

Senate Bill No. 78

CHAPTER 172

An act to amend and supplement the Budget Act of 2007 by amending Items 0502-001-9730, 0510-001-0001, 0855-001-0367, 1111-003-0001, 1760-001-0001, 1760-001-0666, 2660-001-0042, 2665-001-0046, 2720-001-0044, 3790-001-0001, 3900-001-0044, 3900-001-0115, 3910-001-0387, 3940-001-0001, 3940-001-0193, 4200-101-0001, 4200-101-3019, 4200-105-0001, 4280-101-0001, 4280-111-0232, 4280-111-0233, 4280-112-0232, 4280-112-0233, 4440-011-0001, 4440-103-0001, 4440-115-0001, 5180-101-0001, 5180-101-0514, 5180-101-0890, 5180-111-0001, 5180-141-0001, 5180-141-0890, 5180-151-0001, 5180-403, 5225-101-0001, 6110-009-0001, 6110-111-0001, 6110-113-0001, 6110-188-0001, 6110-227-0001, 6110-485, 6110-495, 7100-001-0514, 7100-001-0870, 8860-001-0001, 8860-002-0001, and 9350-104-6065, of, by adding Items 0690-001-6061, 0690-001-6073, 0690-101-6061, 0690-101-6073, 2660-004-6072, 2660-104-6072, 2660-304-6072, 4280-111-0236, and 6110-111-0046 to, and by repealing Items 0690-001-6054, 0690-101-6054, 2660-004-6053, 2660-004-6056, 2660-004-6060, 2660-104-6053, 2660-104-6056, 2660-104-6060, 2660-304-6053, and 2660-304-6056 of, Section 2.00 of, and by amending Sections 4.05, 12.32, and 35.50 of, and by adding Sections 9.00, 11.15, 24.80, and 29.50 to, that act, relating to the State Budget, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor August 24, 2007. Filed with
Secretary of State August 24, 2007.]

I object to the following appropriations contained in Senate Bill 78.

Item 1760-001-0666—For support of Department of General Services. I revise this item by deleting Provision 10.

I delete Provision 10, which would require the Department of General Services to provide an implementation progress report on the Fleet Asset Management System.

This reporting requirement would result in an expenditure increase without regard to the availability of revenues. Consequently, I am vetoing this language. Nevertheless, in recognition of the Legislature's desire to obtain this information, it will be addressed as though the request had been included in Supplemental Report language. Therefore, I am instructing that the Director of the Department of General Services comply with this legislative request for this report to the extent compliance can be achieved using existing resources and without impairing the Department of General Services' ability to perform its essential functions.

Item 2660-001-0042—For support of Department of Transportation.

I am sustaining the Legislature's augmentation for capital outlay support. In the May Revision, reflecting the large increase of work to be done to implement Proposition 1B as well as Caltrans' work funded from other sources, I proposed additional funding necessary

to use contractual services for engineering, design, environmental studies, and other work needed to ready projects for construction. This was proposed in lieu of expanding state staff in order to speed up delivery of Proposition 1B projects.

The augmentation was based on 90 percent state staff and 10 percent contract staff. Because it will take a year or more to hire and train state staff, I am very concerned that this action will delay projects by a year or more and end up costing more than using contractual services because of salary costs incurred while training new state hires and the impact of inflation on construction costs while projects are delayed. Moreover, because the funding from Proposition 1B is one-time and will be exhausted over the next five years, the hiring of new permanent state staff could lead to the need for future layoffs. An appropriate balance between state staff and contract staff will enable the state to improve its highways, roads, bridges, and railroad crossings immediately. Therefore, I am directing the Director of the Department of Transportation to take all steps necessary to deliver these projects as quickly as possible, including an increased use of contractual services within the funding level the Legislature has provided.

Item 3790-001-0001—For support of Department of Parks and Recreation. I reduce this item from \$145,359,000 to \$130,359,000 by reducing:

(1) For support of the Department of Parks and Recreation from 383,495,000 to \$368,495,000.

I am vetoing \$15,000,000 General Fund on a one-time basis for maintenance at state parks. The Department of Parks and Recreation's existing maintenance budget is approximately \$67,000,000, and a one-time augmentation of \$90,000,000 was provided in 2006-07 to address deferred maintenance needs. Furthermore, Proposition 84 provides \$400,000,000 for the development and rehabilitation of state parks, including deferred maintenance. For these reasons, and in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year, I believe a one-time reduction can be made without a significant impact on the department's ability to perform its essential functions in 2007-08.

Item 3900-001-0044—For support of State Air Resources Board. I reduce this item from \$94,533,000 to \$93,875,000 by reducing:

(1) 15-Mobile Source from \$696,312,000 to \$675,188,000;

(2) 25-Stationary Source from \$53,845,000 to \$53,345,000;

(7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115) from -\$174,541,000 to -\$154,541,000;

and by deleting:

(9.5) Amount payable from the Energy Resources Programs Account (Item 3900-001-0465) (-\$966,000).

I am reducing Schedule 1 to eliminate the legislative augmentation of \$658,000 and 6.7 positions for additional diesel enforcement efforts. In the past three budgets, I have included additional staff for diesel enforcement every year. In 2005-06, I added 15.3 positions, in 2006-07, I added 5.8 positions, and in the 2007-08 Governor's Budget, I included 6.7 more positions. The Legislature concurred in all of these augmentations, but added 6.7 additional positions this year for reasons which have not been explained. While I recognize that diesel enforcement is important, these augmentations are all funded by the Motor Vehicle Account, which is facing significant fiscal pressures for other high-priority expenditures. In light of this, and the lack of workload justification for the 6.7 position legislative augmentation, it is

necessary to make this reduction in order to preserve Motor Vehicle Account funds for other critical needs.

I am also revising this item to conform to the actions I have taken in Items 3900-001-0115 and 3900-001-0465.

Item 3900-001-0115—For support of State Air Resources Board. I reduce this item from \$174,541,000 to \$154,541,000.

I am deleting the \$20,000,000 legislative augmentation for construction equipment grants that would be funded by increasing vehicle-related fees charged to the citizens of California. This proposal would carve out one industry, construction, for a state subsidy to comply with proposed air quality regulatory requirements. This focus on a single industry is inconsistent with the Air Board's overall approach to regulating air quality.

I am sustaining the \$1,000,000 fund shift from General Fund to the Air Pollution Control Fund (APCF) for legal defense costs associated with Chapter 200, Statutes of 2002 and associated provisional language. I note, however, that the resources expected to be available in the APCF are quite limited. Consequently, should the legal defense costs exceed the \$1,000,000 provided in this item, the Air Board will likely request General Fund deficiency funding rather than additional resources from the APCF.

Item 3940-001-0001—For support of State Water Resources Control Board. I reduce this item from \$39,344,000 to \$39,102,000 by reducing:

- (1) 10-Water Quality from \$463,986,400 to \$459,499,400, and
- (5) Reimbursements from -\$14,244,000 to -\$9,999,000.

I am eliminating a legislative augmentation of \$242,000 and 2.0 positions to accelerate the development of Total Maximum Daily Load standards (TMDLs) in the North Coast Regional Water Board. I support the expeditious implementation of TMDLs throughout the state. However, I believe this can be accomplished within existing resources. In addition, this reduction is necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year. With this reduction, \$1,100,000 still remains to support the development of North Coast Regional Water Board TMDLs.

I am also eliminating a legislative augmentation of \$4,245,000 in reimbursement authority for water basin planning. My budget proposed funding water basin planning from Chapter 9 of Proposition 84. The Legislature shifted this funding to reimbursements, to be provided by the Department of Water Resources from funds made available by Chapter 4 of Proposition 84. However, notwithstanding the merits of this program, it is not appropriately funded from Chapter 4 of Proposition 84, which requires the funding to be used for statewide, rather than basin-specific, water planning activities. With this reduction, \$6,600,000 still remains to support water basin planning.

Item 4280-101-0001—For local assistance of the Managed Risk Medical Insurance Board. I reduce this item from \$373,832,000 to \$372,429,000 by reducing:

- (2) 40-Healthy Families Program from \$1,032,841,000 to \$1,028,942,000, and
- (3) Amount payable from the Federal Trust Fund (Item 4280-101-0890) from -\$732,337,000 to -\$729,841,000.

I am deleting \$3,899,000 (\$1,403,000 General Fund and \$2,496,000 Federal Trust Fund) to conform to the action I have taken in Item 4280-001-0001, related to the delayed implementation of SB 437 (Chapter 328, Statutes of 2006).

Item 5180-101-0001—For local assistance, Department of Social Services. I reduce this item from \$2,210,356,000 to \$2,207,412,000 by reducing:

- (2) 16.65-Other Assistance Payments from \$1,324,322,000 to \$1,321,378,000.

I am reducing by \$2,944,000 the augmentation I included in the May Revision to fund local food banks and Foodlink to provide relief to Californians from the effects of last winter's severe weather conditions. This reduction in funding is possible due to a decrease in the number of disaster victims being served and a reduced timeframe that these victims will require services. This action will in no way affect the services being provided to victims of the freeze disaster.

Item 5180-141-0001—For local assistance, Department of Social Services. I reduce this item from \$437,764,000 to \$432,941,000 by reducing:

- (1) 16.75-County Administration and Automation Projects from \$1,085,916,000 to \$1,073,349,000;
- (2) Reimbursements from -\$57,871,000 to -\$54,951,000; and
- (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from -\$590,281,000 to -\$585,457,000.

I am deleting the legislative augmentation of \$12,567,000 (\$4,823,000 General Fund, \$2,920,000 Reimbursements, and \$4,824,000 Federal Trust Fund) for workstation replacement and help desk support of the Statewide Automated Welfare System, including the CalWORKs Information Network. Although I understand that workstations need to be replaced on a regular basis, this reduction is needed to build a prudent reserve. In addition, I believe this cost may be paid from funds provided for general county administration.

I am also reducing \$2,130,000 in Item 4260-101-0001 and \$2,130,000 in Item 4260-101-0890 to conform to this action.

Item 5180-141-0890—For local assistance, Department of Social Services. I reduce this item from \$590,281,000 to \$585,457,000 and delete Provision 2.

I am reducing this item to conform to the action I have taken in Item 5180-141-0001 related to workstation replacement and help desk support.

Item 5180-151-0001—For local assistance, Department of Social Services. I reduce this item from \$756,589,000 to \$739,528,000 by reducing:

- (1) 25.30-Children and Adult Services and Licensing from \$2,077,314,000 to \$2,056,169,000;
- (3) Reimbursements from -\$115,875,000 to -\$115,707,000; and
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,222,557,000 to -\$1,218,641,000.

In order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year, I am deleting the legislative augmentation of \$12,000,000 General Fund for the Adult Protective Services program. This veto maintains funding for the program at the level proposed in the May Revision.

I am deleting the legislative augmentation of \$5,135,000 (\$2,467,000 General Fund, \$168,000 Reimbursements, and \$2,500,000 Federal Trust Fund) for workstation replacement of the Child Welfare Services/Case Management System. Although I understand that workstations need to be replaced on a regular basis, this reduction is needed to build a prudent reserve. I am reducing Item 0530-001-9732 by \$5,135,000 to conform to this action.

I am reducing this item by \$4,010,000 (\$2,594,000 General Fund and \$1,416,000 Federal Trust Fund) on a one-time basis. This funding would have provided resources to counties for sibling searches in the Adoptions Program and to help prevent foster youth identity theft, pursuant to legislation enacted in the 2006-07 fiscal year. I am suspending implementation of these programs by one year to further build a prudent reserve and I am directing the

Department of Social Services to notify counties that these activities should be suspended during this fiscal year.

Item 5225-101-0001—For local assistance, California Department of Corrections and Rehabilitation. I reduce this item from \$336,791,000 to \$321,891,000 by deleting:

- (8) 60.01-County Juvenile Justice Planning Grants (\$4,900,000);
 - (9) 60.02-County Juvenile Justice Competitive Grants (\$10,000,000);
- and Provision 10.

I am deleting the \$4,900,000 legislative augmentation, which was intended to provide one-time grants to all counties to plan for changes in state law governing county custody and rehabilitative services for youthful offenders whose offenses are not listed in Welfare and Institutions Code Section 707(b). I am also deleting the \$10,000,000 legislative augmentation, which was intended to provide one-time competitive grants to counties for additional planning and development efforts related to the juvenile offender population that will now be housed locally. These reductions are necessary in order to further build a prudent reserve in light of the various uncertainties in revenues and spending that we face this year.

I am deleting Provision 10 to conform to this action.

Item 7100-001-0870—For support of Employment Development Department. I revise this item by reducing:

- (1) 10-Employment and Employment Related Services from \$180,125,000 to \$168,065,000, and
- (10) Amount payable from the Employment Development Contingent Fund (Item 7100-001-0185) from -\$79,495,000 to -\$67,435,000.

I am revising this item to conform to the action I have taken in Item 7100-001-0185.

Item SEC. 29.50—2008-09 State Operations and Capital Outlay Budget Restrictions. I delete this Control Section.

This Control Section provides legislative intent language to assist me in preparing the 2008-09 Budget that I will propose. The intent language directs the Department of Finance not to include funding in the Budget for various issues that evidently are low priorities for the Legislature. While controlling expenditures is a worthy and laudable goal every year, I do not think it is appropriate to predetermine funding decisions now, and I will propose a Budget that reflects my spending priorities within available fiscal resources. I believe it is important that the full and deliberative process take place for each and every program.

California taxpayers expect that we all do our job completely each year, and I would miss an opportunity to continue discussions on these important issues with my legislative friends next year; therefore, I am deleting this control section.

With the above deletions, revisions, and reductions, I hereby approve Senate Bill 78.

Schwarzenegger, Arnold

LEGISLATIVE COUNSEL'S DIGEST

SB 78, Ducheny. Budget Act of 2007.

SB 77, as proposed by Conference Report No. 1 on July 9, 2007, would make appropriations for the support of state government for the 2007–08 fiscal year.

