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## How Do the Budgets Compare?: A Comparison of the Governor's May Proposals, the Budget Conference Committee's Proposals, and the July Budget Agreement

California began the 2009-10 fiscal year with a budget already in place, albeit one that was seriously out of balance. On July 28, Governor Schwarzenegger signed a package of bills aimed at closing the \$23.2 billion budget shortfall that had emerged since the February budget agreement was signed into law. The package of bills is aimed at generating a total of \$24.2 billion in "solutions" – \$16.1 billion through spending reductions; \$3.5 billion from new revenues and revenue accelerations; \$2.2 billion from borrowing, including \$1.9 billion from local government property tax revenues; \$1.0 billion from fund shifts; and \$1.4 billion from other "solutions," including one-time savings from deferring the payment of state employees' final paycheck for the 2009-10 fiscal year until July 1, 2010. The Governor used his line-item veto authority to cut expenditures by an additional \$497.2 million, with the majority of that reduction – \$394 million – coming from health and human services programs.

The following table compares major features of the Governor's May proposals; the actions approved by the Conference Committee; and the July budget agreement, as signed into law by the Governor. The Governor's summary of the final agreement is available online at [www.dof.ca.gov](http://www.dof.ca.gov), and links to analyses of, the text of, and votes on measures included in the package are available at [www.aroundthecapitol.com/billtrack/budget.html](http://www.aroundthecapitol.com/billtrack/budget.html). The CBP's "bullet point" summary is available at [http://www.cbp.org/documents/090727\\_Governor\\_Signs\\_Budget.pdf](http://www.cbp.org/documents/090727_Governor_Signs_Budget.pdf).

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Revenues</b>			
Estimated tax payments	Change the payment schedule for personal and corporate income tax estimated payments to increase the amount due in the first half of the year, increasing 2009-10 tax collections by \$610.0 million. This proposal would change when taxes are collected, but not the amount that is actually owed.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Tax withholding	Adjust personal income tax withholding tables so that taxpayers pay a larger share of their payments during the first half of the calendar year. This proposal would change when taxes are collected, but not the amount that is actually owed. The Governor assumes that 2009-10 collections would increase by \$1.7 billion due to this proposal.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Property insurance policy surcharge	Increase the previously proposed surcharge that would be imposed on all residential and commercial property insurance policies to 4.8 percent in order to raise \$76.0 million to partially fund CalFIRE and local first response agencies.	Impose a surcharge, which was projected to raise \$119 million in 2009-10, and establish a State Responsibility Area fire fee of \$30 to \$50 per structure in order to partially fund CalFIRE, for savings of \$76 million.	Rejects both the Governor's proposal and the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Revenues</b>			
Oil severance tax	No proposal.	Impose a 9.9 percent oil severance tax effective October 1, 2009. This proposal would increase revenues by an estimated \$830 million in 2009-10.	Rejects the Conference Committee's action.
Tobacco tax	No proposal.	Increase the excise taxes on cigarettes and other tobacco products by \$1.50 per pack effective October 1, 2009. The tax on a pack of cigarettes would increase from \$0.87 to \$2.37, increasing revenues by an estimated \$1.0 billion in 2009-10.	Rejects the Conference Committee's action.
Corporate tax credit sharing	No proposal.	Repeal corporate tax credit sharing, which allows corporations to transfer tax credits among a family – or combined reporting group – of related corporations, that was enacted as part of the September 2008 budget agreement, raising \$80 million in 2009-10.	Rejects the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Revenues</b>			
Net operating loss (NOL) deductions	No proposal.	Eliminate corporations' ability to carry back NOL deductions and claim refunds against prior years' taxes, but retain the expansion of the carryforward period that was enacted as part of the September 2008 budget agreement.	Rejects the Conference Committee's action.
Independent contractor withholding	No proposal.	Require businesses and government entities to withhold 3 percent of their payments to certain independent contractors effective January 1, 2010. The amount withheld would be credited against the taxes owed by contractors when they file tax returns. This proposal would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$2.0 billion in 2009-10.	Rejects the Conference Committee's action.
Financial Institutions Record Match (FIRM) Program	No proposal.	Authorize the Franchise Tax Board's (FTB) FIRM Program, which requires financial institutions to help identify tax delinquents' assets that can be used to pay taxes owed. This proposal would increase revenue collections by an estimated \$27 million in 2009-10.	Rejects the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Revenues</b>			
Backup withholding conformity	No proposal.	Conform to federal income tax backup withholding rules, which require businesses to withhold 7 percent of certain non-wage income. This proposal would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$26 million in 2009-10.	Enacts the Conference Committee's action. This provision would increase revenue collections by an estimated \$32 million in 2009-10.
Sales tax "nexus"	No proposal.	Require certain out-of-state sellers to collect sales tax on sales to California residents. Current law requires California residents to pay a use tax on purchases from out-of-state sellers that are not required to collect taxes on their sales. This provision is expected to improve tax compliance, but would not change the total amount of taxes owed. This proposal would increase revenue collections by an estimated \$48 million in 2009-10.	Rejects the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Revenues</b>			
Non-retail business registration	No proposal.	Require certain businesses that provide services to register with the Board of Equalization and file annual use tax returns. This provision is expected to improve tax compliance, but would not change the actual amount of taxes owed. This proposal would increase revenue collections by an estimated \$28 million in 2009-10.	Enacts the Conference Committee's action. This provision is expected to increase revenue collections by an estimated \$26 million in 2009-10.
