relief
Senior Citizens' Renters' Tax Assistance Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$149,985				
Reductions	$0			$0	0.0
Governor's Budget	$149,985				
2008-09					
Workload Budget	$150,318				
Reductions	$15,031			$15,031	0.0
Governor's Budget	$135,287				

Program Description
The Senior Citizens' Renters' Tax Assistance Program provides income-based payments to renters with household incomes below $42,770 who are over 62, disabled, or blind. The maximum annual grant is currently $348.

Program Reduction
The Administration proposes to achieve the reduction by decreasing all grant amounts by 10 percent.

Reduction Impacts
The reduction will decrease by 10 percent the grants received by participants.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require changes in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9100 Tax Relief
Senior Citizens' Property Tax Assistance Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$40,867				
Reductions	$0			$0	0.0
Governor's Budget	$40,867				
2008-09					
Workload Budget	$40,563				
Reductions	$4,056			$4,056	0.0
Governor's Budget	$36,507				

Program Description

The Senior Citizens' Property Tax Assistance Program provides income-based payments to homeowners with household incomes below $42,770 who are over 62, disabled, or blind. The maximum annual grant is currently $473.

Program Reduction

The Administration proposes to achieve the reduction by decreasing all grant amounts by 10 percent.

Reduction Impacts

The reduction will decrease by 10 percent the grants received by participants.

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

The reduction will require changes in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9100 Tax Relief
Open Space Subventions (Williamson Act) Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$39,124				
Reductions	$0			$0	0.0
Governor's Budget	$39,124				
2008-09					
Workload Budget	$38,600				
Reductions	$3,860			$3,860	0.0
Governor's Budget	$34,740				

Program Description
The Williamson Act allows cities and counties to enter into contracts with property owners to preserve land for agricultural or open space purposes, in exchange for a lower property tax assessment. The Open Space Subventions partially backfill the property tax revenues locals lose due to these lower assessments.

Program Reduction
The Administration proposes to achieve the reduction by decreasing the 2008 Budget Act appropriation by 10 percent. The State Controller would then pro-rate the payments for qualifying local governments.

Reduction Impacts
The reduction will decrease the subvention payments received by cities and counties by 10 percent.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require changes in 2008 Budget Act provisional language.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9100 Tax Relief
Senior Citizens' Property Tax Deferral Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$17,000				
Reductions	$0			$0	0.0
Governor's Budget	$17,000				
2008-09					
Workload Budget	$25,800				
Reductions	$2,580			$2,580	0.0
Governor's Budget	$23,220				

Program Description
The Senior Citizens' Property Tax Deferral Program allows homeowners with annual household incomes below $35,500, and who are at least 62 years old, blind, or disabled, to postpone their property tax payments. The state makes the property tax payments on the homeowners' behalf, and is reimbursed when the home is sold, or the qualifying occupants cease their residency.

Program Reduction
The Administration proposes to achieve the reduction by decreasing Program participation by 10 percent, through a decrease in the maximum income for participants. The State Controller is still determining the number of budget-year participants by income level on which the calculation of revised income ceiling will be based, The maximum income level will be available by the time trailer bill language is released to the Legislature.

Reduction Impacts
The reduction will decrease Program participation by 10 percent.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require changes in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9210 Local Government Assistance
Citizens Option for Public Safety/Juvenile Justice Crime Prevention Act

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$238,000				
Reductions	$0			$0	0.0
Governor's Budget	$238,000				
2008-09					
Workload Budget	$238,000				
Reductions	$23,800			$23,800	0.0
Governor's Budget	$214,200				

Program Description
The COPS/JJCPA Program provides population-based grants to police and sheriffs departments, and to county district attorneys. Half of the appropriation is available for discretionary law enforcement purposes, and half is for county-wide initiatives to reduce juvenile crime.

Program Reduction
The Administration proposes to achieve the reduction through a 10 percent decrease in the 2008 Budget Act appropriation. Payments will be pro-rated so no recipients are disproportionately impacted.