This bill would amend and supplement the Budget Act of 2007 by revising items of appropriation for the Office of the Chief Information Officer; the Secretary of State and Consumer Services; the Office of Emergency Services;

the California Gambling Control Commission; the Department of Consumer Affairs; the Department of General Services; the Department of Transportation; the Department of the California Highway Patrol; the Department of Parks and Recreation; the State Air Resources Board; the California Integrated Waste Management Board; the State Water Resources Control Board; the State Department of Alcohol and Drug Programs; the Managed Risk Medical Insurance Board; the State Department of Mental Health; the State Department of Social Services; the Department of Corrections and Rehabilitation; the State Department of Education; the Employment Development Department; and the Department of Finance.

This bill would become operative only if SB 77, as proposed by Conference Report No. 1 on July 9, 2007, is enacted and becomes effective on or before January 1, 2008.

This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. Item 0502-001-9730 of Section 2.00 of the Budget Act of 2007 is amended to read:

0502-001-9730—For support of the Office of the Chief Information Officer, payable from the Department of Technology Services Revolving Fund..... 4,640,000

Schedule:

(1) Office of the Chief Information Officer..... 4,640,000

Provisions:

1. By March 1, 2008, the Office of the Chief Information Officer shall deliver a five-year project plan for achieving the administration’s stated direction of improving the state’s information technology (IT) effectiveness. The project plan shall include a timeline, milestones, and well-defined deliverables that include, but are not limited to: (a) a minimum skill set for state IT project managers, including the state budgeting and contracting processes, (b) a process by which IT project managers will be certified to the minimum skill level before they assume an IT project leadership assignment, and (c) a process for identifying and applying current technologies to enable data sharing across state systems as a means to reduce state business and IT process redundancy and inefficiencies.

SEC. 2. Item 0510-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

0510-001-0001—For support of Secretary of State and Consumer Services.....	1,649,000
Schedule:	
(1) Support.....	2,271,000
(2) Reimbursements.....	-622,000

SEC. 3. Item 0690-001-6054 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 4. Item 0690-001-6061 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-001-6061—For support of the Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Transit System Safety, Security, and Disaster Response Account.....	1,456,000
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SEC. 5. Item 0690-001-6073 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-001-6073—For support of the Office of Emergency Services, for payment to Item 0690-001-0001, payable from the Port and Maritime Security Account.....	1,105,000
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SEC. 6. Item 0690-101-6054 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 7. Item 0690-101-6061 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-101-6061—For support of the Office of Emergency Services, payable from the Transit System Safety, Security, and Disaster Response Account.....	100,000,000
Schedule:	
(1) 10-Support of Office of Homeland Security.....	100,000,000

SEC. 8. Item 0690-101-6073 is added to Section 2.00 of the Budget Act of 2007, to read:

0690-101-6073—For local assistance, Office of Emergency Services, payable from the Port and Maritime Security Account.....	40,000,000
Schedule:	
(1) 10-Support of Office of Homeland Security.....	40,000,000

SEC. 9. Item 0855-001-0367 of Section 2.00 of the Budget Act of 2007 is amended to read:

0855-001-0367—For support of California Gambling Control Commission, payable from the Indian Gaming Special Distribution Fund.....	8,029,000
Schedule:	
(1) 10-California Gambling Control Commission.....	8,029,000

SEC. 10. Item 1111-003-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

1111-003-0001—For support of Office of Privacy Protection, Department of Consumer Affairs.....	395,000
Schedule:	
(1) 40-Office of Privacy Protection.....	430,000
(2) Reimbursements.....	-35,000

SEC. 11. Item 1760-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

1760-001-0001—For support of Department of General Services, for payment to Item 1760-001-0666.....	11,794,000
Provisions:	
1. The amount appropriated in this item is for State Capitol repairs.	

SEC. 12. Item 1760-001-0666 of Section 2.00 of the Budget Act of 2007 is amended to read:

1760-001-0666—For support of Department of General Services, payable from the Service Revolving Fund.....	718,655,000
Schedule:	
(1) Program support.....	979,445,000
(2) Distributed services.....	-11,145,000
(3) Reimbursements—Lease revenue.....	-129,000
(5) Amount payable from the General Fund (Item 1760-001-0001).....	-11,794,000
(6) Amount payable from the General Fund (Item 1760-002-0001).....	-338,000
(7) Amount payable from the Property Acquisition Law Money Account (Item 1760-001-0002).....	-4,674,000

(8) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-001-0003).....	-2,238,000
(9) Amount payable from the State Emergency Telephone Number Account (Item 1760-001-0022).....	-2,308,000
(10) Amount payable from the State Motor Vehicle Insurance Account (Item 1760-001-0026).....	-5,534,000
(11) Amount payable from the Indian Gaming Special Distribution Fund (Item 1760-001-0367).....	-50,000
(12) Amount payable from the Seismic Gas Valve Certification Fee Account (Item 1760-001-0450).....	-75,000
(13) Amount payable from the Energy Resources Programs Account (Item 1760-001-0465).....	-1,549,000
(14) Amount payable from the Architecture Revolving Fund (Item 1760-001-0602).....	-41,283,000
(15) Amount payable from the State School Building Aid Fund (Item 1760-001-0739).....	-289,000
(16) Amount payable from the State School Deferred Maintenance Fund (Item 1760-001-0961).....	-153,000
(17) Amount payable from the 2004 State School Facilities Fund (Item 1760-001-6044).....	-12,525,000
(18) Amount payable from the 2006 State School Facilities Fund (Item 1760-001-6057).....	-575,000
(19) Amount payable from the Motor Vehicle Parking Facilities Moneys Account (Item 1760-002-0003).....	-1,094,000
(20) Amount payable from the Service Revolving Fund (Item 1760-002-0666).....	-150,619,000
(21) Amount payable from the Service Revolving Fund (Item 1760-003-0666).....	-14,418,000

Provisions:

1. Notwithstanding any other provision of law, revenues from the sale of legislative bills and publications received by the Legislative Bill Room shall be deposited in the Service Revolving Fund.

2. Notwithstanding any other provision of law, if the Director of General Services determines in writing that there is insufficient cash in a special fund under his or her authority to make one or more payments currently due and payable, he or she may order the transfer of moneys to that special fund in the amount necessary to make payment or payments, as a loan from the Service Revolving Fund. That loan shall be subject to all of the following conditions:
 - (a) No loan shall be made that would interfere with the carrying out of the object for which the Service Revolving Fund was created.
 - (b) The loan shall be repaid as soon as there are sufficient moneys in the recipient fund to repay the amount loaned, but no later than 18 months after the date of the loan. The amount loaned shall not exceed the amount that the fund or program is authorized at the time of the loan to expend during the 2007–08 fiscal year from the recipient fund except as otherwise provided in Provisions 4, 5, and 6.
 - (c) The terms and conditions of the loan are approved, prior to the transfer of funds, by the Department of Finance pursuant to appropriate fiscal standards.
3. The Director of General Services may augment this item or any of Items 1760-001-0002, 1760-001-0003, 1760-001-0026, and 1760-001-0602, by up to an aggregate of 10 percent in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in this item or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. If the Director of General Services augments this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602, the DGS shall notify the Department of Finance within 30 days after that augmentation is made as to the amount, justification, and the program augmented. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services or the purchase of goods without the prior written consent of

the Department of Finance. The Director of General Services shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Department of General Services had knowledge of in time to include in the May Revision.

4. If this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 is augmented pursuant to Provision 3 by the maximum allowed under that provision, the Director of Finance may further augment the item or items in cases where (a) the Legislature has approved funds for a customer for the purchase of services or equipment through the Department of General Services (DGS) and the corresponding expenditure authority has not been provided in these items, or (b) a local government entity or the federal government has requested services from the DGS. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process. The Director of Finance shall not use this provision to augment this item or Item 1760-001-0002, 1760-001-0003, 1760-001-0026, or 1760-001-0602 for costs that the Departments of Finance or General Services had knowledge of in time to include in the May Revision.
5. The Director of General Services may augment this item and Items 1760-001-0026 and 1760-001-0003 to increase authorized expenditures by the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Office of Energy Management, and the Office of Public Safety Radio Services. The augmentation shall be for the specific purpose of enabling the Office of State Publishing, the Office of Risk and Insurance Management, the Office of Fleet Administration, the Energy Services Program, and the Office of Public Safety Radio Services to provide competitive services to their customers (including local government entities or the federal government) and may be made only if the office has sufficient operating reserves available to fund the augmentation. If the Director of General Services proposes to augment either of the items in this provision, the director shall notify the Department of Finance, the chairpersons of the fiscal committees of each house of the Legislature, and the Chairperson of the Joint Legislative Budget Committee 30 days prior to making the augmentation, including the amount,

justification, and the office augmented. Any augmentation that is deemed to be necessary on a permanent basis shall be submitted for review as part of the normal budget development process.

6. Any augmentation made pursuant to Provisions 3 and 4 shall be reported in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee within 30 days of the date the augmentation is approved. This notification shall be provided in a format consistent with normal budget change requests, including identification of the amount of, and justification for, the augmentation, and the program that has been augmented. Copies of the notification shall be provided to the Department of Finance.
7. Notwithstanding any other provision of law, the Director of General Services or his or her designee, in lieu of the Director of Finance, is authorized to approve Budget Revision, Standard Form 26, subject to a copy being provided to the Department of Finance.
8. Notwithstanding any other provision of law, due to the inability to issue energy efficiency revenue bonds pursuant to Chapter 2.7 (commencing with Section 15814.10) of Part 10b of Division 3 of Title 2 of the Government Code, in order to repay the General Fund for the cost of completing energy efficiency projects on specified buildings, the Department of General Services shall, within 10 fiscal years, recover an amount sufficient to repay the costs associated with completed energy efficiency projects plus 5 percent interest, through utility rates charged to tenants. On August 1 of each fiscal year beginning with the 2005–06 fiscal year, the Department of General Services shall transfer that amount to the General Fund. Once the General Fund has been fully repaid, the Department of General Services shall adjust utility rates for all tenants to accurately reflect the current rates.
9. The Director of Finance is authorized to increase this item for purposes of funding tenant improvement projects to facilitate the backfill of vacant space within stand-alone Department of General Services (DGS) bond funded office buildings. This provision shall only be used to augment expenditure authority for DGS stand-alone individual rate office buildings where a \$0.03 tenant improvement surcharge has been approved by the Department of Finance and is included in the monthly rental rate. Department of Finance ap-

proval is contingent upon justification for the proposed tenant improvement projects to be provided by the DGS including an analysis of cost impacts and how the tenant improvements will improve the state's utilization of the facility. Any augmentation made in accordance with this provision shall not result in an increase in any rate charged to other departments for services without the prior written consent of the Department of Finance. Any augmentation made pursuant to this provision may be authorized not sooner than 30 days after notification in writing to the chairpersons of the fiscal committees of each house of the Legislature and the Chairperson of the Joint Legislative Budget Committee.

10. The Department of General Services shall provide an implementation progress report to the Department of Finance and the appropriate fiscal committees of the Legislature on April 1, 2009, and on April 1, 2010, to provide the status of the following areas: (a) progress on meeting statewide fleet utilization targets, (b) disposal of vehicles not meeting minimum utilization standards, (c) trend of statewide fleet size, (d) trend of statewide fleet average fuel efficiency, (e) timeframes associated with producing standard and ad hoc reports, and (f) savings and cost avoidances achieved to date and potential for additional savings and cost avoidances.

SEC. 13. Item 2660-001-0042 of Section 2.00 of the Budget Act of 2007 is amended to read:

2660-001-0042—For support of Department of Transportation, payable from the State Highway Account, State Transportation Fund..... 2,604,048,000

Schedule:

(1) 10-Aeronautics.....	3,436,000
(2) 20.10-Highway Transportation—Capital Outlay Support.....	1,610,517,000
(3) 20.30-Highway Transportation—Local Assistance.....	39,829,000
(4) 20.40-Highway Transportation—Program Development.....	75,198,000
(5) 20.65-Highway Transportation—Legal.....	78,337,000
(6) 20.70-Highway Transportation—Operations.....	187,143,000

(7) 20.80-Highway Transportation—Maintenance.....	1,130,082,000
(8) 30-Mass Transportation.....	124,813,000
(9) 40-Transportation Planning.....	104,337,000
(10) 50.00-Administration.....	375,982,000
(11) 60.10-Equipment Service Program Costs.....	179,942,000
(11.5) 60.20-Distributed Equipment Service Program Costs.....	-179,942,000
(12) Reimbursements.....	-328,261,000
(13) Amount payable from the Aeronautics Account, State Transportation Fund (Item 2660-001-0041).....	-3,374,000
(14) Amount payable from the Bicycle Transportation Account, State Transportation Fund (Item 2660-001-0045).....	-10,000
(15) Amount payable from the Public Transportation Account, State Transportation Fund (Item 2660-001-0046).....	-142,503,000
(16) Amount payable from the Historic Property Maintenance Fund (Item 2660-001-0365).....	-1,557,000
(16.5) Amount payable from the Seismic Retrofit Bond Fund of 1996 (Section 8879.3 of the Government Code).....	-593,000
(17) Amount payable from the Federal Trust Fund (Item 2660-001-0890).....	-529,838,000
(18) Amount payable from the Transportation Financing Subaccount, State Highway Account, State Transportation Fund (Item 2660-001-6801).....	-11,066,000
(19) Amount payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6072).....	-8,281,000
(21) Amount payable from the Corridor Mobility Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6055).....	-14,085,000

- (23) Amount payable from the Transportation Facilities Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6058)..... -63,188,000
- (24) Amount payable from the Public Transportation Modernization, Improvement, and Service Enhancement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6059).... -1,047,000
- (26) Amount payable from the Local Bridge Seismic Retrofit Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6062)..... -86,000
- (27) Amount payable from the Highway-Railroad Crossing Safety Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6063)..... -547,000
- (28) Amount payable from the Highway Safety, Rehabilitation, and Preservation Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 2660-004-6064)..... -21,190,000

Provisions:

1. For purposes of the funds appropriated in Schedules (2) to (7), inclusive, Program 20—Highway Transportation, upon approval of the Department of Finance, the Department of Transportation shall notify the chairpersons of the fiscal committees of both houses of the Legislature and the Chairperson of the Joint Legislative Budget Committee at least 20 days prior to spending funds to expand activities above budgeted levels or to implement a new activity not identified in this act, including any of those expenditures to be funded through a transfer of moneys from other expenditure categories or programs, except in the case of emergency work increases caused by fire, snow, storm, or earth movement damage.
2. From funds appropriated in this item, the Department of Transportation may enter into interagency agreements with the Department of the California Highway Patrol to compensate that department for the cost of

work performed by patrol officers at or near state highway construction projects so as to reduce the risk of occurrence of serious motor vehicle accidents.