Abusive tax shelters	No proposal.	Strengthen the definition of abusive tax shelters in order to improve the FTB's ability to assess penalties for "abusive tax avoidance transactions." This proposal would increase revenue collections by an estimated \$4 million in 2009-10.	Rejects the Conference Committee's action.
License suspension	No proposal.	Allow the state to suspend the state occupational and professional licenses of tax delinquents. This proposal would increase revenue collections by an estimated \$10 million in 2009-10.	Rejects the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
California Work Opportunity and Responsibility to Kids (CalWORKs) Program	Eliminate the entire program.	Reject the Governor's proposal. Instead, generate \$270.5 million in CalWORKs savings through a number of actions, including allowing counties to exempt certain CalWORKs recipients, such as parents of "very young children," from work participation requirements, and reducing funding for employment services and child care by \$175 million. Additional savings would come from using \$35 million from the Employment Training Fund to offset state costs for CalWORKs, assuming lower caseload growth in 2009-10 than that assumed by the Administration for savings of \$17.5 million, and canceling a proposed \$43 million augmentation for counties in 2008-09 that was included in the May Revision.	Makes several significant policy changes to CalWORKs that are scheduled to take effect in 2011. Changes include limiting adults to 48 cumulative months of cash assistance in any 60-month period, and cutting, by up to 50 percent, grants for children in households in which adults do not meet work participation requirements.  In addition, the July budget agreement generates \$509.6 million in CalWORKs savings in 2009-10, primarily by reducing funding for employment services and child care by \$370.3 million. To help counties achieve these savings, parents and relative caregivers of some young children would be exempted from work participation requirements through June 2011.
"Realignment" of current state costs for certain human services programs to the counties	Permanently increase counties' share of non-federal costs for the Child Welfare Services and Foster Care programs for state savings of \$550 million.	Reject the Governor's proposal. Instead, transfer additional CalWORKs grant costs to counties, paid for with Vehicle License Fee reserve funds shifted from the Department of Motor Vehicles, for state savings of \$300 million.	Does not permanently "realign" state costs and/or responsibility to the counties.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program	Reduce SSI/SSP grants, effective October 1, 2009, to the minimum allowed by federal law.	Adopt a \$5-per-month reduction for individual recipients – a smaller cut than that proposed by the Governor – but reduce grants for couples to the federal minimum, consistent with the Governor's proposal. The maximum grant for individuals would drop from \$850 to \$845, and the maximum grant for couples would drop from \$1,489 to \$1,407, effective October 1, 2009.	Enacts the Conference Committee's action for savings of \$115.9 million in 2009-10.
Cost-of-living adjustments (COLAs) for CalWORKs and SSI/SSP	Permanently eliminate the statutory COLAs.	Reject the Governor's proposal.	Enacts the Governor's proposal effective in 2010-11.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
Centralized eligibility processing	No proposal.	No proposal.	Authorizes development of a plan to create a centralized eligibility and enrollment process for CalWORKs, Medi-Cal, and the Supplemental Nutrition Assistance Program (formerly the Food Stamp Program). Currently, county employees determine Californians' eligibility for these programs. The July budget agreement establishes a process to shift this responsibility to a statewide entity. If implemented, this change would likely result in a private contractor taking over eligibility processing, despite the fact that other states' privatized systems have failed. The July budget agreement permits the state "to proceed with procurement activities ... upon legislative approval of the comprehensive plan and an appropriation for this purpose."

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
In-Home Supportive Services (IHSS): eligibility	Eliminate all services for more than 400,000 IHSS recipients – nearly 90 percent of the caseload.	Reject the Governor's proposal. Instead, eliminate, with some exceptions, IHSS domestic and related services for recipients with "functional index" (FI) rankings – measured by the need for each individual service – below 4. In addition, eliminate, with some exceptions, all IHSS services for recipients with FI scores below 2. These actions would result in savings of \$53.2 million in 2009-10.	Enacts the Conference Committee's action with respect to eliminating services. However, the Governor cut an additional \$29.8 million from IHSS. This line-item veto reflects the Administration's assertion that certain IHSS recipients should not be exempted from the more restrictive eligibility requirements for domestic and related services.
IHSS: State subsidy for recipients who are required to pay a share of cost for services	Provide the state subsidy only to recipients with FI scores of 4 or higher.	Reject the Governor's proposal. Instead, increase the share of cost for recipients who receive a state subsidy by 50 percent effective September 1, 2009, for savings of \$20 million in 2009-10.	Eliminates the state subsidy for IHSS recipients who are required to pay a share of cost for services effective October 1, 2009, for state savings of \$41 million in 2009-10.
IHSS: Provider wages	Cap the amount at which the state will share in the cost of wages for IHSS providers at \$8.00 per hour plus \$0.60 for health benefits.	Reject the Governor's proposal.	Enacts the Conference Committee's action.

