

## GENERAL GOVERNMENT

The General Government section of the Governor's Budget Summary includes multiple departments, commissions, and offices responsible for oversight and specific activities not included in other areas.

The proposed budget was constructed first by computing the workload budget funding level. From the workload budget, adjustments were made to reflect specific policy adjustments and reductions, including budget-balancing reductions. With these adjustments, the Governor's Budget includes \$10.9 billion (\$2.4 billion General Fund and \$8.5 billion other funds) for these departments. This reflects a decrease of \$462.9 million or 4.1 percent compared to the revised 2007-08 Budget. Despite this net reduction, General Fund increased by 32.5 percent (\$590.6 million) over the revised 2007-08 Budget. Change Table GEN-01 illustrates the major changes proposed for the General Government section in the Governor's Budget.

Change Table GEN-01

**General Government — Changes by Broad Categories**

	2007-08			2008-09		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
<b>2007 Budget Act</b>	\$1,578,892	\$11,957,363	13,343.0	\$1,120,631	\$11,426,435	13,343.0
<b>Workload Adjustments</b>						
Accounting Adjustment to Reflect Prior Year Proposition 98 Reappropriations	40,936	—	—	547,079	—	—
Budget Stabilization Account Transfer for Economic Recovery Bonds	—	—	—	490,974	-490,974	—
Education Benefit Program	—	—	—	1,819	—	0.9
Other Employee Compensation and Benefit Changes	-168,690	-355,606	—	578,266	209,567	—
Enrollment/Caseload/Population	—	—	—	341	—	—
Employee Compensation/Retirement	-358,900	-341,144	—	9,830	8,878	—
Expiring Programs or Positions	—	—	-2.2	-428	—	-37.5
One-Time Cost Reductions	—	—	—	-435,802	62,094	-11.1
Full-Year Cost of New Programs	—	—	—	7,949	1,834	73.6
Other Workload Adjustments	727,222	-1,737,267	1,431.6	1,793,841	-3,004,134	1,441.8
Infrastructure Adjustment	946	57,729	—	7,392	253,421	—
<b>Totals, Workload Adjustments</b>	<b>\$241,514</b>	<b>-\$2,376,288</b>	<b>1,429.4</b>	<b>\$3,001,261</b>	<b>-\$2,959,314</b>	<b>1,467.7</b>
<b>Policy Adjustments</b>						
Financial Information System for California (FI\$Cal )	—	—	—	—	37,650	81.3
Suspend BSA Payment	—	—	—	—	-1,510,702	—
Suspend Transfer to BSA for ERB retirement	—	—	—	-1,509,030	1,509,030	—
Wildland Firefighting Initiative	—	—	—	—	9,192	35.8
Other Policy Adjustments	—	383	—	-73,665	15,649	191.9
<b>Totals, Policy Adjustments</b>	<b>\$0</b>	<b>\$383</b>	<b>—</b>	<b>-\$1,582,695</b>	<b>\$60,819</b>	<b>309.0</b>
<b>Total Adjustments</b>	<b>\$241,514</b>	<b>-\$2,375,905</b>	<b>1,429.4</b>	<b>\$1,418,566</b>	<b>-\$2,898,495</b>	<b>1,776.7</b>
<b>Budget Prior to Reductions</b>	<b>\$1,820,406</b>	<b>\$9,581,458</b>	<b>14,772.4</b>	<b>\$2,539,197</b>	<b>\$8,527,940</b>	<b>15,119.7</b>
<b>Budget-Balancing Reductions<sup>1/</sup></b>	<b>-\$3,788</b>	<b>-\$1,100</b>	<b>-27.6</b>	<b>-\$131,947</b>	<b>-\$1,100</b>	<b>-213.6</b>
<b>Governor's Budget</b>	<b>\$1,816,618</b>	<b>\$9,580,358</b>	<b>14,744.8</b>	<b>\$2,407,250</b>	<b>\$8,526,840</b>	<b>14,906.1</b>

<sup>1/</sup> These dollars and PYs are included in the General Government agency; therefore, not included in each agency's totals in the applicable Summary Schedules.

\* Dollars in Thousands

## PROPOSED WORKLOAD BUDGET

The major workload adjustments for 2008-09 include the following.

### MILITARY DEPARTMENT

**Joint Operations Center Staffing**—The Governor's Budget includes \$1.3 million General Fund and 13.3 positions to provide 24-hours-a-day, 7-days-per-week staffing of the Joint Operations Center (JOC) to enable the California National

Guard (Guard) to rapidly deploy personnel and equipment with little notice from the Office of Emergency Services and conduct the coordination and notification to support state agencies in the event of an emergency or disaster. The JOC is the central node of information that connects the Guard to the first responder community, other state agencies, and the U.S. Department of Defense.