3. Notwithstanding any other provision of law, funds appropriated in this item from the State Highway Account may be reduced and replaced by an equivalent amount of federal funds determined by the Department of Transportation to be available and necessary to comply with Section 8.50 and the most effective management of state transportation resources. Not more than 30 days after replacing the state funds with federal funds, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
4. Notwithstanding any other provision of law, funding appropriated in this item may be transferred to Item 2660-005-0042 to pay for any necessary insurance, debt service, and other financing-related expenditures for Department of Transportation-owned office buildings. Any transfer will require the prior approval of the Department of Finance.
5. The funds appropriated in Schedule (2) for external consultant and professional services related to project delivery (also known as 232 contracts) that are unencumbered or encumbered but unexpended related to work that will not be performed during the fiscal year shall revert to the fund from which they were appropriated.
6. Notwithstanding any other provision of law, funds appropriated in this item may be supplemented with federal funding appropriation authority and with prior fiscal year State Highway Account appropriation balances at a level determined by the Department of Transportation as required to process claims utilizing federal advance construction through the plan of financial adjustment process pursuant to Sections 11251 and 16365 of the Government Code.
7. Of the funds appropriated in Schedule (7), \$588,000 is for the maintenance of the new Route 125 toll road in San Diego County. This full amount shall not be available for expenditure until the Department of Transportation has entered into a contract with the contractor for the year in which funds are to be expended.

8. Notwithstanding any other provision of law, funds appropriated in Item 2660-001-0042, 50.00-Administration from the State Highway Account, may be reduced and replaced by an equivalent amount of Reimbursements funds determined by the Department of Transportation to be available and necessary to comply with Section 28.50 and the most effective management of state transportation resources. The Reimbursements Account may also be reduced and replaced by an equivalent amount of funds from the State Highway Account. Not more than 30 days after replacing the State Highway Account funds with Reimbursements funds and vice versa, the Director of Finance shall notify in writing the chairpersons of the committees in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee of this action.
9. Not more than \$1,400,000 appropriated in this item is available for support of the Department of Transportation's Owner Controlled Insurance Program to administer insurance coverage for contractors on projects with combined total costs not to exceed \$750,000,000.
10. Of the funds appropriated in this item, \$214,000,000 is for major maintenance contracts for the preservation of highway pavement, and shall not be used to supplant any other funding that would have been used for major pavement maintenance.
11. Of the funds appropriated in Schedule (5), \$48,600,000 is for the payment of tort lawsuit claims and awards. Any funds for that purpose that are unencumbered as of April 1, 2008, may be transferred to Item 2660-302-0042. Any transfer shall require the prior approval of the Department of Finance.
12. Of the funds appropriated in Schedule (7), \$7,167,000 shall be used to fund expansion of the Department of Transportation's 800 MHz Radio System in District 10.
13. Of the funds appropriated in Schedule (2), \$1,742,000 shall be used to fund 2.0 positions and contracts for the monitoring of underground storage tank sites.
14. Of the funds appropriated in Schedule (6), \$1,200,000 shall be used to fund a two-year pilot project to test the viability of purchasing real-time traffic data collected from virtual traffic monitoring stations.
15. Of the funds appropriated in Schedules (6) and (7), \$11,206,000 shall be used for the maintenance, engi-

neering, and repair of intelligent transportation systems and the associated field elements.

- 16. Of the funds appropriated in Schedule (8), \$6,552,000 shall be available to pay for increased Amtrak operating costs once an agreement is signed by both the Department of Transportation and the Office of State Audits and Evaluations in the Department of Finance for an audit of the Department of Transportation’s intercity rail program. Phase I of this audit, to be completed no later than December 31, 2007, shall include, but not be limited to, an accurate measure of the daily average and peak ridership for each segment of Caltrans’ intercity rail routes, actual existing rail equipment availability and ridership capacity, train schedules, and trainset configurations utilized to support ridership demand. Phase II of this audit, to be completed by March 31, 2008, shall include, but not be limited to, an accurate measure of Caltrans’ methodology for forecasting future ridership and rail equipment requirements.
- 18. Of the funds appropriated in this item, \$125,000 shall be used for the reimbursement of the Office of State Audits and Evaluations within the Department of Finance for audit and consulting services related to the Department of Transportation’s administration of the workers’ compensation system. Upon completion of the audit report, the Office of State Audits and Evaluations shall provide a copy to the appropriate fiscal committees of the Legislature and the Legislative Analyst.

SEC. 14. Item 2660-004-6053 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 15. Item 2660-004-6056 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 16. Item 2660-004-6060 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 17. Item 2660-004-6072 is added to Section 2.00 of the Budget Act of 2007, to read:

2660-004-6072—For support of Department of Transportation, for payment to Item 2660-001-0042, payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006.....	8,281,000
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SEC. 18. Item 2660-104-6053 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 19. Item 2660-104-6056 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 20. Item 2660-104-6060 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 21. Item 2660-104-6072 is added to Section 2.00 of the Budget Act of 2007, to read:

2660-104-6072—For local assistance, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 1,000

Schedule:

(1) 20.30-Highway Transportation—Local Assistance..... 1,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation until June 30, 2013.
2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-304-6072. These transfers shall require the prior approval of the Department of Finance.

SEC. 22. Item 2660-304-6053 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 23. Item 2660-304-6056 of Section 2.00 of the Budget Act of 2007 is repealed.

SEC. 24. Item 2660-304-6072 is added to Section 2.00 of the Budget Act of 2007, to read:

2660-304-6072—For capital outlay, Department of Transportation, non-State Transportation Improvement Program (STIP), payable from the State Route 99 Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 5,999,000

Schedule:

(1) 20-Highway Transportation..... 5,999,000

Provisions:

1. These funds shall be available for allocation by the California Transportation Commission until June 30, 2010, and available for encumbrance and liquidation through June 30, 2013.

- 2. Notwithstanding any other provision of law, funds appropriated in this item may be transferred to Item 2660-104-6072. These transfers shall require the prior approval of the Department of Finance.
- 5. Notwithstanding any other provision of law, funds appropriated in this item may be increased by up to \$24,750,000 upon approval of the Department of Finance.

SEC. 25. Item 2665-001-0046 of Section 2.00 of the Budget Act of 2007 is amended to read:

2665-001-0046—For support of High-Speed Rail Authority, Program 10-High-Speed Rail Authority, payable from the Public Transportation Account, State Transportation Fund..... 1,159,000

Schedule:

- (1) 10-High-Speed Rail Authority..... 4,659,000
- (2) Reimbursements..... -3,500,000

SEC. 26. Item 2720-001-0044 of Section 2.00 of the Budget Act of 2007 is amended to read:

2720-001-0044—For support of Department of the California Highway Patrol, payable from the Motor Vehicle Account, State Transportation Fund..... 1,624,459,000

Schedule:

- (1) 10-Traffic Management..... 1,585,686,000
- (2) 20-Regulation and Inspection..... 181,737,000
- (3) 30-Vehicle Ownership Security..... 42,047,000
- (4) 40.01-Administration..... 302,056,000
- (5) 40.02-Distributed Administration..... -302,056,000
- (6) Reimbursements..... -106,048,000
- (7) Amount payable from the State Highway Account (Item 2720-001-0042).... -57,477,000
- (8) Amount payable from the Motor Carrier Safety Improvement Fund (Item 2720-001-0293)..... -2,341,000
- (9) Amount payable from the California Motorcyclist Safety Fund (Item 2720-001-0840)..... -1,450,000
- (10) Amount payable from the Federal Trust Fund (Item 2720-001-0890).... -15,434,000
- (11) Amount payable from the Hazardous Substance Account, Special Deposit Fund (Item 2720-001-0942)..... -207,000

(12) Amount payable from the Asset Forfeiture Account, Special Deposit Fund (Item 2720-011-0942)..... -2,054,000

Provisions:

1. On March 1, 2008, and each March 1 thereafter until the project is fully implemented, the department shall report the status of the California Highway Patrol Enhanced Radio System to the appropriate fiscal and policy committees of the Legislature and the Joint Legislative Budget Committee. At a minimum, each report shall include all of the following: (a) a revised estimate of total project costs and activities, by fiscal year, including separate reporting on the categories of mobiles, portables, remote site equipment, Department of General Services costs, and other; (b) a description of any changes in the project scope including the type and number of hardware units needed, and changes to the frequencies used; and (c) a description of any adverse effects to interoperability caused by changes in usage of new technology by local agencies or other state agencies.
2. Of the funds appropriated in this item, \$10,000,000 shall be to conduct tactical alerts in response to declared emergencies and immediate threats to public safety. For purposes of this provision, a tactical alert occurs when officers are placed on 12-hour shifts to enhance emergency preparedness and provide an immediate increase in the levels of security provided to Californians. If the amount used for tactical alerts is less than \$10,000,000, the balance shall revert to the Motor Vehicle Account.
 - (a) Of the funds appropriated in this provision, \$5,000,000 shall be immediately available and used only for overtime expenses associated with conducting tactical alerts.
 - (b) Of the funds appropriated in this provision, \$5,000,000 shall become available and used only for the purposes described in subdivision (a) after submittal of a report to the Joint Legislative Budget Committee on the expenditure of funds make available under subdivision (a). The report shall provide a detailed description of the expenditures made and the planned expenditures from the funds made available to the department pursuant to this provision.
 - (c) No later than December 31 of each year, the department shall submit a report to the Joint Legisla-

tive Budget Committee, and the appropriate fiscal and policy committees of each house, on the activities and expenditures for the previous fiscal year for tactical alerts.

3. Of the funds appropriated in this item, \$7,000,000 shall be directed to increase the Department of the California Highway Patrol’s support for police and sheriffs in anti-gang activities.

SEC. 27. Item 3790-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

3790-001-0001—For support of Department of Parks and Recreation.....	145,359,000
Schedule:	
(1) For support of the Department of Parks and Recreation.....	383,495,000
(2) Reimbursements.....	–32,199,000
(3) Less funding provided by capital outlay.....	–4,000,000
(4) Amount payable from the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (Item 3790-001-0005).....	–6,639,000
(5) Amount payable from the California Environmental License Plate Fund (Item 3790-001-0140).....	–3,264,000
(6) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3790-001-0235).....	–11,258,000
(7) Amount payable from the Off-Highway Vehicle Trust Fund (Item 3790-001-0263).....	–42,336,000
(8) Amount payable from the State Parks and Recreation Fund (Item 3790-001-0392).....	–121,173,000
(9) Amount payable from the Winter Recreation Fund (Item 3790-001-0449).....	–390,000
(10) Amount payable from the Harbors and Watercraft Revolving Fund (Item 3790-001-0516).....	–814,000
(11) Amount payable from the Federal Trust Fund (Item 3790-001-0890).....	–6,341,000

(12) Amount payable from the California Main Street Program Fund (Item 3790-001-3077).....	-175,000
(13) Amount payable from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (Item 3790-001-6029).....	-4,433,000
(14) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3790-001-6031).....	-491,000
(15) Amount payable from Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3790-001-6051).....	-4,623,000

Provisions:

1. Of the funds appropriated by this act from the General Fund and special funds, other than the Off-Highway Vehicle Trust Fund and bond funds, to the Department of Parks and Recreation for local assistance grants to local agencies, the department may allocate an amount not to exceed 3.7 percent of each project’s allocation, except to the extent otherwise restricted by law, to allow the department to administer its grants. Those funds shall be available for encumbrance or expenditure until June 30, 2013.
2. It is the intent of the Legislature that salaries, wages, operating expenses, and positions associated with implementing specific Department of Parks and Recreation capital outlay projects continue to be funded through capital outlay appropriations, and that these funds should also be reflected in the department’s state operations budget in the Governor’s Budget as a special item of expense reflecting the funding provided from the capital outlay appropriations.
3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund, in an amount not to exceed 35 percent of reimbursements appropriated in this item to the Department of Parks and Recreation, provided that:
 - (a) The loan is to meet cash needs resulting from the delay in receipt of reimbursements for services provided.
 - (b) The loan is for a short term and shall be repaid by September 30, 2008.

- (c) Interest charges may be waived pursuant to subdivision (e) of Section 16314 of the Government Code.
 - (d) The Director of Finance may not approve the loan unless the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees in each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or not sooner than whatever lesser time that the chairperson of the joint committee or his or her designee may determine.
4. The augmentation of \$1,711,000 in Schedule (7) is to be used to fund restoration activities within state parks in which off-highway vehicle activity is or has been permitted, including areas where off-highway vehicle recreation has been determined to not be appropriate.
 5. Notwithstanding Section 4.11 or any other provision of law, up to 61 positions initially authorized in accordance with Schedule (15) shall not be abolished pursuant to Section 12439 of the Government Code prior to June 30, 2015.
 6. Schedule (1) includes \$4,104,000 for remediation and treatment activities at Empire Mine State Historic Park. Notwithstanding any other provision of law, these funds shall be available for expenditure upon the approval of the Director of Finance, after the submission by the Department of Parks and Recreation of detailed information on the activities to be funded and their cost.
 7. The Department of Parks and Recreation shall have a celebration at the Allensworth State Park on the one hundredth anniversary of the founding of the town of Allensworth, and this celebration shall be done within the department's existing resources.
 8. It is the intent of the Legislature that the Department of Parks and Recreation shall prioritize funds appropriated to the department from the Harbors and Watercraft Revolving Fund and the Motor Vehicle Fuel Account, Transportation Tax Fund, for boating-related activities that include, but are not limited to, major and minor capital outlay projects, boating trails, boating trail grants, boating trails access facilities, beach erosion grants, and state park boating facilities operations and maintenance costs.