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<b>Human Services</b>			
IHSS: Program integrity	Request \$9.1 million General Fund in 2009-10 to hire more than 40 new state staff and provide funding to counties to investigate and prevent fraud and promote "program integrity" in the IHSS Program.	Assume \$40 million in state savings in 2009-10 from increased anti-fraud activities, but provide no additional state staff beyond the six positions included in the February budget agreement for IHSS fraud investigation.	Assumes \$130 million in savings in 2009-10 from a number of policy changes and fraud-prevention efforts, including requiring recipients and providers to be fingerprinted.
IHSS: Public Authorities (PAs)	Request \$23.3 million for PA administration, an increase of \$699,000 compared to the amount included in the February budget agreement. PAs are the employers for IHSS providers for the purpose of collective bargaining over wages, hours, and other terms of employment.	Cut state funding for PA administration by \$4.6 million, a 20 percent reduction.	Cuts state funding for PA administration by \$13.3 million in 2009-10, which includes a gubernatorial veto of \$8.7 million.
Cash Assistance Program for Immigrants (CAPI)	Eliminate the program for savings of \$85.8 million.	Reject the Governor's proposal. However, CAPI grants will be reduced consistent with the SSI/SSP grant reductions.	Enacts the Conference Committee's action.
California Food Assistance Program (CFAP)	Eliminate the program for savings of \$33.8 million.	Reject the Governor's proposal.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
Child Welfare Services	Reduce funding by 10 percent for savings of \$70.6 million.	Reject the Governor's proposal.	The Governor used his line-item veto authority to reduce state funding by \$80.0 million below the level approved by the Legislature.
Foster Care	Reduce several foster care rates by 10 percent for savings of \$26.3 million.	Adopt a 10 percent rate reduction to three categories of foster care rates: foster family agencies, group homes, and seriously emotionally disturbed for savings of \$26.6 million. Reject the proposed 10 percent reduction to the supplemental clothing allowance and specialized care increment rates.	Enacts the Conference Committee's action.
Community Care Licensing Division	Eliminate state funding for savings of \$19.5 million.	Reject the Governor's proposal. Instead, approve a \$5.3 million General Fund cut to be backfilled with federal economic recovery funds and maintain the 10 percent fee increase approved by budget subcommittees.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
Substance Abuse and Crime Prevention Act (Proposition 36 of 2000) and Substance Abuse Offender Treatment Program	Eliminate state funding for savings of \$108 million.	Eliminate state funding (\$90 million) for Proposition 36 activities, consistent with the Governor's proposal, but reject the proposed elimination of state funding (\$18 million) for the Substance Abuse Offender Treatment Program.	Enacts the Conference Committee's action.
Substance abuse treatment services (Drug Medi-Cal)	Reduce rates for substance abuse treatment services for individuals who are eligible for Medi-Cal by 10 percent for savings of \$8.8 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Multipurpose Senior Services Program	Eliminate the program for savings of \$13.7 million.	Reject the Governor's proposal.	Enacts the Conference Committee's action.
Linkages Program	Eliminate the program for savings of \$6.5 million.	Reject the Governor's proposal. Instead, reduce state funding by \$2.5 million, effective October 1, 2009, and establish priority within the program for individuals living in poverty.	The Governor used his line-item veto authority to eliminate all state funding for the program in 2009-10.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Human Services</b>			
Community-Based Services Program (CBSP)	Eliminate the four programs that comprise the CBSP for savings of \$4.0 million: the Alzheimer's Day Care Resource Center, Brown Bag, Respite Purchase of Services, and Senior Companion programs.	Reject the Governor's proposed elimination of the Brown Bag Program. Approve the elimination of the Respite Purchase of Services and Senior Companion programs. Reduce state funding for the Alzheimer's Day Care Resource Center Program by \$1.2 million, effective October 1, 2009, and ensure that the remaining funds are used to provide direct services.	The Governor used his line-item veto authority to eliminate all state funding for the CBSP in 2009-10.
State Fingerprint Imaging System (SFIS)	No proposal.	Eliminate state funding for SFIS.	Rejects the Conference Committee's action.
<b>Child Care and Development</b>			
CalWORKs child care	Eliminate CalWORKs child care, consistent with the Governor's proposal to eliminate the CalWORKs Program.	Reject the Governor's proposal.	Enacts the Conference Committee's action.
"Overpayments" to child care providers	Cut state funding by \$36.0 million to account for estimated overpayments to child care providers.	Reject the Governor's proposal.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Child Care and Development</b>			
Family fees	The February budget agreement assumed \$14.4 million in savings associated with the Governor's proposal to increase family fees for child care assistance. The budget agreement, however, did not include the associated policy change. The Administration proposed a new fee schedule that would double fees for the lowest-income families.	Reject the Governor's proposal and maintain the current family fee schedule for child care assistance.	Enacts the Conference Committee's action.
Regional Market Rates (RMR)	The February budget agreement included \$38.7 million in savings associated with the Governor's proposal to reduce the rates at which child care providers are reimbursed. The budget agreement, however, did not include the associated policy change. The Administration proposed to achieve the savings first by increasing rates based on the new 2007 RMR data, then by decreasing the reimbursement rate ceiling from the 85 <sup>th</sup> percentile of the RMR – the current level – to the 75 <sup>th</sup> percentile.	Hold rates constant at the 2005 level and keep the reimbursement rate ceiling at the 85 <sup>th</sup> percentile of the RMR.	Enacts the Conference Committee's action.