Reduction Impacts
The reduction will marginally decrease the amounts available for local law enforcement purposes.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will not require changes in state statutes or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9210 Local Government Assistance
Booking Fee Reimbursements

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$35,000				
Reductions	$0			$0	0.0
Governor's Budget	$35,000				
2008-09					
Workload Budget	$35,000				
Reductions	$3,500			$3,500	0.0
Governor's Budget	$31,500				

Program Description
Booking Fee Reimbursements are provided to eliminate the need for county sheriffs' departments to charge booking fees when other law enforcement agencies send arrestees to county jails.

Program Reduction
The Administration proposes to achieve the reduction through a 10 percent decrease in the 2008 Budget Act appropriation. Per Chapter 48, Statutes of 2006, sheriffs' departments may charge a booking fee proportionate to the amount of funding not provided by the state.

Reduction Impacts
The reduction may have no impact on county sheriffs, who may charge a booking fee to backfill the reduced state appropriation. Police departments may incur moderate costs to pay this fee.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require no changes in state statutes or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9210 Local Government Assistance
Small/Rural Sheriffs Grants Program

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$18,500				
Reductions	$0			$0	0.0
Governor's Budget	$18,500				
2008-09					
Workload Budget	$18,500				
Reductions	$1,850			$1,850	0.0
Governor's Budget	$16,650				

Program Description
The Small/Rural Sheriffs Grants Program provides annual grants to $500,000 to 37 county sheriffs' departments. The grants may be used for discretionary law enforcement purposes.

Program Reduction
The Administration proposes to achieve the reduction through a 10 percent decrease in the 2008 appropriation. Each county's grant will decrease from $500,000 to $450,000.

Reduction Impacts
The reduction will marginally decrease the amounts available for local law enforcement purposes.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require changes in state statute.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9210 Local Government Assistance
Redevelopment Agency (RDA) Special Supplemental Subventions

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$1,038				
Reductions	$0			$0	0.0
Governor's Budget	$1,038				
2008-09					
Workload Budget	$800				
Reductions	$80			$80	0.0
Governor's Budget	$720				

Program Description
The RDA Special Supplemental Subventions are provided to RDAs to backfill revenues they lost when the business property tax was eliminated in the 1980's. The funds are only provided to RDAs that were in existence when the tax was eliminated, and only is provided to those RDAs that need the funds to cover bonded indebtedness costs.

Program Reduction
The Administration proposes to achieve the reduction through a 10 percent decrease in the 2008 Budget Act appropriation.

Reduction Impacts
The reduction may require a small number of RDAs to cover a minimal amount of bonded indebtedness costs from other revenue sources.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require no changes in state statutes or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9210 Local Government Assistance
Disaster Relief Funding

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$2,009				
Reductions	$0			$0	0.0
Governor's Budget	$2,009				
2008-09					
Workload Budget	$877				
Reductions	$88			$88	0.0
Governor's Budget	$789				

Program Description
The Disaster Relief funding is provided for costs associated with Chapters 222, 223, and 224, Statutes of 2007. This legislation provides various tax relief to homeowners and local governments impacted by specified natural disasters.

Program Reduction
The Administration proposes to achieve the reduction through a 10 percent decrease in the 2008 Budget Act appropriation.

Reduction Impacts
In recent years a significant amount of the Budget Act appropriation for similar legislation has been unclaimed, and reverted to the General Fund as savings. If 2008-09 claims do not meet or exceed the 2008 Budget Act appropriation, there will be no impact on local governments.

There will be no impact on homeowners, since they may claim any tax relief for which they are eligible regardless of the amount appropriated in the Budget Act for the authorizing legislation.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require no changes in state statutes or regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9350 Shared Revenues
Trailer Vehicle License Fees (VLF) Backfill

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$11,862				
Reductions	$0			$0	0.0
Governor's Budget	$11,862				
2008-09					
Workload Budget	$11,862				
Reductions	$1,186			$1,186	0.0
Governor's Budget	$10,676				

Program Description
The appropriation backfills VLF that local governments lost when the state converted from an un-laden weight system to a gross vehicle weight system for purposes of assessing VLF for commercial vehicles. This change conforms with the International Registration Plan, a reciprocity agreement among US states and Canada for payment of commercial license fees based on distance operated in each jurisdiction.