SEC. 28. Item 3900-001-0044 of Section 2.00 of the Budget Act of 2007 is amended to read:

3900-001-0044—For support of State Air Resources Board, payable from the Motor Vehicle Account, State Transportation Fund..... 94,533,000

Schedule:

(1) 15-Mobile Source.....	696,312,000
(2) 25-Stationary Source.....	53,845,000
(3) 30.01-Program Direction and Support....	14,620,000
(4) 30.02-Distributed Program Direction and Support.....	-14,620,000
(5) Reimbursements.....	-5,075,000
(6) Amount payable from the General Fund (Item 3900-001-0001).....	-2,435,000
(7) Amount payable from the Air Pollution Control Fund (Item 3900-001-0115).....	-174,541,000
(8) Amount payable from the Vehicle Inspection and Repair Fund (Item 3900-001-0421).....	-13,252,000
(9) Amount payable from the Air Toxics Inventory and Assessment Account (Item 3900-001-0434).....	-869,000
(9.5) Amount payable from the Energy Resources Programs Account (Item 3900-001-0465).....	-966,000
(10) Amount payable from the Federal Trust Fund (Item 3900-001-0890).....	-13,963,000
(11) Amount payable from the Non-Toxic Dry Cleaning Incentive Trust Fund (Item 3900-001-3070).....	-1,523,000
(12) Amount payable from the Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6053).....	-193,000,000
(13) Amount payable from the California Ports Infrastructure, Security, and Air Quality Improvement Account, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006 (Item 3900-001-6054).....	-250,000,000

Provisions:

1. Of the funds appropriated in this item, \$5,000,000 shall be expended to support hydrogen fueling stations and shall be available, notwithstanding subdivision (a) of Section 1.80, for expenditure until June 30, 2010.

SEC. 29. Item 3900-001-0115 of Section 2.00 of the Budget Act of 2007 is amended to read:

3900-001-0115—For support of State Air Resources Board, for payment to Item 3900-001-0044, payable from the Air Pollution Control Fund..... 174,541,000

Provisions:

2. Of this amount, \$1,000,000 is to cover litigation expenses associated with Chapter 200 of the Statutes of 2002.

6. Of the positions authorized under this item, 2.0 positions shall be used to staff those committees established pursuant to Section 38591 of the Health and Safety Code. The committees established by Section 38591 of the Health and Safety Code shall be subject to state public notice and open meeting laws.

SEC. 30. Item 3910-001-0387 of Section 2.00 of the Budget Act of 2007 is amended to read:

3910-001-0387—For support of California Integrated Waste Management Board, payable from the Integrated Waste Management Account, Integrated Waste Management Fund..... 43,669,000

Schedule:

- (1) 11-Waste Reduction and Management..... 88,288,000
- (2) 30.01-Administration..... 9,702,000
- (3) 30.02-Distributed Administration..... -9,702,000
- (4) Reimbursements..... -335,000
- (5) Amount payable from the California Used Oil Recycling Fund (Item 3910-001-0100)..... -4,934,000
- (6) Amount payable from the California Used Oil Recycling Fund (paragraph (4) of subdivision (a) of Section 48653 of the Public Resources Code)..... -716,000
- (7) Amount payable from the California Used Oil Recycling Fund (paragraph (1) of subdivision (a) of Section 48653 of the Public Resources Code)..... -3,300,000

- (8) Amount payable from the California Tire Recycling Management Fund (Item 3910-001-0226)..... -21,977,000
- (9) Amount payable from the Recycling Market Development Revolving Loan Account, Integrated Waste Management Fund (Item 3910-001-0281)..... -970,000
- (10) Amount payable from the Solid Waste Disposal Site Cleanup Trust Fund (Item 3910-001-0386)..... -572,000
- (11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3910-006-0387)..... -640,000
- (12) Amount payable from the Farm and Ranch Solid Waste Cleanup and Abatement Account (Item 3910-001-0558)..... -1,107,000
- (13) Amount payable from the Rigid Container Account (Item 3910-001-3024)..... -162,000
- (14) Amount payable from the Electronic Waste Recovery and Recycling Account (Item 3910-001-3065)..... -9,906,000

Provisions:

- 1. Notwithstanding subdivision (h) of Section 42023.1 of the Public Resources Code, the California Integrated Waste Management Board may offset the costs of administering the revolving loan program for Recycling Market Development Zones with funds appropriated in this item.
- 2. The amount appropriated in this item includes revenues derived from the assessment of fines and penalties imposed as specified in Section 13332.18 of the Government Code.

SEC. 31. Item 3940-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

3940-001-0001—For support of State Water Resources Control Board.....	39,344,000
Schedule:	
(1) 10-Water Quality.....	463,986,400
(2) 20-Water Rights.....	11,213,600
(3) 30.01-Administration.....	19,656,000
(4) 30.02-Distributed Administration.....	-19,656,000
(5) Reimbursements.....	-14,244,000

(6) Amount payable from the Unified Program Account (Item 3940-001-0028)....	-601,000
(7) Amount payable from the Waste Discharge Permit Fund (Item 3940-001-0193).....	-68,613,000
(8) Amount payable from the Marine Invasive Species Control Fund (Item 3940-001-0212).....	-98,000
(8.5) Amount payable from the Environmental Trust Fund (Item 3940-001-0225).....	-7,500,000
(9) Amount payable from the Public Resources Account, Cigarette and Tobacco Products Surtax Fund (Item 3940-001-0235).....	-2,391,000
(10) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 3940-001-0387).....	-6,015,000
(11) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-0417).....	-538,000
(12) Amount payable from the Water Recycling Subaccount (Item 3940-001-0419).....	-337,000
(13) Amount payable from the Drainage Management Subaccount (Item 3940-001-0422).....	-515,000
(14) Amount payable from the Seawater Intrusion Control Subaccount (Item 3940-001-0424).....	-97,000
(15) Amount payable from the Underground Storage Tank Tester Account (Item 3940-001-0436).....	-64,000
(16) Amount payable from the Underground Storage Tank Cleanup Fund (Item 3940-001-0439).....	-278,823,000
(17) Amount payable from the Surface Impoundment Assessment Account (Item 3940-001-0482).....	-212,000
(18) Amount payable from the 1984 State Clean Water Bond Fund (Item 3940-001-0740).....	-322,000
(19) Amount payable from the Federal Trust Fund (Item 3940-001-0890).....	-34,716,000
(20) Amount payable from the Water Rights Fund (Item 3940-001-3058).....	-6,929,000

(21) Amount payable from the Watershed Protection Subaccount (Item 3940-001-6013).....	-1,069,000
(22) Amount payable from the Santa Ana River Watershed Subaccount (Item 3940-001-6016).....	-1,062,000
(23) Amount payable from the Lake Elsinore and San Jacinto Watershed Subaccount (Item 3940-001-6017).....	-47,000
(24) Amount payable from the Nonpoint Source Pollution Control Subaccount (Item 3940-001-6019).....	-986,000
(25) Amount payable from the State Revolving Fund Loan Subaccount (Item 3940-001-6020).....	-81,000
(26) Amount payable from the Wastewater Construction Grant Subaccount (Item 3940-001-6021).....	-23,000
(27) Amount payable from the Coastal Nonpoint Source Control Subaccount (Item 3940-001-6022).....	-815,000
(28) Amount payable from the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund of 2002 (Item 3940-001-6031).....	-5,078,000
(29) Amount payable from the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Fund of 2006 (Item 3940-001-6051).....	-4,073,000
(30) Amount payable from the Petroleum Underground Storage Tank Financing Account (Item 3940-001-8026).....	-607,000

Provisions:

1. Notwithstanding any other provision of law, upon approval and order of the Director of Finance, the State Water Resources Control Board may borrow sufficient funds for cash purposes from special funds that otherwise provide support for the board. Any such loans are to be repaid with interest at the rate earned in the Pooled Money Investment Account.
2. No funds appropriated in this item or any other items appropriating funds to the State Water Resources Control Board can be used for new information technology modules related to the California Integrated Water Quality System (CIWQS) until the board's Agency Information Management Strategy is updated

to reflect the board’s current information technology strategy and submitted to the Joint Legislative Budget Committee no sooner than 30 days prior to any spending on information technology modules.

SEC. 32. Item 3940-001-0193 of Section 2.00 of the Budget Act of 2007 is amended to read:

3940-001-0193—For support of State Water Resources Control Board, for payment to Item 3940-001-0001, payable from the Waste Discharge Permit Fund.....	68,613,000
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SEC. 33. Item 4200-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4200-101-0001—For local assistance, Department of Alcohol and Drug Programs.....	64,197,000
Schedule:	
(1) 15-Alcohol and Other Drug Services Program.....	415,039,000
(2) Reimbursements.....	-13,595,000
(3) Amount payable from the Federal Trust Fund (Item 4200-101-0890).....	-240,589,000
(4) Amount payable from the Resident-Run Housing Revolving Fund (Item 4200-101-0977).....	-144,000
(5) Amount payable from the Substance Abuse Treatment Fund (Item 4200-101-3019).....	-96,514,000

Provisions:

1. Upon approval by the Department of Finance, the Controller shall transfer such funds as are necessary between this item and Items 4200-001-0001, 4200-102-0001, 4200-103-0001, and 4200-104-0001. In determining which transfers are necessary pursuant to this provision, the department shall assess those programs and operations that have the most critical need. In making this assessment, the department shall consider such factors as caseload requirements, availability of personnel to provide essential services, other funding sources, and relevant information provided by affected state agencies.
2. Upon approval by the Department of Finance, one or more short-term loans not to exceed a cumulative total of \$59,745,000 may be made available from the General Fund when there is a delay in the allocation of federal Substance Abuse Prevention and Treatment

(SAPT) Block Grant funds to California. Each loan shall be repaid, with interest calculated pursuant to subdivision (a) of Section 16314 of the Government Code, upon receipt of the federal SAPT Block Grant.

SEC. 34. Item 4200-101-3019 of Section 2.00 of the Budget Act of 2007 is amended to read:

4200-101-3019—For local assistance, Department of Alcohol and Drug Programs, for payment to Item 4200-101-0001, payable from the Substance Abuse Treatment Fund..... 96,514,000
Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated for local assistance pursuant to Section 11999.6 of the Health and Safety Code.

SEC. 35. Item 4200-105-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4200-105-0001—For transfer, as an expenditure, by the Controller to the Substance Abuse Treatment Trust Fund..... 100,000,000

SEC. 36. Item 4280-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-101-0001—For local assistance, Managed Risk Medical Insurance Board, for the Healthy Families Program..... 373,832,000
Schedule:

- (1) 20-Access for Infants and Mothers Program..... 73,328,000
- (2) 40-Healthy Families Program..... 1,032,841,000
- (3) Amount payable from the Federal Trust Fund (Item 4280-101-0890)..... -732,337,000

- Provisions:
- 1. Upon order of the Department of Finance, the State Controller shall transfer such funds as are necessary between this item and Item 4280-102-0001 in order to effectively administer the Healthy Families Program.

SEC. 37. Item 4280-111-0232 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-111-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program..... (34,879,000)

Provisions:

- 1. In order to effectively administer the Access for Infants and Mothers Program the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.

SEC. 38. Item 4280-111-0233 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-111-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program..... (14,474,000)

Provisions:

- 1. In order to effectively administer the Access for Infants and Mothers Program the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.

SEC. 39. Item 4280-111-0236 is added to Section 2.00 of the Budget Act of 2007, to read:

4280-111-0236—For transfer by the Controller from the Unallocated Account, Cigarette and Tobacco Products Surtax Fund to the Perinatal Insurance Fund, for the Access for Infants and Mothers Program..... (3,263,000)

Provisions:

- 1. In order to effectively administer the Access for Infants and Mothers Program, the Department of Finance may decrease or increase this item in order to conform the appropriation to revised subvention estimates.

SEC. 40. Item 4280-112-0232 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-112-0232—For transfer by the Controller from the Hospital Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program..... (1,072,000)

SEC. 41. Item 4280-112-0233 of Section 2.00 of the Budget Act of 2007 is amended to read:

4280-112-0233—For transfer by the Controller from the Physician Services Account, Cigarette and Tobacco Products Surtax Fund to the Major Risk Medical Insurance Fund, for the Major Risk Medical Insurance Program..... (614,000)

SEC. 42. Item 4440-011-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4440-011-0001—For support of the State Hospitals, Department of Mental Health..... 1,039,502,000

Schedule:

- (1) 20.10-Long-Term Care Services—Lanterman-Petris-Short Act..... 133,903,000
- (2) 20.20-Long-Term Care Services—Penal Code and Judicially Committed..... 869,469,000
- (3) 20.30-Long-Term Care Services—Department of Corrections and Rehabilitation..... 110,649,000
- (4) 20.40-Long-Term Care Services—Other State Hospital Services..... 3,406,000
- (5) Reimbursements..... -77,830,000
- (6) Amount payable from the California State Lottery Education Fund (Section 8880.5 of the Government Code)..... -95,000

Provisions:

1. Upon order of the Department of Finance, and following 30-day notification to the Joint Legislative Budget Committee, the Controller shall transfer between this item and Item 4440-016-0001 those funds that are necessary for direct community services, as well as administrative and ancillary services related to the provision of direct services.
2. Upon approval of the State Department of Mental Health, a portion of the funds appropriated in Schedule (2) shall be available to reimburse counties for the cost of treatment and legal services to patients in the five State Department of Mental Health State Hospitals, pursuant to Section 4117 of the Welfare and Institutions Code. Expenditures made under this item shall be charged to either the fiscal year in which the claim is received or the fiscal year in which the Controller issues the warrant. Claims filed by local jurisdictions for legal services may be scheduled by the Controller for payment.
3. The reimbursements identified in Schedule (5) shall include amounts received by the State Department of Mental Health as a result of billing for Lanterman-

Petris-Short (LPS) Act state hospital bed day expenditures attributable to conservatees who are gravely disabled as defined in subparagraph (B) of paragraph (1) of subdivision (h) of Section 5008 of the Welfare and Institutions Code (Murphy Conservatee).