Base funding for child care programs	No proposal.	Partially restore base funding reductions included in the February budget agreement for an additional state cost of \$30 million.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Child Care and Development</b>			
School Age Community Child Care (Latchkey) Program	No proposal.	Eliminate the program for savings of \$26.8 million.	Enacts the Conference Committee's action. However, state funding for the program will continue through August 31, 2009.
<b>Health</b>			
Healthy Families Program	Eliminate the entire program.	Reject the Governor's proposal. Instead, reduce state funding by approximately \$70 million by establishing a waiting list for enrollment unless another source of funding is identified to offset the state funding cut.	The Legislature cut funding by \$124 million in 2009-10. The Governor used his line-item veto authority to cut an additional \$50 million, bringing the total reduction to \$174 million in 2009-10. Healthy Families stopped enrolling eligible children on July 17, 2009, and will soon have to begin dropping eligible children from the program – jeopardizing health coverage for hundreds of thousands of children – unless an alternative source of funding is found.
Certified application assistance for Healthy Families and Medi-Cal enrollment	Eliminate state funding for savings of \$2.7 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action for savings of \$4.6 million in 2009-10.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Health</b>			
Medi-Cal Program	Cut state funding by \$1.0 billion in 2009-10 through unspecified reductions that could include cuts to eligibility, provider payments, and benefits.	Assume receipt of \$1.0 billion in federal funds to reimburse California for state expenditures that "should have been funded by the federal government."	Enacts the Conference Committee's assumption of increased federal funding. In addition, the July budget agreement assumes an additional \$323.3 million in state savings without indicating how those savings would be achieved.
Medi-Cal Managed Care Waiver Program	No proposal.	No proposal.	Requires the state to submit a waiver to the federal government that includes "restructuring proposals" aimed at improving coordination of care for several groups, including seniors and people with disabilities; improving health outcomes; and slowing the rate of growth of Medi-Cal spending. The waiver could result in more Medi-Cal beneficiaries being required to enroll in managed care, but must include criteria by which the state will evaluate and grant exemptions from any mandatory enrollment into managed care. The July budget agreement aims to have the waiver approved by September 1, 2010 or by the time the state's current Medi-Cal hospital waiver expires.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Health</b>			
Medi-Cal for recent legal immigrants	Limit Medi-Cal benefits provided to certain immigrants – including legal immigrant adults in the US for less than five years – to emergency services for savings of \$125.5 million.	Reject the Governor's proposal.	Enacts the Conference Committee's action.
"State-only" Medi-Cal programs	Eliminate five state-only health programs for savings of \$34.4 million.	Approve eliminating state funding for ancillary health services, such as X-rays and laboratory services, provided in Institutions for Mental Disease for savings of \$14.2 million. Reject eliminating the other four programs.	Enacts the Conference Committee's action.
Medi-Cal family planning rates	Reduce rates to the pre-January 2008 level for savings of \$14.1 million.	Reject the Governor's proposal.	Enacts the Conference Committee's action.
Adult Day Health Care Program	Eliminate all services for savings of \$170.6 million.	Reject the Governor's proposal. Instead, would limit coverage to three days per week and make related changes for savings of \$26.8 million.	Limits coverage to three days per week and makes related changes for state savings of \$28.1 million in 2009-10.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Health</b>			
Private safety-net hospitals	Reduce payments by 10 percent for savings of \$23.9 million.	Reject the Governor's proposal. Instead, would shift \$23.9 million from the Distressed Hospital Fund to reduce state General Fund costs in 2009-10.	Enacts both the Governor's proposal to cut payments to private safety-net hospitals by 10 percent, for savings of \$23.9 million, and the Conference Committee's action to shift \$23.9 million from the Distressed Hospital Fund to reduce state General Fund costs in 2009-10.
Long-term care facilities	Suspend an estimated 5 percent COLA for certain long-term care facilities that was scheduled to take effect on August 1, 2009 for savings of \$75.8 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Mental Health Managed Care Program	Reduce state General Fund by \$113.4 million in 2009-10. This reduction includes elimination of state support for mental health services, other than those required by the federal government, for \$64 million in state savings, and a \$53.5 million cut to reflect increased federal funding available through the economic recovery bill.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Health</b>			
Early and Periodic Screening, Diagnosis and Treatment Program (EPSDT)	Eliminate state funding for county programs developed using Mental Health Services Act (Proposition 63 of 2004) funds that the Administration contends increased EPSDT services for savings of \$53.4 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action, reflecting savings of \$28 million in 2009-10.
Medi-Cal prescription drugs	Implement new federal and state drug pricing policies in the Medi-Cal Program aimed at lowering costs and retaining quality care effective October 1, 2009.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
County operation of the Medi-Cal Program	No proposal.	No proposal.	The Governor used his line-item veto authority to reduce state funding by \$60.6 million below the level approved by the Legislature.