**Education Benefit Program**—The Governor’s Budget proposes \$1.8 million General Fund and 0.9 positions to establish an education benefit program for members of the Guard to improve retention of Guard members and their respective skill sets, thereby providing a more experienced, effective reserve force. Fifty-one other states and territories offer some sort of education benefit program, which has proven to be an effective recruitment and retention tool for National Guard membership.

## **DEPARTMENT OF VETERANS AFFAIRS**

**Veterans Homes**—The Governor’s Budget includes \$9.4 million and 100.7 positions for the California Department of Veterans Affairs (CDVA) for the construction and activation phases of the Veterans Homes in West Los Angeles and Ventura County. The Governor’s Budget also includes \$580,000 General Fund and 4.3 positions for the CDVA for the initial construction and pre-activation phases of the Redding and Fresno Veterans Homes projects.

**Fiscal Operations Unit**—The Governor’s Budget includes \$1.3 million General Fund and 13.3 positions for the CDVA to meet the fiscal operational and oversight needs of eight veterans homes and a state veterans cemetery.

**Facilities Maintenance and Management Unit —**

The Governor’s Budget includes \$3.2 million and 18.3 positions for the CDVA to establish a Facilities Management Unit and Deferred Maintenance Program. This unit will be responsible for implementing a program for maintenance and repairs at the three existing veterans homes, the state cemetery for veterans, and the five veterans homes under construction.

**TAX RELIEF**

**Senior Citizens’ Property Tax Deferral Program –**

The Governor’s Budget includes \$8.8 million General Fund to reflect increased participation due to Chapter 616, Statutes of 2006 (AB 2719), which increased the minimum income level for post-1983 participants.

**Homeowners’ Property Tax Relief Program –**

The Governor’s Budget includes a \$4.5 million General Fund reduction to reflect decreased claimant costs.

**Senior Citizens’ Renters’ Tax Assistance Program**

– The Governor’s Budget includes \$3.7 million General Fund to reflect increased caseload.

**Senior Citizens’ Property Tax Assistance Program**

– The Governor’s Budget includes \$1.4 million General Fund to reflect increased caseload.

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**PROPOSED BUDGET-BALANCING REDUCTIONS**

Total budget-balancing reductions for General Government amount to \$3.8 million and 27.6 positions in 2007-08 and \$131.9 million and 213.6 positions in 2008-09. These

reductions assume necessary statutory changes will be enacted by March 1, 2008.

Programs exempted from reductions include debt service, lease payments securing lease revenue bonds, the Light Brown Apple Moth Program, and the Homeowners' Property Tax Relief Program.

The major reductions for General Government are described below.

### **DEPARTMENT OF PERSONNEL ADMINISTRATION**

- \$1.9 million and 10.5 positions in 2008-09 for the Department of Personnel Administration. This would impact the Classification and Compensation Unit, the Labor Relations Unit, the Legal Unit, the Benefits Unit, the Administrative Services Unit, and Rural Health – Retiree Contributions.

### **DEPARTMENT OF FOOD AND AGRICULTURE**

- \$4.9 million in 2008-09 for the California Department of Food and Agriculture (CDFA) for Agriculture Plant Health and Pest Prevention. This reduction will impact survey and eradication activities for the Red Imported Fire Ant and Diaprepes programs. Activities in the Pierce's Disease Control Program will also be reduced.
- \$1.3 million and 11 positions in 2008-09 for the CDFA for Animal Health/Food Safety. This reduction will eliminate various programs including health monitoring and reporting, John's Disease research, animal care, pet food inspections, rendering inspections, and field investigations.

## **DEPARTMENT OF FINANCE**

- \$3.4 million General Fund, \$105,000 Special Funds, and 28.5 positions in 2008-09 from the Department of Finance. The programs affected would be the Annual Financial Plan, Program and Information Systems Assessment, Supportive Data, and Administration and Program Support.

## **MILITARY DEPARTMENT**

- \$1.5 million and 2.9 positions in 2008-09 for the Military Department's Army National Guard Program. This reduction will impact the Department's ability to sustain, maintain, and repair Military Department facilities.

## **DEPARTMENT OF VETERANS AFFAIRS**

- \$18.7 million and 115 positions in 2008-09 for the Veterans Homes. In order to meet this reduction the Veterans Home in Yountville will maintain current member levels in the Memory Care and Skilled Nursing Care Units; the Veterans Home in Chula Vista will offer private rooms for members requesting assisted living care; the Veterans Homes in Ventura County will postpone opening the Adult Day Health Care units; and, the Veterans Homes in Redding and Fresno will delay staffing for the pre-activation phase. The Department will also eliminate a component from the Enterprise-Wide Veteran Home Information System.