4. Of the total amount attributable in the 2007–08 fiscal year to patient-generated collections for Lanterman-Petris-Short (LPS) Act patients, the Controller shall transfer \$8,000,000 as revenue to the General Fund, and the remainder shall be used to offset county costs for LPS state hospital beds.
5. Notwithstanding any other provision of law, funds appropriated to accommodate projected hospital population levels in excess of those that actually materialize, if any, shall revert to the General Fund. However, the Department of Finance may approve an increase in expenditures that are not related to caseload for the state hospitals through the redirection of funding that is reasonably believed not to be needed for accommodating projected hospital population levels if the approval is made in writing and filed with the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations not later than 30 days prior to the effective date of the approval, or prior to whatever lesser time the Chairperson of the Joint Legislative Budget Committee, or his or her designee, may in each instance determine. All notifications shall include (a) the reason for the proposed redirection of caseload funding to expenditures that are not related to caseload, (b) the approved amount, and (c) the basis of the Director of Finance’s determination that the funding is not needed for accommodating projected hospital population levels.
6. Notwithstanding Section 26.00, the Department of Finance may authorize the transfer of expenditure authority between Schedules (1), (2), (3), and (4) in order to accurately reflect caseload in these programs.
7. Notwithstanding any other provision of law, the Department of Finance may augment this item to provide salary increases for classifications related to the Coleman litigation in the event that more vacant positions are filled than were originally proposed in the 2007–08 staffing plan, or salary increases in excess of those originally proposed for filled and vacant positions are ordered by a federal court, or for contract costs for registry funding, if necessary. This item may

not be augmented earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after written notification of the necessity for augmentation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee.

- 8. Of the amount appropriated in this item, \$4,280,000 is available only to provide appropriate treatment to individuals found incompetent to stand trial and who have not been committed to a state hospital. These funds may be encumbered no earlier than 30 days, or a lesser amount of time as determined by the Chairperson of the Joint Legislative Budget Committee or his or her designee, after the Department of Finance provides a written expenditure plan for these funds to the chairpersons of the fiscal committees in each house of the Legislature, and to the Chairperson of the Joint Legislative Budget Committee.
- 9. The State Department of Mental Health shall provide the fiscal and policy committees of the Legislature, including the Chairperson of the Joint Legislative Budget Committee, and the Department of Finance with a quarterly update on the progress of the hiring plan to ensure appropriate active treatment for patients, state licensure requirements, and in meeting the Consent Judgment with the federal United States Department of Justice regarding the federal Civil Rights of Institutionalized Persons Act (CRIPA). This quarterly update shall be provided within 10 working days of the close of the quarter to ensure the exchange of timely and relevant information.

SEC. 43. Item 4440-103-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4440-103-0001—For local assistance, Department of Mental Health, for Mental Health Managed Care..... 234,207,000
 Schedule:

(1) 10.25-Community Services—Other
 Treatment..... 234,207,000

Provisions:

- 1. The allocation of funds appropriated in this item shall be determined based on a methodology developed by the State Department of Mental Health in consultation with a statewide organization representing counties.

This methodology shall be based on a review of actual and projected expenditures for mental health services for Medi-Cal beneficiaries, by county.

- 2. Of the amount appropriated in this item, \$8,000,000 shall be transferred to the Mental Health Managed Care Deposit Fund (Fund 0865).
- 3. Upon order of the Department of Finance and agreement between the State Department of Mental Health and the State Department of Health Care Services, the Controller shall transfer between this item and Item 4260-101-0001 any General Fund amount determined necessary to fully reflect the transfer of responsibility for administration of mental health services pursuant to the implementation of mental health managed care.

SEC. 44. Item 4440-115-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

4440-115-0001—For local assistance, Department of Mental Health, for the Early and Periodic Screening, Diagnosis, and Treatment Program..... 86,679,000

Schedule:

- (1) 10.30-Community Services-EPSDT.... 170,203,000
- (2) Reimbursements..... -83,524,000

Provisions:

- 1. Funding appropriated in this item is available solely to reimburse counties for costs from prior years that have been validated by the State Department of Mental Health. It is the intent of the Legislature that the total cost of \$260,200,000 owed to counties will be reimbursed over a three-year period commencing with the Budget Act of 2007.
- 2. The amount appropriated in this item is for costs and claims incurred in the 2003–04, 2004–05, and 2005–06 fiscal years. These expenditures shall be reflected as expenditures in those fiscal years. The Department of Finance and the Controller’s office shall recognize this fiscal alignment accordingly for the purposes of the state budget process and legal basis of accounting.

SEC. 45. Item 5180-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-101-0001—For local assistance, Department of Social Services..... 2,210,356,000

Schedule:

- (1) 16.30-CalWORKs..... 5,103,215,000

(2) 16.65-Other Assistance Payments....	1,324,322,000
(3) Reimbursements.....	-3,478,000
(4) Amount payable from the Emergency Food Assistance Program Fund (Item 5180-101-0122).....	-473,000
(5) Amount payable from the Employment Training Fund (Item 5180-101- 0514).....	-45,000,000
(6) Amount payable from the Federal Trust Fund (Item 5180-101- 0890).....	-4,157,183,000
(7) Amount payable from the Child Sup- port Collections Recovery Fund (Item 5180-101-8004).....	-11,047,000

Provisions:

1. (a) No funds appropriated in this item shall be encumbered unless every rule or regulation adopted and every all-county letter issued by the State Department of Social Services that adds to the costs of any program is approved by the Department of Finance as to the availability of funds before it becomes effective. In making the determination as to availability of funds to meet the expenditures of a rule, regulation, or all-county letter that would increase the costs of a program, the Department of Finance shall consider the amount of the proposed increase on an annualized basis, the effect the change would have on the expenditure limitations for the program set forth in this act, the extent to which the rule, regulation, or all-county letter constitutes a deviation from the premises under which the expenditure limitations were prepared, and any additional factors relating to the fiscal integrity of the program or the state's fiscal situation.
- (b) Notwithstanding Sections 28.00 and 28.50, the availability of funds contained in this item for rules, regulations, or all-county letters that add to program costs funded from the General Fund in excess of \$500,000 on an annual basis, including those that are the result of a federal regulation but excluding those that are (1) specifically required as a result of the enactment of a federal or state law or (2) included in the appropriation made by this act, shall not be approved by the Department of Finance sooner than 30 days after notification in writing to the chairpersons of the committees

- in each house of the Legislature that consider appropriations and the Chairperson of the Joint Legislative Budget Committee, or such lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$500,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program(s) when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
 3. The Department of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.
 4. (a) The Department of Finance is authorized to approve expenditures in those amounts made necessary by changes in either caseload or payments, or any rule or regulation adopted and any all-county letter issued as a result of the enactment of a federal or state law, the adoption of a federal regulation, or the following of a court decision, during the 2007–08 fiscal year that are within or in excess of amounts appropriated in this act for that year.
(b) If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made in this item shall be increased by the amount of the excess unless and until otherwise provided by law.
 5. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.

6. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-101-0001 and 5180-101-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.
7. Pursuant to the Electronic Benefit Transfer (EBT) Act (Chapter 3 (commencing with Section 10065) of Part 1 of Division 9 of the Welfare and Institutions Code) and in accordance with the EBT System regulations (Manual of Policies and Procedures Section 16-401.15), in the event a county fails to reimburse the EBT contractor for settlement of EBT transactions made against the county's cash assistance programs, the state is required to pay the contractor. The State Department of Social Services may use funds from this item to reimburse the EBT contractor for settlement on behalf of the county. The county shall be required to reimburse the department for county's settlement via direct payment or administrative offset.
8. The Department of Finance is authorized to approve expenditures for the California Food Assistance Program in those amounts made necessary by changes in the Food Stamp Program Standard Utility Allowance, including those that result from midyear Standard Utility Allowance adjustments requested by the state. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.
9. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

- 10. Up to \$4,445,000 appropriated in Program 16.65-Other Assistance Payments to reimburse California Emergency Foodlink and local food banks for disaster food assistance costs may be used for eligible disaster response costs incurred in either the 2006–07 or 2007–08 fiscal year, subject to approval by the Department of Finance.
- 11. Of the amount appropriated in this item, \$1,217,116,000 is available for CalWORKs assistance payments. The Department of Finance shall approve unanticipated expenditures made necessary by changes in caseload or grant costs in excess of the amount specified in this provision. The Director of Finance shall approve transfers from the General Fund in augmentation of this item, if it is necessary to fund unanticipated changes in caseload or grant costs that are above the amount specified. If such an augmentation is necessary, the department shall report to the Joint Legislative Budget Committee within 30 days of making the augmentation.

SEC. 46. Item 5180-101-0514 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-101-0514—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Employment Training Fund..... 45,000,000

Provisions:

- 1. Pursuant to Section 1611.5 of the Unemployment Insurance Code, funds appropriated in this item are available for CalWORKs welfare-to-work activities.

SEC. 47. Item 5180-101-0890 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-101-0890—For local assistance, Department of Social Services, for payment to Item 5180-101-0001, payable from the Federal Trust Fund..... 4,157,183,000

Provisions:

- 1. Provisions 1, 4, 6, 7, and 9 of Item 5180-101-0001 also apply to this item.
- 2. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0890 in order to fund the costs of the administrative hearing process associated with changes in aid payments in the CalWORKs program.

- 3. For the purpose of broadening access to federal Child and Adult Care Food Program benefits for low-income children in proprietary child care centers, the State Department of Social Services may transfer up to \$10,000,000 of the funds appropriated in this item for Program 16.30—CalWORKs, from the Temporary Assistance for Needy Families (TANF) block grant to the Social Services Block Grant (Title XX) pursuant to authorization in the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193). The Title XX funds shall be pooled with TANF funds appropriated in this item for CalWORKs Child Care. This transfer shall occur only if the Director of Finance approves the pooling of Title XX funds with Child Care and Development Fund or TANF funds, or both.
- 4. Upon request of the State Department of Social Services, the Director of Finance may increase or decrease the expenditure authority in this item to offset any increases or decreases in collections deposited in the Child Support Collections Recovery Fund and appropriated in Item 5180-101-8004. The Department of Finance shall provide notification of the adjustment to the Joint Legislative Budget Committee within 10 working days from the date of Department of Finance approval of the adjustment.

SEC. 48. Item 5180-111-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-111-0001—For local assistance, Department of Social Services..... 5,221,302,000
 Schedule:
 (1) 16.70-SSI/SSP..... 3,650,094,000
 (2) 25.15-IHSS..... 4,594,594,000
 (3) 25.20-Recipient Supplementary Payment..... 34,291,000
 (4) Reimbursements..... -3,057,677,000
 Provisions:
 1. Provisions 1 and 4 of Item 5180-101-0001 also apply to this item.
 2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$225,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share or reimbursable share, or both, of costs of a

program or programs when the federal funds or reimbursements (from the Health Care Deposit Fund or counties) have not been received by this state prior to the usual time for transmitting payments for the federal or reimbursable share of costs for this state. That loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available, or in the case of reimbursements, subject to Section 16351 of the Government Code. County reimbursements also shall be subject to Section 16314 of the Government Code, which specifies the rate of interest. The department may offset a county's share of cost of the In-Home Supportive Services (IHSS) program against local assistance payments made to the county if the county fails to reimburse its share of cost of the IHSS program to the state.

3. The State Department of Social Services shall provide technical assistance to counties to ensure that they maximize the receipt of federal funds for the In-Home Supportive Services (IHSS) program, without compromising the quality of the services provided to IHSS recipients.
4. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund increased costs due to workload associated with the retroactive reimbursement of Medi-Cal services for the In-Home Supportive Services program to comply with the Conlan v. Shewry court decision. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review the workload associated with the Conlan v. Shewry decision during the 2007–08 fiscal year and may administratively establish positions as the workload requires.
5. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund the cost of the administrative hearing process associated with changes in aid or service payments in the In-Home Supportive Services program. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

- 6. The Director of Finance may authorize the transfer of amounts from this item to Item 5180-001-0001 in order to fund additional planning and implementation workload associated with the Case Management Information and Payrolling System II (CMIPS II). The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision and the number of positions to be established by the State Department of Social Services. The transfer shall be authorized at the time the report is made. The State Department of Social Services shall review workload associated with CMIPS II and may administratively establish positions to address this workload once contract negotiations are complete.

SEC. 49. Item 5180-141-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-141-0001—For local assistance, Department of Social Services..... 437,764,000
 Schedule:
 (1) 16.75-County Administration and Automation Projects..... 1,085,916,000
 (2) Reimbursements..... - 57,871,000
 (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890)..... --590,281,000
 Provisions:
 1. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$127,000,000 shall be made available from the General Fund, from funds not otherwise appropriated, to cover the federal share of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. This loan from the General Fund shall be repaid when the federal share of costs for the program or programs becomes available.
 2. In the event of declared disaster and upon county request, the State Department of Social Services may act in the place of any county and assume direct responsibility for the administration of eligibility and grant determination. Upon recommendation of the Director of Social Services, the Department of Finance may authorize the transfer of funds from Items 5180-141-0001 and 5180-141-0890, to Items 5180-001-0001 and 5180-001-0890, for this purpose.