Community clinic programs	Eliminate state funding for various community clinic programs for savings of \$34.2 million.	Reject the Governor's proposal. Instead, reduce state funding by \$2.2 million for Rural Health Services Clinics, by \$1.9 million for Seasonal Migratory Worker Clinics, by \$1.5 million for the Indian Health Program, and by \$8.4 million for the Expanded Access to Primary Care Program.	The Governor used his line-item veto authority to eliminate all state funding for community clinic programs for total state savings of \$35.1 million in 2009-10.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Health</b>			
AIDS/HIV programs	Eliminate state funding.	Reject the Governor's proposal. Instead, reduce state funding by \$33.5 million.	The Governor used his line-item veto authority to eliminate all state funding for a number of programs administered by the Office of AIDS, including HIV education and prevention programs, HIV counseling and testing, therapeutic monitoring, and home- and community-based care. This action results in total state savings of \$59.1 million in 2009-10, but does not affect the AIDS Drug Assistance Program.
Domestic Violence Shelter Program	Cut state funding for the program, which supports 94 domestic violence shelters and centers, for savings of \$20.4 million.	Reject the Governor's proposal. Instead, reduce state funding by 20 percent to \$16.3 million.	The Governor used his line-item veto authority to eliminate all state funding for the program for total state savings of \$20.4 million in 2009-10.
Maternal, Child and Adolescent Health (MCAH) programs	Eliminate state funding for savings of \$20.2 million.	Reject the Governor's proposal. Instead, reduce state funding by \$900,000 for the Black Infant Health Program, by \$1.75 million for the Adolescent Family Life Program, by \$2.1 million for Local County Maternal and Child Health Grants, and by \$3.5 million for MCAH state support.	The Governor used his line-item veto authority to eliminate all state funding for MCAH programs and state operations for total state savings of \$18.5 million in 2009-10.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Health</b>			
Children's Dental Disease Prevention Program	Suspend the program for savings of \$2.9 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
California Poison Control System	Eliminate state funding for savings of \$5.9 million.	Reject the Governor's proposal. Instead, reduce state funding by 50 percent to \$2.95 million.	Enacts the Conference Committee's action.
Developmental Centers and Regional Centers	Reduce state funding by \$234 million in 2009-10, a cut that would be in addition to the \$100 million reduction included in the February budget agreement.	Adopt the Governor's proposal.	Enacts the Conference Committee's action. In addition, the Governor used his line-item veto authority to cut state funding for Regional Center services for children age 5 and younger by an additional \$50 million in 2009-10.
Immunization Program	No proposal.	Eliminate state funding for savings of \$18 million in 2009-10.	Adopts the Conference Committee's action.
Alzheimer's Research Centers	No proposal.	Reduce state funding by 50 percent, from \$6.2 million to \$3.1 million.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Proposition 98</b>			
2008-09 overall funding level	Reflect a total funding level of \$49.1 billion for K-14 programs covered by the Proposition 98 guarantee – \$9.0 billion (15.5 percent) lower than the level assumed in the 2008-09 Budget as enacted in September 2008.	Adopt the Governor's proposed Proposition 98 funding level. Provide a maintenance factor in years when Test 1 is operative and the Proposition 98 guarantee is lower than Test 2 beginning in 2011-12.	Enacts the Governor's proposed Proposition 98 funding level. Provides a statutory mechanism and continuing appropriation to restore Proposition 98 funding to the level where it would have been absent 2008-09 reductions.
2009-10 overall funding level	Reflect a total funding level of \$50.4 billion for K-14 programs covered by the Proposition 98 guarantee – \$4.5 billion (8.2 percent) lower than the level assumed in the 2009-10 Budget enacted in February.	Reject the Governor's proposal to reduce Proposition 98 funding by an additional \$680 million based on a lower estimate of 2009-10 revenues. Reflect a total funding level of \$51.1 billion for K-14 programs covered by the Proposition 98 guarantee – \$3.8 billion (7.0 percent) lower than the level assumed in the 2009-10 Budget enacted in February.	Assumes the Governor's proposed Proposition 98 funding level.

		<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>		<b>The July Budget Agreement, as Signed by the Governor</b>	
<b>K-12 Education</b>							
Revenue limits		Reduce 2008-09 revenue limit payments to school districts and county offices of education by \$1.3 billion compared to the 2008-09 Budget enacted in September 2008. Reduce 2009-10 revenue limit payments to school districts and county offices of education by \$2.2 billion compared to the 2009-10 Budget enacted in February.	Reduce 2008-09 revenue limit payments to school districts and county offices of education by \$1.3 billion compared to the 2008-09 Budget enacted in September 2008. Reduce 2009-10 revenue limit payments to school districts and county offices of education by \$1.9 billion compared to the 2009-10 Budget enacted in February. Reduce basic aid district categorical funding by the same amount as revenue limit reductions to non-basic aid districts.	Reduces 2009-10 revenue limit payments by \$4.0 billion compared to the 2009-10 Budget enacted in February and adjusts the revenue limit deficit factor to 18.4 percent for school districts and 18.6 percent for county offices of education. Reduces 2009-10 funding by \$80 million for Basic Aid school districts' categorical programs to provide a reduction proportionate to non-Basic Aid districts' revenue limit reductions.			
Deferrals		Defer \$1.7 billion of school district revenue limit payments from 2009-10 to 2010-11.	Adopt the Governor's proposal.				Enacts the Conference Committee's action.