**TAX RELIEF**

- \$15 million in 2008-09 from the Senior Citizens' Renters' Tax Assistance Tax Relief Program. Legislation is proposed to reduce by 10 percent the grant amounts available to renters who are over 65, or who are visually impaired. Grants are available to households with incomes below \$42,770. The maximum annual grant of \$349 would be decreased by approximately \$35.
- \$4 million in 2008-09 from the Senior Citizens' Property Tax Assistance Tax Relief Program. Legislation is proposed to reduce by 10 percent the grant amounts available to homeowners who are over 65, or who are visually impaired. Grants are available to households with incomes below \$42,770. The maximum annual grant of \$473 would be decreased by approximately \$47.
- \$3.9 million in 2008-09 from the Subventions for Open Space (Williamson Act) Tax Relief Program. Legislation is proposed to reduce by 10 percent the reimbursement counties receive for property tax revenues lost as a result of assessing lands covered by Williamson Act contracts at a lower value.
- \$2.6 million in 2008-09 from the Senior Citizens' Property Tax Deferral Tax Relief Program. Legislation is proposed to reduce participation in the Program by 10 percent by lowering the maximum income for participants. The Program is currently available to persons over the age of 65 with household incomes below \$35,500.

## **LOCAL GOVERNMENT FINANCING**

- \$23.8 million in 2008-09 from the Citizens Option for Public Safety/Juvenile Justice Crime Prevention Act Program in Local Government Financing. This proposal, which does not require legislation, would reduce local law enforcement discretionary grant amounts by 10 percent. The funds are distributed on a population basis to police and sheriffs departments, and county district attorney offices.
- \$3.5 million in 2008-09 from Booking Fees by reducing reimbursements in Local Government Financing. Pursuant to existing statute, sheriffs departments may increase by a commensurate amount the fees they charge other law enforcement agencies for booking arrestees into county jails.
- \$1.9 million in 2008-09 from the Small/Rural Sheriffs Program in Local Government Financing. Legislation is proposed to reduce grants in 37 counties for discretionary law enforcement purposes from \$500,000 to \$450,000.
- \$1.2 million in 2008-09 from the trailer fees backfill in Shared Revenues. Legislation is proposed to reduce by 10 percent the funds local governments receive to backfill Vehicle License Fee (VLF) revenues they lost when the method of assessing the VLF for commercial trailers was changed.

## **AUGMENTATION FOR EMPLOYEE COMPENSATION**

- \$30.2 million in 2008-09 for reduced employee compensation costs associated with reduced Bargaining Unit 6 staff at the Department of Corrections and Rehabilitation.

## **AUGMENTATION FOR CONTINGENCIES OR EMERGENCIES**

- \$4.9 million in 2008-09 for Augmentations for Contingencies and Emergencies. This reduction could result in fewer Item 9840-001-0001 deficiency requests and more Supplemental Appropriations Bill requests.

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## **OTHER SPECIAL SESSION ISSUES**

The Governor has called a Special Session of the Legislature to immediately address the Budget and cash shortfall. Included in the Special Session is a proposal to make a transfer from the Budget Stabilization Account pursuant to Proposition 58.

As authorized by Control Section 35.60 of the 2007 Budget Act, and consistent with constitutional provisions enacted by Proposition 58, the Director of Finance ordered the transfer of \$1.494 billion from the Budget Stabilization Account (BSA) to the General Fund. The transfer was made to address a fiscal emergency proclaimed by the Governor on January 10, 2008.

The Governor is proposing to suspend the 2008-09 transfer of \$1.509 billion from the General Fund to the BSA, in light of the current condition of the General Fund.

Government Code Section 17560 authorizes local agencies and school districts to file, and receive reimbursement for, estimated reimbursement claims for mandated activities. The Budget includes a reduction of \$75 million General Fund by proposing to eliminate estimated reimbursement claims.

## **PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS**

### **DEPARTMENT OF FOOD AND AGRICULTURE**

#### **All Vehicle Inspections at Border Protection Stations**

—The Governor’s Budget includes an increase of \$7.5 million (\$407,000 General Fund and \$7.1 million Motor Vehicle Account Fund) and 117.5 positions for the CDFA to operate all Border Protection Stations on a full-time basis, inspecting all vehicles, commercial and private, entering California. The Border Protection Stations will inspect all vehicles for fruits, vegetables, plants, and other materials hosting pests that are not native to California to protect the citizens, environment, and economic viability of California from unsafe food products and invasive pests.

### **FINANCIAL INFORMATION SYSTEM FOR CALIFORNIA**

#### **Statewide Integrated Financial Information System for California (FI\$Cal)**

—The Financial Information System for California (FI\$Cal) is a multiyear information technology project that will replace and integrate the functions of numerous aging fiscal management systems in state government. In so doing, FI\$Cal will enable the state to avoid major costs to replace those systems. The project will also prepare the state’s financial management employees to operate in the new integrated environment. The Governor’s Budget includes an increase of \$37.7 million from the FI\$Cal Internal Services Fund and 197.7 positions for continued procurement, project team development and training and baseline documentation efforts for the FI\$Cal project.