3. Provision 1 of Item 5180-101-0001 also applies to this item.
4. Pursuant to public assistance caseload estimates reflected in the annual Governor's Budget, the Department of Finance may approve expenditures in those amounts made necessary by changes in caseload that are in excess of amounts appropriated in this act. If the Department of Finance determines that the estimate of expenditures will exceed the expenditures authorized for this item, the department shall so report to the Legislature. At the time the report is made, the amount of the appropriation made by this item shall be increased by the amount of the excess unless and until otherwise provided by law.
5. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
6. Section 11.00 shall apply to contracts entered into for the development and implementation of the Consortium IV, Interim Statewide Automated Welfare System, Los Angeles Eligibility, Automated Determination, Evaluation, and Reporting, and Welfare Client Data Systems consortia of the Statewide Automated Welfare System.
7. It is the intent of the Legislature that testing of the interface between the Statewide Automated Welfare System (SAWS) and the California Child Support Automation System be considered a high priority by the SAWS consortia, county welfare departments, the State Department of Social Services, the Office of Systems Integration, the Department of Child Support Services, the Franchise Tax Board, and local child support agencies. These entities shall make every effort to complete the interface testing as soon as possible. Resources may be redirected for this purpose, if necessary.
8. Upon request of the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and In-

stitutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 50. Item 5180-141-0890 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-141-0890—For local assistance, Department of Social Services, for payment to Item 5180-141-0001, payable from the Federal Trust Fund..... 590,281,000

Provisions:

1. Provisions 2, 3, 4, 6, 7, and 8 of Item 5180-141-0001 also apply to this item.

SEC. 51. Item 5180-151-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-151-0001—For local assistance, Department of Social Services..... 756,589,000

Schedule:

- (1) 25.30-Children and Adult Services and Licensing..... 2,077,314,000
- (2) 25.35-Special Programs..... 24,207,000
- (3) Reimbursements..... -115,875,000
- (4) Amount payable from the Child Health and Safety Fund (Item 5180-151-0279)..... -1,245,000
- (5) Amount payable from the State Children’s Trust Fund (Item 5180-151-0803)..... -3,755,000
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890)..... -1,222,557,000
- (7) Amount payable from the Child Welfare Services Program Improvement Fund (Item 5180-151-8023)..... -1,500,000

Provisions:

1. Provision 1 of Item 5180-101-0001 also applies to this item.
2. Notwithstanding Chapter 1 (commencing with Section 18000) of Part 6 of Division 9 of the Welfare and Institutions Code, a loan not to exceed \$50,000,000 shall be made available from the General Fund from funds not otherwise appropriated, to cover the federal share

of costs of a program when the federal funds have not been received by this state prior to the usual time for transmitting that federal share to the counties of this state. That loan from the General Fund shall be repaid when the federal share of costs for the program becomes available.

3. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the facilities evaluation function of Community Care Licensing in the event the counties fail to perform that function.
4. Nonfederal funds appropriated in this item which have been budgeted to meet the state's Temporary Assistance for Needy Families maintenance-of-effort requirement established pursuant to the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193) may not be expended in any way that would cause their disqualification as a federally allowable maintenance-of-effort expenditure.
5. The Department of Finance may authorize the establishment of positions and transfer of amounts from this item to Item 5180-001-0001, in order to allow the state to perform the adoptions function in the event that a county notifies the State Department of Social Services that it intends to cease performing that function.
6. (a) Of the amount appropriated in this item, \$189,957,000 shall be provided to counties to fund additional child welfare services activities and shall be allocated based on child welfare services caseload and county unit costs. However, no county shall receive less than \$100,000. These funds shall be expressly targeted for emergency response, family reunification, family maintenance, and permanent placement services and shall be used to supplement, and shall not be used to supplant, child welfare services funds. A county is not required to provide a match of the funds received pursuant to this provision if the county appropriates the required full match for the county's child welfare services program exclusive of the funds received pursuant to this provision. These funds are available only to counties that have certified that they are fully utilizing the Child Welfare Services/Case Management System (CWS/CMS) or have entered into an agreed-upon

plan with the State Department of Social Services outlining the steps that will be taken to achieve full utilization. The department shall reallocate any funds that counties choose not to accept under this provision, to other counties based on the allocation formula specified in this provision.

- (b) The department, in collaboration with the County Welfare Directors Association and representatives from labor groups representing social workers, shall develop the definition of full utilization of the CWS/CMS, the method for measuring full utilization, the process for the state and counties to work together to move counties toward full utilization, and measurements of progress toward full utilization.
- 7. The State Department of Social Services shall consult with the counties, children's advocates, and current and former foster youth in the development and implementation of permanency and youth services initiatives.
- 8. Upon request by the Department of Finance, the Controller shall transfer funds between this item and Item 5180-153-0001 as needed to reflect the estimated expenditure amounts for each county that opts into the Title IV-E Child Welfare Waiver Demonstration Project pursuant to Section 18260 of the Welfare and Institutions Code. The Department of Finance shall report to the Legislature the amount to be transferred pursuant to this provision. The transfer shall be authorized at the time the report is made.

SEC. 52. Item 5180-403 of Section 2.00 of the Budget Act of 2007 is amended to read:

5180-403—The Director of Finance is authorized to approve transfers not to exceed \$55,507,000 from the federal Temporary Assistance for Needy Families (TANF) block grant to and in augmentation of any program for which TANF funds have been appropriated in this act or for Stage 2 child care, only if the request: (1) meets all of the conditions set forth in Section 28.00, or (2) is consistent with Provision 4 of Item 5180-101-0001. Any transfers pursuant to this item shall require the respective legislative notification procedures set forth in Section 28.00 or Provision 4 of Item 5180-101-0001, whichever is applicable.

SEC. 53. Item 5225-101-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

5225-101-0001—For local assistance, Department of Corrections and Rehabilitation..... 336,791,000

Schedule:

(1) 15-Corrections Standards Authority.....	241,977,000
(2) 20-Juvenile Operations.....	78,000
(3) 22-Juvenile Paroles.....	1,403,000
(4) 25.15.010-Adult Corrections and Rehabilitation Operations—Transportation of Inmates.....	278,000
(5) 25.15.020-Adult Corrections and Rehabilitation Operations—Return of Fugitives.....	5,066,000
(6) 25.30-Adult Corrections and Rehabilitation Operations—County Charges.....	19,672,000
(7) 30-Parole Operations—Adult.....	53,417,000
(8) 60.01-County Juvenile Justice Planning Grants.....	4,900,000
(9) 60.02-County Juvenile Justice Competitive Grants.....	10,000,000

Provisions:

1. The amount appropriated in Schedules (4), (5), (6), and (7) is provided for the following purposes:
 - (a) To pay the transportation costs of prisoners to and between state prisons, including the return of parole violators to prison and for the conveying of persons under provisions of Division 3 (commencing with Section 3000) of the Welfare and Institutions Code and the Western Interstate Corrections Compact (Section 11190 of the Penal Code), in accordance with Section 26749 of the Government Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in which those transportation costs are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
 - (b) To pay the expenses of returning fugitives from justice from outside the state, in accordance with Sections 1389, 1549, and 1557 of the Penal Code. Claims filed by local jurisdictions shall be filed within six months after the end of the month in

which expenses are incurred. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller, and any restitution received by the state for those expenses shall be credited to the appropriation of the year in which the Controller's receipt is issued. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.

- (c) To pay county charges, payable under Sections 4700.1, 4750 to 4755, inclusive, and 6005 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which a service is performed by the coroner, a hearing is held on the return of a writ of habeas corpus, the district attorney declines to prosecute a case referred by the Department of Corrections and Rehabilitation, a judgment is rendered for a court hearing or trial, an appeal ruling is rendered for the trial judgment, or an activity is performed as permitted by these sections. Expenditures shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. Claims filed by local jurisdictions directly with the Controller may be paid by the Controller.
 - (d) To reimburse counties for the cost of detaining state parolees pursuant to Section 4016.5 of the Penal Code. Claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred. Claims filed by local jurisdictions may not include booking fees, may not recover detention costs in excess of \$77.17 per day, and shall be limited to the detention costs for those days on which parolees are held subject only to a Department of Corrections and Rehabilitation request pursuant to subdivision (b) of Section 4016.5 of the Penal Code. Expenditures shall be charged to either the fiscal year in which the claim is received by the Department of Corrections and Rehabilitation or the fiscal year in which the warrant is issued.
2. Notwithstanding any other provision of law, upon 30-day prior notification to the Chairperson of the Joint Legislative Budget Committee, funds appropriated in

- Schedule (7) of this item may be transferred to Schedule (7) or (8), or both, of Item 5225-001-0001, upon order of the Director of Finance, to provide funds for the reimbursement of counties for the cost of holding parole violators in local jails or for the auditing or monitoring of local assistance costs.
4. The amounts appropriated in Schedules (2) and (3) are provided for the following purposes:
 - (a) To pay the transportation costs of persons committed to the Department of Corrections and Rehabilitation to or between its facilities, including the return of parole violators, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.
 - (b) To reimburse counties, pursuant to Section 1776 of the Welfare and Institutions Code, for the cost of the detention of the Department of Corrections and Rehabilitation parolees who are detained on alleged parole violations, provided that expenditures made under this item shall be charged to either the fiscal year in which the claim is received by the Controller or the fiscal year in which the warrant is issued by the Controller. However, claims shall be filed by local jurisdictions within six months after the end of the month in which the costs are incurred.
 10. The amount appropriated in Schedule (8) shall be for one-time grants to all 58 counties to plan for changes in state law governing county custody and rehabilitative services for youthful offenders whose offenses are not listed in subdivision (b) of Section 707 of the Welfare and Institutions Code. The Corrections Standards Authority (CSA), in consultation with the Division of Juvenile Facilities, shall distribute the funds based on county population, as reported most recently by the Department of Finance. The 10 largest counties shall receive grants of \$150,000 each. The next 20 largest counties shall receive grants of \$100,000 each. The 28 smallest counties shall receive grants of \$50,000 each. The CSA shall award grants no later than 30 days following the chaptering of this act.

- 11. The amount appropriated in Schedule (9) shall be for one-time grants to counties for additional planning and development efforts related to changes in state law governing the custody and treatment of youthful offenders whose offenses are not listed in subdivision (b) of Section 707 of the Welfare and Institutions Code. The amounts shall be distributed by the Corrections Standards Authority, in consultation with the Division of Juvenile Facilities, on a competitive basis. Counties may apply for these funds, and the Corrections Standards Authority shall give preference to counties that request funds to develop (a) regional approaches to the care, custody, and supervision of youthful offenders, (b) programs for specialized youthful offender populations, including, but not limited to, offenders with histories of mental illness, substance abuse, violence, and recurrent and intractable behavioral problems, and (c) the use of evidence-based programs, risk/needs assessments, and a plan to implement a continuum of care for all youthful offenders. The Corrections Standards Authority shall award the grants not later than April 1, 2008. Up to 3 percent of the total amount appropriated in Schedule (9) shall be available to the Corrections Standards Authority, Division of Juvenile Facilities, and Department of Corrections and Rehabilitation for administration of this provision.
- 12. Notwithstanding any other provision of law, of the funds appropriated in Schedule (1), \$29,727,000 shall be allocated to fully fund the 2006–07 fiscal year grant cycle for Mentally Ill Offender Reduction Grant Program for adults and juveniles.
- 13. Notwithstanding any other provision of law, of the funds appropriated in Schedule (1), \$29,727,000 shall be allocated to provide annual funding for Mentally Ill Offender Crime Reduction Grants as administered by the Corrections Standards Authority. These funds shall be available for expenditure and encumbrance until September 30, 2008.

SEC. 54. Item 6110-009-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-009-0001—For support of Department of Education.....	1,483,000
Schedule:	
(1) 50-State Board of Education.....	1,536,000
(2) Reimbursements.....	-53,000

Provisions:

- 1. The amount appropriated in Schedule (1) shall be available for support of the State Board of Education and shall be directed to meet the policy priorities of its members.
 - (a) Of the amount appropriated in this schedule, \$138,000 is allocated for statutory oversight of charter schools approved by the State Board of Education. In addition, the State Department of Education is authorized to receive and expend statutory reimbursements of an amount estimated to be \$138,000 for purposes of overseeing State Board of Education-approved charter schools.

SEC. 55. Item 6110-111-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-111-0001—For local assistance, Department of Education (Proposition 98), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code..... 228,011,000

Schedule:

- (1) 10.10.006-Pupil Transportation..... 222,239,000
- (2) 10.10.008-Small School District Bus Replacement..... 5,772,000

Provisions:

- 1. Of the funds appropriated in this item, \$27,290,000 is for the purpose of providing a cost-of-living adjustment (COLA) at a rate of 4.53 percent.
- 2. An additional \$52,583,000 in expenditures for this item has been deferred until the 2008–09 fiscal year.

SEC. 56. Item 6110-111-0046 is added to Section 2.00 of the Budget Act of 2007, to read:

6110-111-0046—For local assistance, Department of Education (from the Public Transportation Account, State Transportation Fund), for transfer to Section A of the State School Fund, Home to School Transportation, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code..... 99,120,000

Schedule:

(1) 10.10.006-Pupil Transportation..... 99,120,000

SEC. 57. Item 6110-113-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-113-0001—For local assistance, Department of Education (Proposition 98), for purposes of California’s pupil testing program..... 85,123,000

Schedule:

(1) 20.70.030.005-Assessment Review and Reporting..... 2,313,000

(2) 20.70.030.006-STAR Program..... 62,124,000

(3) 20.70.030.007-English Language Development Assessment..... 9,741,000

(4) 20.70.030.008-High School Exit Examination..... 10,945,000

(5) 20.70.030.015-California High School Proficiency Examination..... 1,144,000

(6) Reimbursements..... -1,144,000

Provisions:

1. The funds appropriated in this item shall be for the pupil testing programs authorized by Chapter 3 (commencing with Section 48400), Chapter 5 (commencing with Section 60600), Chapter 6 (commencing with Section 60800), Chapter 7 (commencing with Section 60810), and Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code.
2. The funds appropriated in Schedule (2) are provided for approved contract and district apportionment costs for the development and administration of the California Standards Test, the national Norm-Referenced Test, the Standards-Based Test in Spanish, the California Alternate Performance Assessment, the Designated Primary Language Test, and the California Modified Assessment, as part of the STAR Program.
3. The funds appropriated in Schedule (3) shall be available for approved contract costs and apportion-

ment costs for administration of the California English Language Development Test (CELDT) meeting the requirements of Chapter 7 (commencing with Section 60810) of Part 33 of the Education Code. Incentive funding of \$5 per pupil is provided for district apportionments for the CELDT. As a condition of receiving these funds, school districts must agree to provide information determined to be necessary to comply with the data collection and reporting requirements of the federal No Child Left Behind Act of 2001 (P.L. 107-110) regarding English language learners by the State Department of Education.