Home-to-School Transportation		Reduce funding by \$404.3 million in 2009-10 – a 65 percent reduction. The Governor's proposals use Public Transportation Account and Mass Transportation Fund dollars to pay for debt service instead of paying for Home-to-School Transportation.	Backfill \$404.3 million reduction with \$282 million in Proposition 98 funds to bring total Proposition 98 funding for Home-to-School Transportation to \$496 million in 2009-10 – a reduction of approximately 20 percent. Allow school districts to transfer Home-to-School Transportation dollars to their general funds.				Provides \$496 million in 2009-10 Proposition 98 funding for Home-to-School Transportation – a reduction of approximately 20 percent from the \$618.7 million provided for the program in 2008-09.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>K-12 Education</b>			
High Priority Schools Program	Eliminate 2008-09 funding for savings of \$90.3 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Length of school year	Allow school districts to reduce the school year by up to seven and one-half days for no more than three years.	Allow school districts to reduce the school year to 175 instructional days through 2012-13 without losing funding.	Allows school districts to reduce the school year by up to five instructional days through 2012-13 without losing funding.
Surplus property	Allow school districts to sell surplus property and use the proceeds for general fund purposes for approximately three years.	Adopt the Governor's proposal.	Allows school districts to sell surplus property and use the proceeds for general fund purposes through 2011.
Instructional materials	No proposal.	Suspend the requirement that school districts purchase newly adopted instructional materials through 2012-13.	Enacts the Conference Committee's action.
California High School Exit Exam	No proposal.	Suspend the High School Exit Exam graduation requirement between 2009-10 and 2012-13.	Suspends the High School Exit Exam graduation requirement for students with disabilities beginning in 2009-10. The suspension would last until the State Board of Education authorizes an alternative exam for disabled students.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>K-12 Education</b>			
Quality Education Investment Act	No proposal.	No proposal.	Provides \$402 million in 2009-10 Proposition 98 funding for the Quality Education Investment Act (QEIA) to produce an equal amount of General Fund savings. Historically, QEIA dollars provided funds to school districts with the lowest academic achievement and did not count toward the Proposition 98 guarantee. The July budget agreement extends the QEIA program by one year, to 2014-15.
Categorical programs	No proposal.	No proposal.	Reduces 2008-09 funding by \$1.6 billion compared to the level of support for categorical programs provided by the February budget agreement. The July budget agreement restores \$1.5 billion of the 2008-09 reduction to categorical programs in 2009-10, but a \$1.6 billion reduction to 2009-10 revenue limit funding offsets this restoration of funds. The \$4.0 billion reduction to 2009-10 revenue limits detailed in the revenue limits section includes this \$1.6 billion revenue limit reduction.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Community Colleges</b>			
Categorical programs	Reduce funding by \$85.0 million in 2008-09 and by \$333.1 million in 2009-10.	Adopt the Governor's proposed level of reductions. Make the 2008-09 reduction unallocated. Allow community colleges, beginning in 2009-10, to use categorical funds for 12 programs to support any of the 21 categorical programs.	Reduces funding in 2009-10 by \$313.1 million. Allows community colleges to use categorical funds for 12 programs to support any other categorical program between 2009-10 and 2012-13.
Enrollment growth funding	Eliminate funding for enrollment growth for savings of \$185.4 million.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Apportionments	Reduce community college apportionments by \$120.0 million to reflect the Governor's proposal to reduce enrollment funding for credit physical education and recreational courses.	Adopt the Governor's proposed reduction. Allow the Chancellor of the Community Colleges to reduce enrollment caps and other workload measures to accommodate the reduction.	Reduces community college apportionments by \$140 million. Directs the Chancellor of the Community Colleges to exclude basic skills, transfer, and career technical education programs from reductions.
Deferrals	Defer \$115.0 million payment for community college apportionments from 2008-09 to 2009-10.	Adopt the Governor's proposal.	Defers \$703 million in payments for community college apportionments from 2009-10 to 2010-11.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Community Colleges</b>			
Property tax shortfalls	Assume lower property tax collections that would result in a \$37.3 million shortfall in community college funding in 2008-09 and a \$116.7 million shortfall in 2009-10. The Governor's May Revision proposal does not provide funds to address the 2008-09 shortfall; however, it does provide \$58.3 million to address the 2009-10 shortfall.	Accept the Governor's assumptions and adopt the Governor's proposal.	Enacts the Conference Committee's action.
Fees	No proposal.	Increase student fees from \$20 to \$26 per unit beginning with the fall 2009-10 academic term.	Enacts the Conference Committee's action.
<b>University of California</b>			
Funding	Make \$717.5 million in unallocated 2008-09 reductions and \$217.5 million in unallocated 2009-10 reductions.	Adopt the Governor's proposal to make \$717.5 million in unallocated 2008-09 reductions. Make \$266.6 million in unallocated 2009-10 reductions.	Makes \$715.5 million in unallocated 2008-09 reductions and \$266.7 million in unallocated 2009-10 reductions.
Academic preparation and education programs	Eliminate \$31.3 million in funding for academic preparation and education programs in 2009-10.	Reject the Governor's proposal.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>University of California</b>			
COLAs	No proposal.	No proposal.	Eliminates automatic annual increases.
<b>California State University</b>			
Funding	Make \$717.5 million in unallocated 2008-09 reductions and \$267.5 million in unallocated 2009-10 reductions.	Adopt the Governor's proposal to make \$717.5 million in unallocated 2008-09 reductions. Make \$266.1 million in unallocated 2009-10 reductions.	Makes \$715.5 million in unallocated 2008-09 reductions and \$266.1 million in unallocated 2009-10 reductions.
