

AN LAO REPORT

Figure 5
Key General Fund Programmatic Features of May Revision

K-14 Education

- **Proposition 98.** Provides \$1.1 billion more for K-14 education in 2008-09 than the January proposal. Funds the Proposition 98 minimum guarantee.
- **Community Colleges.** Increases budgeted enrollment growth to 1.67 percent (\$35 million). Provides \$75 million in one-time funds to backfill a current-year shortfall in property tax revenues.

Higher Education

- **Universities.** Augments General Fund support for UC and CSU (\$196 million). As a result, both segments would receive the same level of General Fund support in 2008-09 as they are receiving in the current year.
- **EdFund.** Proposes that the EdFund sale scheduled for 2007-08 be delayed until 2009-10 (at an assumed price of \$500 million).

Health and Social Services

- **CalWORKs.** Reduces grants by 5 percent (\$108 million), conditions eligibility on face-to-face interview every six months (\$60 million), and deletes the October 2008 cost-of-living adjustment (COLA) (\$121 million). Replaces certain General Fund support for CalGrants, juvenile probation, and Foster Care with TANF block grant funds.
- **SSI/SSP.** Does not pass through the federal January 2009 COLA (\$109 million in 2008-09 and \$218 million in 2009-10). Eliminates the state-only cash assistance program for legal immigrants (\$111 million).
- **IHSS.** Reduces state participation in provider wages to the minimum wage (\$187 million). Replaces proposal to reduce domestic service hours for all recipients with new proposals that (1) limit eligibility for domestic services to the most severely disabled and (2) increase share-of-cost payments for higher functioning recipients.
- **Managed Care.** Provides \$170 million to fund rate increases for Medi-Cal managed health care plans.
- **Reduced Medi-Cal Eligibility.** Lowers the allowable income level for persons applying for Medi-Cal eligibility under Section 1931(b), thereby reducing caseload and generating budget-year savings of \$31 million and growing to about \$340 million in 2011-12.
- **Medi-Cal Changes for Immigrants.** Saves \$42 million by implementing a monthly eligibility requirement for emergency services for undocumented immigrants. Saves \$87 million by limiting benefits for newly qualified immigrants and certain other immigrants to the same level of benefits currently provided to noncitizens.

Criminal Justice

- **Early Release.** Increases spending by \$256 million due to the withdrawal of a proposal for the early release of some inmates from prison up to 20 months early.

Transportation

- **Revenues to Help General Fund.** Relative to the January budget, proposes to use an additional \$828 million in gasoline and diesel sales tax revenues to help the General Fund in 2008-09. Specifically, provides: (1) \$593 million to reimburse the General Fund for Home-to-School Transportation, and (2) \$235 million to pay past- and current-years transportation bond debt service.

Resources

- **State Parks.** Drops park closure proposal by restoring General Fund dollars (\$12 million) and increasing park fees (\$1.5 million).

General Government

- **Correctional Officer Pay Raise.** Withdraws most funding to implement last, best, and final offer to correctional officers and proposes to fund costs from reserve (\$421 million).
- **Insurance Surcharge for Wildland Firefighting.** Restructures proposed surcharge on property insurance policies statewide to make it risk-based. Would (1) supplant General Fund reductions (\$51 million) and (2) expand wildland firefighting under CalFire and the Office of Emergency Services.