4. The funds appropriated in Schedule (4) include funds for approved contract costs and apportionment costs for the administration of the California High School Exit Examination (CAHSEE) pursuant to Chapter 9 (commencing with Section 60850) of Part 33 of the Education Code. The State Board of Education shall establish the amount of funding to be apportioned to school districts for the CAHSEE. The amount of funding to be apportioned per test shall not be valid without the approval of the Department of Finance.
5. The funds appropriated in Schedule (4) shall be used for seven annual administrations of the California High School Exit Examination. Grade 12 students may take up to five administrations of the exam, grade 11 students may take up to two, and grade 10 students are required to take one.
6. It is the intent of the Legislature that the State Department of Education (SDE) develop a plan to streamline existing programs to eliminate duplicative tests and minimize the instructional time lost to test administration. The SDE shall ensure that all statewide tests meet industry standards for validity and reliability.
7. Funds provided to local educational agencies from Schedules (2), (3), and (4) shall first be used to offset any state-mandated reimbursable costs within the meaning of Section 17556 of the Government Code, that otherwise may be claimed through the state mandated reimbursement process for the STAR Program, the California English Language Development Test, and the California High School Exit Examination. Local educational agencies receiving funding from these schedules shall reduce their estimated and actual mandated reimbursement claims by the amount of funding provided to them from these schedules.

SEC. 58. Item 6110-188-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-188-0001—For local assistance, Department of Education (Proposition 98), Program 10.10-School Apportionments Deferred Maintenance, for transfer to the State School Deferred Maintenance Fund..... 161,903,000

Provisions:

1. The funds appropriated in this item shall be transferred to the State School Deferred Maintenance Fund and are available for funding applications received by the Department of General Services, Office of Public School Construction for the purpose of payments to school districts for deferred maintenance projects pursuant to Section 17584 of the Education Code.
2. An additional \$115,479,000 in expenditures for this item is appropriated in Item 6110-485 from the Proposition 98 Reversion Account for the purposes of this item.

SEC. 59. Item 6110-227-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-227-0001—For local assistance, Department of Education (Proposition 98), established pursuant to Article 4 (commencing with Section 315) of Chapter 3 of Part 1 of the Education Code, English language tutoring to children with limited English proficiency..... 50,000,000

Schedule:

- (1) 10-Instruction..... 50,000,000

SEC. 60. Item 6110-485 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-485—Reappropriation (Proposition 98), Department of Education. The sum of \$480,674,000 is hereby reappropriated from the Proposition 98 Reversion Account, for the following purposes:

0001—General Fund

- (1) \$100,000,000 to the School Facilities Program for the purpose of funding the School Facilities Emergency Repair Account as required by Chapter 899 of the Statutes of 2004.
- (2) \$8,810,000 to the State Department of Education for the purpose of the Teacher Credentialing Block Grant

- pursuant to Article 4 (commencing with Section 41520) of Chapter 3.2 of Part 24 of the Education Code to fund estimated participation in the 2006–07 budget year.
- (8) \$4,100,000 to the State Department of Education for the purpose of funding community day school program deficiencies from the 2006–07 fiscal year.
 - (9) \$1,900,000 to the State Department of Education on a one-time basis for maintenance of the K–12 High Speed Network. The program shall provide a status report to the Department of Finance, Legislative Analyst’s Office, and budget committees of each house of the Legislature by March 1, 2008, on the use of these funds and whether any unplanned program savings are anticipated (due to vendor allowances, base program savings, or other specified matters).
 - (11) \$385,000 to the Superintendent of Public Instruction, on a one-time basis, for allocation to the Fiscal Crisis and Management Assistance Team (FCMAT) to conduct comprehensive assessments pursuant to Section 41327.1 of the Education Code. Of the amount appropriated in this paragraph, FCMAT shall use \$150,000 for an assessment of the Oakland Unified School District, \$125,000 for an assessment of the Vallejo City Unified School District and \$110,000 for an assessment of the West Fresno Elementary School District. The FCMAT shall provide a copy of the written report to the appropriate fiscal and policy committees of the Legislature, the Members of the Legislature representing those school districts, any advisory councils of those school districts, the Superintendent of Public Instruction, the county superintendent of schools with jurisdiction over those school districts, the Department of Finance, and the Office of the Secretary for Education.
 - (12) \$115,479,000 to the State Department of Education, on a one-time basis, to backfill the Deferred Maintenance Program.
 - (13) Notwithstanding subdivision (b) of Section 17592.71 of the Education Code, \$250,000,000 shall be transferred by the Controller from the School Facilities Emergency Repair Account to the Proposition 98 Reversion Account no later than 30 days after the enactment of the Budget Act. By March 31, 2008, the Director of Finance shall determine whether there are sufficient funds in the School Facility Emergency Repair Account to cover approved grants for the

Schools Emergency Repairs Grant Program pursuant to Article 1.5 (commencing with Section 17592.70) of Chapter 5 of Part 10 of the Education Code. If the Director of Finance determines that the amount available in the School Facilities Emergency Repair Account is insufficient to cover approved grants, the amount necessary to fund grants approved by the State Allocation Board shall be transferred back from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account.

- (14) \$250,000,000 to the State Department of Education for the home-to-school transportation program, pursuant to Article 10 (commencing with Section 41850) of Chapter 5 of Part 24 of the Education Code, and Small School District Transportation, pursuant to Article 4.5 (commencing with Section 42290) of Chapter 7 of Part 24 of the Education Code.

SEC. 61. Item 6110-495 of Section 2.00 of the Budget Act of 2007 is amended to read:

6110-495—Reversion, Department of Education, Proposition 98. The following amounts shall be reverted to the Proposition 98 Reversion Account by the Controller within 60 days of enactment of this act:

0001—General Fund

- (1) \$10,000,000 of the balance in the Child Care Facilities Revolving Fund established pursuant to Section 8278.3 of the Education Code.
- (2) \$10,202,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-113-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (3) \$298,000 or whatever the greater or lesser amount reflects the unencumbered balance of the amount appropriated for Specialized Secondary Programs in Item 6110-122-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (4) \$14,200,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-123-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (6) \$1,394,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (2) and (4) of Item 6110-113-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).

- (7) \$1,550,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedules (1) and (2) of Item 6110-116-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (9) \$1,515,000 or whatever the greater or lesser amount reflects the unexpended funds from Item 6110-166-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (10) \$305,000 or whatever the greater or lesser amount reflects the unexpended funds from Item 6110-195-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (11) \$111,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedule (7) of Item 6110-485 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (12) \$10,000,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (13) \$1,500,000 or whatever the greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-113-0001 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (14) \$266,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (15) \$200,000 or whatever lesser or greater amount reflects the unexpended funds from Schedule (3) of Item 6110-491 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (16) \$2,300,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-203-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (17) \$1,325,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-224-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (18) \$953,000 from Schedule (1) of Item 6110-228-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (19) \$200,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-161-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).

- (20) \$84,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-245-0001 of the Budget Act of 2005 (Chs. 38 and 39, Stats. 2005).
- (21) \$10,583,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (D) of paragraph (1) of subdivision (a) of Chapter 900 of the Statutes of 2004.
- (22) \$5,094,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-234-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (23) \$1,000,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (3) of Item 6110-198-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (24) \$1,000,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-203-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (25) \$693,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-649-0001 from the 2004–05 fiscal year appropriation pursuant to Section 8483.5 of the Education Code, as enacted by Proposition 49 in 2002.
- (26) \$657,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (1) of Item 6110-193-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (27) \$418,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-111-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (28) \$71,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-161-0001 of the Budget Act of 2004 (Ch. 208, Stats. 2004).
- (29) \$10,675,000 or whatever greater or lesser amount reflects the unexpended funds from paragraph (3) of subdivision (a) of Chapter 227 of the Statutes of 2003.
- (30) \$5,362,000 or whatever greater or lesser amount reflects the unexpended funds from paragraph (5) of subdivision (a) of Section 44 of Chapter 227 of the Statutes of 2003.
- (31) \$55,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (4) of Item 6110-226-0001 of the Budget Act of 2002 (Ch. 379, Stats. 2002).
- (32) \$25,000,000 or whatever greater or lesser amount reflects the unexpended funds from Item 6110-137-0001

- of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (33) \$1,005,000 or whatever greater or lesser amount reflects the unexpended funds from Schedule (4) of Item 6110-485 of the Budget Act of 2006 (Chs. 47 and 48, Stats. 2006).
- (34) \$11,691,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (E) of paragraph (2) of subdivision (a) of Section 31 of Chapter 73 of the Statutes of 2005.
- (35) \$664,000 or whatever greater or lesser amount reflects the unexpended funds from subparagraph (J) of paragraph (2) of subdivision (a) of Section 31 of Chapter 73 of the Statutes of 2005.

SEC. 62. Item 7100-001-0514 of Section 2.00 of the Budget Act of 2007 is amended to read:

7100-001-0514—For support of Employment Development Department, for payment to Item 7100-001-0870, payable from the Employment Training Fund..... 51,600,000

Provisions:

1. Upon order of the Director of Finance, funds disencumbered from Employment Training Fund training contracts during the 2007–08 fiscal year that have not reverted as of July 1, 2007, may be appropriated in augmentation of this item.
2. Notwithstanding subparagraph (B) of paragraph (2) of subdivision (a) of Section 10206 of the Unemployment Insurance Code, the Employment Training Panel’s administrative costs may exceed 15 percent of the amount appropriated in this item.

SEC. 63. Item 7100-001-0870 of Section 2.00 of the Budget Act of 2007 is amended to read:

7100-001-0870—For support of Employment Development Department, payable from the Unemployment Administration Fund-Federal..... 523,595,000

Schedule:

- (1) 10-Employment and Employment Related Services..... 180,125,000
- (2) 21-Tax Collections and Benefit Payments..... 626,785,000
- (3) 22-California Unemployment Insurance Appeals Board..... 74,196,000
- (4) 30.01-General Administration..... 56,859,000

- (5) 30.02-Distributed General Administration..... -51,194,000
- (6) 50-Employment Training Panel..... 46,345,000
- (7) Reimbursements..... -22,916,000
- (8) Amount payable from the General Fund (Item 7100-001-0001)..... -25,176,000
- (9) Amount payable from the Employment Development Department Benefit Audit Fund (Item 7100-001-0184)..... -14,621,000
- (10) Amount payable from the Employment Development Contingent Fund (Item 7100-001-0185)..... -79,495,000
- (11) Amount payable from the Employment Training Fund (Item 7100-001-0514)..... -51,600,000
- (12) Amount payable from the Unemployment Compensation Disability Fund (Item 7100-001-0588)..... -214,768,000
- (13) Amount payable from the School Employees Fund (Item 7100-001-0908).... -945,000

Provisions:

- 1. Funds appropriated in this item are in lieu of the amounts that otherwise would have been appropriated pursuant to Section 1555 of the Unemployment Insurance Code.
- 2. Provision 1 of Item 7100-001-0588 also applies to funds appropriated in this item for the Unemployment Insurance Program.
- 3. No later than September 13, 2007, the Secretary of Labor and Workforce Development shall report to the Director of Finance and the Joint Legislative Budget Committee on the progress of the Underground Economy Enforcement Program and shall provide justification for its continuance.

SEC. 64. Item 8860-001-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

- 8860-001-0001—For support of Department of Finance..... 36,563,000
- Schedule:
- (1) 10-Annual Financial Plan..... 23,699,000
- (2) 15-Statewide Systems Development..... 6,615,000
- (3) 20-Program and Information System Assessments..... 12,401,000
- (4) 30-Supportive Data..... 16,069,000
- (5) 40.01-Administration..... 6,411,000
- (6) 40.02-Distributed Administration..... -6,411,000

(7) Reimbursements.....	-14,540,000
(8) Amount payable from the General Fund (Item 8860-002-0001).....	-6,615,000
(9) Amount payable from Unallocated Special Funds (Item 8860-011-0494)....	-587,000
(10) Amount payable from Unallocated Bond Funds—Select (Item 8860-011-0797).....	-127,000
(11) Amount payable from Other Unallocated Nongovernmental Cost Funds (Item 8860-011-0988).....	-352,000

Provisions:

1. The funds appropriated in this item for CALSTARS shall be transferred by the Controller, upon order of the Director of Finance, or made available by the Department of Finance as a reimbursement, to other items and departments for CALSTARS-related activities by the Department of Finance.
2. The funds appropriated in this act for purposes of CALSTARS-related data-processing costs may be transferred between any items in this act by the Controller upon order of the Director of Finance. Any funds so transferred shall be used only for support of CALSTARS-related data-processing costs incurred.
3. Notwithstanding any other provision of law, the Director of Finance may authorize a loan from the General Fund to the Department of Finance for the purpose of meeting operational cashflow obligations for the 2007–08 fiscal year. The loan shall not exceed the estimated amount of uncollected reimbursements for the final quarter of the fiscal year.
4. From the funds appropriated in Schedule (3) for the purpose of evaluating and continuing development and enhancement of the Governor’s Budget Presentation System (GBPS), the following provisions apply:
 - (a) From time to time, but no later than December 1, 2007, the Department of Finance shall update the Legislature on anticipated changes to the GBPS. In addition, the Department of Finance shall (1) no later than the approximate same time the Governor’s Budget is formally presented in electronic or any other Web-based form, provide printed and bound hard copies of the Governor’s Budget and Governor’s Budget Summary as follows: to the Legislative Analyst’s Office—45 copies, the Office of the Legislative Counsel—six copies, offices of the Members of the Legisla-

ture—120 copies, the Rules Committees of the Assembly and Senate—5 copies each, and the fiscal committees of the Legislature—60 copies, and (2) no later than four weeks after the Governor’s Budget is formally presented in electronic or any other Web-based form, 131 printed and bound hard copies of the Governor’s Budget and Governor’s Budget Summary shall be provided as follows: two copies to the State Library, to ensure that the State Librarian maintains at least one public copy and one for the permanent research collections, and 129 copies: one copy to each depository public library in the state. Additional copies, either bound or unbound, shall be available for purchase by the public based on the cost of producing the documents requested. Whenever the Department of Finance submits to the Legislature changes to the Governor’s Budget or to the Budget Bill, these requests shall be provided in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst’s Office. Whenever the Department of Finance releases a document summarizing changes proposed for the Governor’s Budget or to the Budget Bill, the Department of Finance shall provide the summaries in hard copy form to the Legislature including the appropriate staff of the fiscal committees and the Legislative Analyst’s Office.