Academic preparation and education programs	Eliminate \$18.6 million in funding for academic preparation and education programs in 2009-10.	Reject the Governor's proposal.	Enacts the Conference Committee's action.
COLAs	No proposal.	No proposal.	Eliminates automatic annual increases.
<b>Hastings College of Law</b>			
Funding	Eliminate virtually all funding for savings of \$10.3 million in 2009-10.	Reject the Governor's proposal. Reduce total funding by 10 percent.	Makes \$2.0 million in unallocated 2009-10 reductions, which includes the \$1.0 million cut made by the Conference Committee and a \$1.0 million gubernatorial veto.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>California Student Aid Commission</b>			
California Student Aid Commission administration	No proposal.	No proposal.	The Governor used his line-item veto authority to reduce funding by \$6.3 million below the level approved by the Legislature. The Governor's veto message states that \$4.3 million of these funds would be restored if the Legislature authorizes decentralization of the Cal Grant Program and other financial aid programs.
Cal Grant awards	Eliminate new awards for the High School Entitlement, Community College Transfer Entitlement, Competitive Cal Grant, and Cal Grant C programs, for savings of \$225.9 million. Freeze award amounts for University of California (UC) and California State University (CSU) students at the 2008-09 award level for savings of \$28.0 million. Propose to pay for only two-thirds of UC and CSU fee increases for students who receive Cal Grant awards for savings of \$16.6 million.	Reject the Governor's proposal.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>California Student Aid Commission</b>			
Cal Grant private college awards	Reduce the maximum Cal Grant award for students attending private colleges from \$9,703 to \$8,322 for savings of \$11.0 million.	Reduce the maximum 2010-11 Cal Grant award for students attending private college from \$9,703 to \$9,223 and make a related eligibility change for total savings of \$11.0 million.	Rejects both the Governor's proposal and the Conference Committee's action.
Cal Grant income eligibility	Freeze Cal Grant income eligibility at the 2008-09 level for savings of \$7.0 million.	Freeze income eligibility for 2010-11 Cal Grant A awards at the 2009-10 level for savings of \$3.4 million.	Rejects both the Governor's proposal and the Conference Committee's action.
Student Loan Operating Fund	No proposal.	Transfer \$32 million from the Student Loan Operating Fund to the state's General Fund to pay for Cal Grants in 2009-10.	Enacts the Conference Committee's action.
<b>General Government</b>			
State government: Agency reorganization	Consolidate functions from 12 entities into a Department of Energy; consolidate the Franchise Tax Board, the Board of Equalization, and the Employment Development Department; consolidate, reorganize, and eliminate a number of other state departments, boards, and commissions, for savings of \$50 million 2009-10.	Adopt the Governor's proposed savings.	Reorganizes, consolidates, and eliminates certain entities for savings of \$50 million and refers certain other functions, including energy, business, and tax, for further legislative consideration.

Governor's May Proposals		Conference Committee Actions	The July Budget Agreement, as Signed by the Governor
General Government			
State government: COLAs	No proposal.	No proposal.	Eliminates automatic annual increases.
State Compensation Insurance Fund (SCIF)	Assume sale of a portion of SCIF's "book of business" to a private entity for \$1.0 billion.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
State employee compensation	Reduce all state employees' salaries by 5 percent, except employees of the courts, the Legislature, the CSU, and the UC, for savings of \$470.0 million in 2009-10.	Reject the Governor's proposal and defer the June 30, 2010 state payroll to July 1, 2010.	Does not adopt the Governor's proposal. Instead, assumes General Fund savings of \$1.3 billion from three-day-per-month state worker furloughs and enacts the Conference Committee action to defer the June 30 payroll for General Fund savings of \$937.6 million. The furloughs amount to a 13.8 percent pay cut for state workers. In addition, the Governor vetoed \$25 million in General Fund support for scheduled pay and benefit increases.
CalPERS	Adopt CalPERS' plan to use excess reserves to fund two months of premiums and employer contributions for savings of \$100.0 million in 2009-10.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>General Government</b>			
State employees' and retirees' health coverage	Reflect savings of \$132.2 million in 2009-10 from replacing state employees' and retirees' current health coverage with lower-cost plans.	Reject the Governor's proposal and score savings of \$50 million by assuming the premium rate will increase by less than the 9 percent estimated in the February budget agreement.	Enacts the Conference Committee's action.
Local property tax revenue	Suspend Proposition 1A of 2004 to borrow \$1.982 billion from local property tax revenues, requiring the state to repay the amount shifted, with interest, within three years. In addition, provide a mechanism for local agencies to borrow against the state's repayment obligation for shifted property tax dollars.	Reject the Governor's proposal.	Diverts \$1.935 billion of local government property tax revenues to schools and/or counties and requires the state to repay the amount shifted, with interest, no later than June 30, 2013. In addition, provides a mechanism for local governments to borrow against the state's repayment obligation for shifted property tax dollars through a new state-sponsored pool. The state would pay principal and interest costs for local governments that borrow through the pool.