Program Reduction
The Administration proposes to achieve the reduction by decreasing the 2008 appropriation by 10 percent. Payments would be pro-rated to avoid a disproportionate impact on individual local governments.

Reduction Impacts
The reduction will decrease discretionary local government revenues to a minor extent.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require statutory changes.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9350 Shared Revenues
Tideland Oil Revenue Payments

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$462				
Reductions	$0			$0	0.0
Governor's Budget	$462				
2008-09					
Workload Budget	$462				
Reductions	$46			$46	0.0
Governor's Budget	$416				

Program Description
The state reserves for itself the oil rights to certain stretches of publicly owned coastal waters, and then leases to private entities to right to extract oil from those waters. Per Public Resources Code Section 6817, one percent of the resultant state revenues are distributed to the local governments in whose jurisdiction the extractions are occurring.

Program Reduction
The Administration proposes to achieve the reduction by decreasing the 2008 appropriation by 10 percent. Payments would be pro-rated to avoid a disproportionate impact on individual local governments.

Reduction Impacts
The reduction will decrease discretionary local government revenues to a minor extent.

Timing of Implementation
The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change
The reduction will require statutory changes.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9800 Augmentation for Employee Compensation
Title: Reduce Funding for Last, Best, and Final Offer to Bargaining Unit 6 (BU 6) Due to Position Reductions in the Department of Corrections and Rehabilitation

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$474,532				
Reductions	$0			$0	0.0
Governor's Budget	$474,532				
2008-09					
Workload Budget	$392,218				
Reductions	$30,228			$30,228	0.0
Governor's Budget	$361,990				

Program Description
This budget reflects funding augmentation amounts for state employee compensation adjustments.

Program Reduction
Reducing Item 9800 by $30.2 million represents a reduction that corresponds to the proposed Bargaining Unit 6 (BU 6) staff reduction (4,132 fewer positions) at the Department of Corrections and Rehabilitation (CDCR). Reducing the number of BU 6 staff employed by the state would allow for a reduction in the overall cost of the BU 6 last, best, and final proposal.

Reduction Impacts
If staff levels are not reduced at the CDCR to correspond to the reduction in employee compensation funding included in the Governor's Budget, there may not be enough funding available in Item 9800 to fully augment CDCR's budget for BU 6 compensation increases. If this occurred, the Legislature would need to approve an additional appropriation to cover this difference or the CDCR would have to absorb the additional cost without an augmentation from Item 9800.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

Timing of Implementation

The reduction will be effective July 1, 2008.

Statutory and/or Regulatory Change

This reduction will not require a change in state statute or emergency regulations.

2008-09 Governor's Budget
Budget-Balancing Reduction Proposal
(Dollars in Thousands)

9840 Augmentations for Contingencies and Emergencies

	GF	FF	Other	Total Reductions	PY Reduction
2007-08					
Workload Budget	$49,000				
Reductions	$0			$0	N/A
Governor's Budget	$49,000				
2008-09					
Workload Budget	$49,000				
Reductions	$4,900			$4,900	N/A
Governor's Budget	$44,100				

Program Description
Item 9840-001-0001, Augmentation for Contingencies and Emergencies, will be reduced by $4.9 million (10 percent) for 2008-09.

Program Reduction
N/A

Reduction Impacts
This reduction will not have any specific program impact. However, to the extent there is an increase in the need for funding pursuant to 9840-001-0001, additional supplemental appropriations bills may be required.

Timing of Implementation
This reduction is included in the 2008-09 Budget (July 1, 2008).

Statutory and/or Regulatory Change
This reduction will not require a change in state statute nor emergency regulations.

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