- (b) Notwithstanding any other provision of law, the Department of Finance may amend its existing contract with the Web development firm to augment and continue consulting services until June 30, 2008, for the purpose of providing continuity of services.
5. Of the amount appropriated in Schedule (1), \$654,000 is available to support the Public Employee Post-Employment Benefits Commission established pursuant to Executive Order S-25-06. Any unencumbered balance will revert to the General Fund.

SEC. 65. Item 8860-002-0001 of Section 2.00 of the Budget Act of 2007 is amended to read:

8860-002-0001—For support of Department of Finance, for payment to Item 8860-001-0001.....	6,615,000
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Provisions:

1. The Department of Finance shall submit to the Legislature, no later than April 1, 2008, an approved Special Project Report for the Financial Information System for California (Project #8860-30). The Special Project Report shall incorporate project alternatives that include, at a minimum: (a) continuing with the project as proposed in the Special Project Report approved December 15, 2006, (b) continuing with the design, development, and implementation of the Budget Information System as described in the Feasibility Study Report dated July 14, 2005, (c) developing and implementing a proof of concept including the control agencies' statewide functions and a select few departments, and (d) no action.
2. The Special Project Report shall also include: (a) a plan of funding that evaluates alternative financing options and the use of special funds and federal funds, (b) a report on the status of funding discussions with the federal government, (c) the formalization of roles and responsibilities, through the execution of memoranda of understanding, among the following project partners: the Director of Finance, the Controller, the Treasurer, and the Director of General Services, (d) a revised project management plan addressing project leadership succession planning and vendor accountability through the management of contracts, and (e) a project oversight plan that includes regular and independent reviews by the Office of Technology Review, Oversight, and Security and the Bureau of State Audits.
3. The Department of Finance shall transfer the contract administration authority for the Financial Information System for California (FISCal) project's contract related to Independent Project Oversight (contract) services to the Bureau of State Audits. The bureau shall monitor the contract, including assessing whether the concerns of the contractor are being addressed, and shall periodically report on the contract pursuant to Chapter 6.5 (commencing with Section 8543) of Division 1 of Title 2 of the Government Code. The department shall amend the contract to reflect the requirements of this provision and shall consult with the bureau in making that amendment, and the bureau shall approve the contents of the amendment prior to its execution. The contract shall be amended prior to any vendor payment from any amounts appropriated in this item to fund

the contract. For purposes of this provision, “transfer the contract administration authority” means that the bureau’s authority under the contract shall include, but not necessarily be limited to, the following:

- (a) Receiving and approving for payment by the department, all invoices for payment under the contract.
- (b) Directly receiving from the contractor any reports or other products produced under the contract, without any modification to those reports or products by the department.
- (c) Receiving notice of any and all meetings held under the contract so that the bureau may attend those meetings.
- (d) Receiving communications made under the contract.

Nothing in this provision shall supersede or compromise the Office of Technology Review, Oversight, and Security’s project oversight authority and responsibilities with respect to the FISCal project.

- 4. A communication plan between oversight entities and contractors shall be developed and presented to the Legislature concurrent with the Special Project Report.

SEC. 66. Item 9350-104-6065 of Section 2.00 of the Budget Act of 2007 is amended to read:

9350-104-6065—Local assistance-shared revenues for support of Local Streets and Road Improvement, Congestion Relief and Traffic Safety Account of 2006, Highway Safety, Traffic Reduction, Air Quality, and Port Security Fund of 2006..... 600,000,000

Provisions:

- 1. These funds shall be available for allocation by the Controller until June 30, 2010.

SEC. 67. Section 4.05 of the Budget Act of 2007 is amended to read:

Sec. 4.05. (a) The Director of Finance, in consultation with agency secretaries and other cabinet members, shall reduce General Fund appropriations in the 2007–08 fiscal year by a total of \$100,297,000 on a one-time basis. Each agency secretary shall recommend to the Director of Finance amounts to be reduced from the appropriations to departments within the agency. The Director of Finance may provide the agency secretaries with target reduction amounts, in which case the agency secretaries shall provide the Director of Finance with a list of recommended reductions that is no less than the target amount for that agency. For

departments not reporting to an agency secretary, the Director of Finance shall determine the amount of the reductions.

(b) The Director of Finance shall not reduce, pursuant to subdivision (a), the amounts appropriated for the following: higher education; the judicial branch; the Legislature; the Legislative Counsel Bureau; constitutional officers; debt service, including, but not limited to, tobacco settlement revenue shortfall, payment of interest on General Fund loans, and interest payments to the federal government; health and dental benefits for annuitants; equity claims before the California Victim Compensation and Government Claims Board; or augmentations for contingencies or emergencies, unless the savings identified would not negatively impact program needs as provided for in this act or current law, and provided that the affected entity or the state official responsible for that expenditure concurs with the reduction.

(c) General Fund savings from appropriations other than those in the 2007–08 fiscal year may be credited towards the overall savings in subdivision (a). Savings from funds other than the General Fund that would otherwise revert to the General Fund in the 2007–08 fiscal year may also be credited towards the total savings specified in subdivision (a).

(d) Nothing within this section shall be construed to confer any authority upon the Director of Finance to modify or eliminate any other provision of existing law.

(e) Not later than February 15, 2008, the Director of Finance shall report to the Chairperson of the Joint Legislative Budget Committee and the chairpersons of the committees of each house of the Legislature that consider appropriations the amount of reductions made in each item of appropriation pursuant to this section. The report shall include the following: each specific reduction by department, agency, and program; whether the reduction is one time or ongoing; a description of programmatic effects; the number and description of positions affected; and any other description necessary to fully disclose the reduction's impact.

(f) A state operations appropriation, and a program, project, or function designated in any line of any schedule set forth by that appropriation, may not be reduced pursuant to subdivision (a) by more than 20 percent. A local assistance appropriation, and a program, project, or function designated in any line of any schedule set forth by that appropriation, may not be reduced pursuant to subdivision (a) by more than 5 percent.

SEC. 68. Section 9.00 is added to the Budget Act of 2007, to read:

Sec. 9.00. Notwithstanding any other provision of law, the Director of Finance may reduce the appropriation in Schedule (14) of Item 6110-485 in order to ensure adequate funds in the Proposition 98 Reversion Account in the event the transfer from the Proposition 98 Reversion Account to the School Facilities Emergency Repair Account described in Schedule (13) of Item 6110-485 is required.

If the Director of Finance reduces the amount in Schedule (14) of Item 6110-485 to ensure adequate funding in the School Facilities Emergency Repair Account, the director shall adjust Item 6110-111-0046 upward by

an equal amount to ensure that funding for the Home-to-School transportation program is consistent with the total amount appropriated for the program by this act.

SEC. 69. Section 11.15 is added to the Budget Act of 2007, to read:

Sec. 11.15. Notwithstanding any other provision of law, whenever a reference is made to the Department of Finance or the Office of the State Chief Information Officer related to review, approval, or legislative notification for information technology projects, the following shall apply:

(a) From the period July 1, 2007, to December 31, 2007, inclusive, references to either of the above organizations related to information technology projects shall require approval or notification or both by the Department of Finance.

(b) From the period January 1, 2008, to June 30, 2008, inclusive, references to either of the above organizations related to information technology projects shall require approval or notification or both by the Office of the State Chief Information Officer.

This section does not apply to Sections 11.00 and 11.10.

SEC. 70. Section 12.32 of the Budget Act of 2007 is amended to read:

Sec. 12.32. (a) It is the intent of the Legislature that appropriations that are subject to Section 8 of Article XVI of the California Constitution be designated with the wording "Proposition 98." In the event these appropriations are not so designated, they may be designated as such by the Department of Finance, where that designation is consistent with legislative intent, within 30 days after notification in writing of the proposed designation to the chairperson of the committee in each house of the Legislature that considers appropriations and the Chairperson of the Joint Legislative Budget Committee, or within a lesser time that the chairperson of the joint committee, or his or her designee, determines.

(b) Pursuant to the Proposition 98 funding requirements established in Chapter 2 (commencing with Section 41200) of Part 24 of the Education Code, the total appropriations for Proposition 98 for the 2007–08 fiscal year are \$41,492,504,000 or 42.2 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for school districts are \$37,202,628,000 or 37.8 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for community college districts are \$4,170,624,000 or 4.2 percent of total General Fund revenues and transfers subject to the state appropriations limit. General Fund revenues appropriated for other state agencies that provide direct elementary and secondary level education, as defined in Section 41302.5 of the Education Code, are \$119,252,000 or 0.1 percent of total General Fund revenues and transfers subject to the state appropriations limit.

SEC. 71. Section 24.80 is added to the Budget Act of 2007, to read:

Sec. 24.80. (a) Notwithstanding any other provision of law, the Director of Finance is authorized to reimburse four hundred nine million dollars (\$409,000,000) in General Fund expenditures for the purposes of offsetting the cost of debt service payments made in prior fiscal years for public

transportation related general obligation bond expenditures in the 2007–08 fiscal year from the Public Transportation Account. The total reimbursement shall not reduce the balance in the Public Transportation Account below a prudent reserve as determined by the Director of Finance.

(b) This reimbursement will result in overall General Fund savings. It is not the intent of the Legislature in enacting this section to provide additional expenditure authority to state programs.

(c) Funds provided from the Public Transportation Account for this purpose are derived from the sales tax on fuels and are dedicated to mass transportation purposes pursuant to Section 99310.5 of the Public Utilities Code. The Legislature hereby finds that funding debt service on bonds benefiting public transportation is a component of the state’s mass transportation program.

(d) Under the provisions of Article XIX B as amended by Proposition 1A in the November 7, 2006, statewide general election, funds from sales taxes on fuels that are placed in the General Fund must be then allocated to the Transportation Investment Fund and distributed in conformance to the provisions of Proposition 42 that are applicable to that year. If the provisions of Proposition 42 are suspended in the future, Proposition 1A provides that any proceeds from sales taxes on fuels that are placed in the General Fund must be repaid in three years and limits future suspensions. Thus any funds from sales taxes on fuels can no longer be retained in the General Fund and thus cannot practically become revenues that affect the calculation of the Proposition 98 guarantee.

(e) Because there were no revenues from the sales tax on fuel deposited in the General Fund in the 1986–87 fiscal year, the calculation of the first year of funding guaranteed to schools under Proposition 98 is not affected by this revenue source.

(f) The Legislature finds therefore that the operation of this section does not reduce the amount of funds allocable to schools under Article XVI of the California Constitution.

SEC. 72. Section 29.50 is added to the Budget Act of 2007, to read:

Sec. 29.50. It is the intent of the Legislature that, in assisting the Governor in preparing the State Budget for the 2008–09 fiscal year, the Department of Finance not include any proposed funding for any of the following: (a) discretionary price adjustments to state, University of California, or California University operations, and (b) General Fund capital outlay, beyond the minimal amount of fifty million dollars (\$50,000,000) for emergencies and contingencies.

SEC. 73. Section 35.50 of the Budget Act of 2007 is amended to read:

Sec. 35.50. (a) For purposes of paragraph (1) of subdivision (f) of Section 10, and subdivision (f) of Section 12, of Article IV of the California Constitution, “General Fund revenues” means the total resources available to the General Fund for a fiscal year before any transfer to the Budget Stabilization Account.

(b) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, “all appropriations from the General Fund for that

fiscal year” shall not include any transfer to the Budget Stabilization Account to retire Economic Recovery Bonds because that amount is reflected in the “amount of any General Fund moneys transferred to the Budget Stabilization Account.”

(c) For purposes of subdivision (f) of Section 12 of Article IV of the California Constitution, the estimate of General Fund revenues for the 2007–08 fiscal year pursuant to this act, as passed by the Legislature, is \$106,764,100,000.

(d) For purposes of subdivision (b) of Section 20 of Article XVI of the California Constitution, General Fund revenues shall be defined as revenues and transfers before any transfer to the Budget Stabilization Account, excluding any proceeds from Economic Recovery Bonds, as estimated in the enacted State Budget.

SEC. 74. Sections 1 to 73, inclusive, of this act shall become operative only if the Budget Act of 2007, Senate Bill 77, as proposed by Conference Report No. 1 on July 9, 2007, is enacted and becomes effective on or before January 1, 2008.

SEC. 75. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the Constitution and shall go into immediate effect. The facts constituting the necessity are:

This act makes appropriations for the support of the government of the State of California and for several public purposes for the 2007–08 fiscal year. It is imperative that these appropriations be made effective as soon as possible. It is therefore necessary that this act go into immediate effect.