Local mandates	Suspend 32 local government mandates and defer payments for current claims for savings of \$100.3 million in 2009-10.	Adopt nearly all deferrals and suspensions, scoring savings of approximately \$99 million. The Conference Committee retained requirements for consistent voting procedures and the Open Meetings Act, recast two victims' rights mandates, and retained the 3-day animal adoption holding requirement mandate.	Suspends most local mandates for one year for savings of \$66 million. Mandates related to public safety, elections, and tax collection are not suspended.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>General Government</b>			
Deferral of payments	Defer certain K-12, higher education, Proposition 42, and county mental health payments for savings of \$210.0 million from reduced external borrowing.	Adopt the Governor's proposal.	Enacts the Conference Committee's action.
Open space subventions	Suspend the Williamson Act Program that backfills a portion of local property tax payments lost under contracts to maintain open space and agricultural land for savings of \$34.7 million.	Adopt the Governor's proposal.	Suspends the Williamson Act Program. Through a veto, the Governor reduced funding for the program to \$1,000 for savings of \$35.8 million.
Redevelopment agency funding	No proposal.	Redirect \$350 million from redevelopment agencies to schools in the vicinity of redevelopment project areas in each of 2009-10 and 2010-11.	Redirects \$1.7 billion in 2009-10 and \$350 million in 2010-11 and allows redevelopment project areas to be extended for one year.
Information technology services	No proposal.	Reduce funding for state information technology services and authorize an additional \$100 million of savings.	Authorizes information technology contracts to be renegotiated for savings of \$100 million.
<b>Resources</b>			
Offshore oil drilling	Assume \$100.0 million in proceeds from the sale of leases that would allow drilling for oil off the Santa Barbara coast.	Left open.	The Assembly did not approve legislation authorizing the sale of leases.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Resources</b>			
State parks	Eliminate General Fund support for state parks over a two-year period for savings of \$70.0 million in 2009-10 and \$143.4 million in 2010-11. This reduction would result in the closure of approximately 80 percent of the state's parks.	Approve elimination of General Fund support for state parks. Adopt a proposal to fund state parks through an annual \$15 "parks pass" fee that would be added to the Vehicle License Fee to maintain state support.	Rejects both the Governor's proposal to eliminate General Fund support for state parks and the Conference Committee's "parks pass" fee. Instead, the July budget agreement reduces funding for state parks by \$14.2 million, including a \$6.2 million gubernatorial veto.
<b>Transportation</b>			
Local government transportation revenues	Shift \$336.0 million in "spillover" funds from public transit operating expenses to debt service on transportation bonds.	Adopt the Governor's proposal.	Makes \$876.6 million available to the General Fund for transit debt service in 2009-10, including \$225.0 million in Public Transportation Account funds that had been earmarked for home-to-school transportation and \$651.6 million in projected "spillover" gasoline sales tax revenues.
Local share of gas tax	Redirect \$986.4 million of the local share of gas tax proceeds in 2009-10 and approximately \$750 million annually thereafter to General Fund highway bond debt service.	Adopt the Governor's proposal for two years.	Rejects both the Governor's proposal and the Conference Committee's action. The Senate approved a measure that would have authorized the state to borrow \$1 billion in Highway Users Tax Account (HUTA) funds from local governments, with a 10-year repayment period, but the Assembly did not approve the measure.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Transportation</b>			
Highway funds	No proposal.	Shift funds from the State Highway Account to the General Fund. This amount must be repaid with interest within three years.	Enacts the Conference Committee's action for savings of \$135.0 million.
<b>Public Safety and Corrections</b>			
Department of Corrections and Rehabilitation (CDCR)	Refer undocumented inmates to Immigration and Customs Enforcement for deportation; require "wobbler" crimes to be treated as misdemeanors rather than felonies, punishable by a jail term rather than a prison sentence; and release certain nonviolent, non-serious, non-sex-offenders early under GPS monitoring for savings of \$402.5 million in 2009-10. In addition, the May Proposals eliminate funding for most rehabilitative services, suspend building maintenance for one year, and impose unallocated reductions for total savings of \$787.1 million in 2009-10.	Adopt the Governor's proposals regarding deportation of undocumented inmates and early release of certain offenders and some of the Governor's proposed changes regarding "wobblers." In addition, adopt a smaller reduction to CDCR services and a smaller unallocated reduction.	Reflects \$1.2 billion in unallocated cuts to the CDCR. The Administration states that \$554.7 million of these savings can be achieved by deporting undocumented inmates, reducing programs for inmates and parolees, enacting operational savings, and imposing a cap on contracted medical services, without legislative approval. The Administration further states that the remaining unallocated savings can be achieved through policy changes to be included in legislation. Legislative leaders have indicated that they will consider specific policy changes when they return from recess.

<b>Governor's May Proposals</b>		<b>Conference Committee Actions</b>	<b>The July Budget Agreement, as Signed by the Governor</b>
<b>Public Safety and Corrections</b>			
Courts: Funding and electronic reporting	Reduce funding for courts by 10 percent and require courts to implement electronic reporting for savings of \$181.6 million.	Adopt the Governor's proposal to cut court funding by 10 percent, but reject the proposal to require electronic reporting. Assumes that the 10 percent cut would be achieved in part by closing courts once per month and increasing certain fees.	Enacts the Conference Committee's action.
Courts: COLAs	No proposal.	No proposal.	Eliminates automatic annual increases.