CALIFORNIA BUDGET PROJECT

Updated August 11, 2010

Searching for Balance: How Do the Budget Plans Compare?

A two-house Budget Conference Committee composed of five state Senators and five Assemblymembers has met since June to reconcile differences between the Senate and Assembly plans to close the $17.9 billion budget gap. On August 3, 2010, Assembly Speaker John Perez and Senate President pro Tem Darrell Steinberg announced a new proposal for closing the state's budget gap. The Conference Committee adopted the key elements of the plan soon thereafter. The Conference Committee plan relies on a balanced approach that rejects most of the major cuts in state spending proposed in the Governor's May Revision, includes tax increases, and assumes $4.1 billion in additional federal funds, slightly higher than the level assumed by the Governor.

The following table compares key differences among the budget plans advanced by the Governor, the Assembly, the Senate, and the Conference Committee as of August 6, 2010. In some instances, the table includes significant issues where the Legislature adopted the Governor's proposals. Details in the table are drawn from the Conference Committee agenda and action reports as well as other legislative documents. Please check the California Budget Project's website (www.cbp.org) and blog (www.californiabudgetbites.org) for updates.

1107 9th Street, Suite 310
Sacramento, California 95814
P: (916) 444-0500
F: (916) 444-0172
cbp@cbp.org
www.cbp.org

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
Overview					
2010-11 revenues	$91.5 billion	$93.6 billion (includes revenues from a new "Jobs and Economic Security Fund")	$96.8 billion		Senate and Assembly plans both assume that combined 2009-10 and 2010-11 revenues will be $1.4 billion above the Governor's estimate, based on the Legislative Analyst's forecast.
2010-11 expenditures	$83.4 billion	$86.1 billion General Fund plus $8.7 billion supported by borrowing from the Jobs and Economic Security Fund.	$93.1 billion		
Federal funds	Assumes $3.4 billion in additional federal aid.	Same as Governor.	Same as Governor.	Assumes $4.1 billion in additional federal aid.	
Budgeted reserve	$1.2 billion	$1.2 billion	-$2.1 billion	$535 million	The Senate plan would spend $2.1 billion more than it would bring in.
LAO estimate of 2011-12 operating deficit	$5 billion	$16 billion	$12 billion		All estimates assume that all savings and revenue proposals are implemented as scored.

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Revenues					
Temporary tax increases	No proposal.	Delays implementation of Net Operating Loss (NOL) carrybacks, tax credit sharing, and elective single sales factor apportionment for three years. Extends the suspension of NOL carryforwards.	Delays implementation of extended NOL carryforwards, tax credit sharing, and elective single sales factor apportionment for two years. Extends the current suspension of NOL carryforwards for two additional years. These changes would raise an estimated $2.1 billion in 2010-11, $1.5 billion in 2011-12, and $832 million in 2012-13. Revenues attributable to this delay would be transferred to counties as part of a shift of program responsibility (see Realignment below). Extends the Personal Income Tax (PIT) surcharge and the reduction in the Dependent Tax Credit for two years ($1.4 billion in	Suspends businesses' ability to deduct NOLs in 2010 and 2011 and delays implementation of NOL carryback deductions, tax credit sharing, and elective single sales factor apportionment for two years, increasing 2010-11 revenues by $2.1 billion and 2011-12 revenues by $1.2 billion.	Under current law, as enacted in September 2008, businesses can "carry back" and deduct NOLs for two years beginning January 2011. Under current law, as enacted in February 2009, businesses can choose to allocate profits to California using one of two formulas beginning January 1, 2011.

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Revenues					
Temporary tax increases (continued)			2010-11, $3.2 billion in 2011-12, and $1.7 billion in 2012-13).		
Permanent tax increases	No proposal.	Imposes an oil severance tax set at a rate that would raise an amount equal to the revenues lost from a 0.25 percent sales tax rate and reduces the state's sales and use tax rate by 0.25 of a percentage point. The local sales tax rate would be increased by 0.25 of a percentage point and an amount of property taxes equal to the revenues raised by the additional local sales tax rate would be shifted from cities and counties to schools, thereby reducing the state's obligation under the Proposition 98 school funding guarantee.	Permanently increases alcoholic beverage taxes to reflect inflation since 1991, raising $210 million per year in additional revenues. Repeals businesses' ability to carryback and deduct NOLs. Requires most multi-state businesses to use a formula based on sales alone to apportion income to California for tax purposes, raising approximately $550 million per year.	Permanently increases the PIT rate for the 1.0, 2.0, 4.0, 6.0, and 8.0 percent tax brackets – but not the highest 9.3 percent rate – by 1 percentage point starting in 2010. Permanently extends the temporary PIT surcharge of 0.25 of a percentage point – which currently expires at the end of 2010 – for all tax brackets. These increases would raise an estimated $8.7 billion in 2010-11 and $6.8 billion in 2011-12, rising to $8.9 billion in 2015-16. Permanently increases the Vehicle License Fee (VLF) to 1.65 percent starting in 2010. This includes extending the	The Conference Committee's proposal to increase PIT and VLF rates, which are deductible for federal income tax purposes, would be offset by a 2.5 percentage point reduction to the state's sales tax rate, which is not deductible for federal income tax purposes. Combined, these three changes would raise net new state revenues of $1.8 billion in 2010-11, rising to an estimated $3.3 billion in 2015-16. A portion of the VLF increase would be used to fund certain public safety programs and the

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Revenues					
Permanent tax increases (continued)				current temporary VLF rate increase of 0.5 of a percentage point that expires on June 30, 2011, and increasing the VLF rate by an additional 0.5 of a percentage point. These increases would raise an estimated $1.5 billion in 2010-11 and $3.0 billion in 2011-12. Imposes an oil severance tax, raising an estimated $600 million in 2010-11 and $1.2 billion annually thereafter. The tax would be set at a rate that would raise an amount equal to the revenues lost from a 0.25 percent sales tax rate and reduces the state's sales and use tax rate by 0.25 of a percentage point. The local sales tax rate would be increased by 0.25 of a percentage point and an amount of property taxes equal to	corrections restructuring package (see Realignment below).

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Revenues					
Permanent tax increases (continued)				the revenues raised by the additional local sales tax rate would be shifted from cities and counties to schools, thereby reducing the state's obligation under the Proposition 98 school funding guarantee.	
Tax reductions	No proposal.	As a result of the state-local revenue swap that would be part of the proposal to borrow against future Beverage Container Recycling Fund fee collections, the state would not get back the 1/4 cent sales tax currently used for Economic Recovery Bond (ERB) repayment once the ERBs are paid off.	No proposal.	Permanently reduces the state's sales tax rate by 1.75 percentage points in 2010-11 – to 4.25 percent – and by an additional 0.75 of a percentage point in 2011-12 – to 3.5 percent. These changes would reduce state sales tax collections by an estimated $8.4 billion in 2010-11, with losses rising to $9.2 billion in 2015-16.	Under current law, the state sales tax rate is scheduled to drop from 6.0 percent to 5.0 percent on July 1, 2011 when the temporary rate increase enacted as part of the February 2009 budget agreement expires. The extension and expansion of the $10,000 tax credit for homebuyers and a sales tax exemption for certain purchases were enacted in March.

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Revenues					
Alternative "solutions"	No proposal.	$8.7 billion from borrowing against future Beverage Container Recycling Fund fee collections. The Assembly proposal would "securitize" 20 years of anticipated fee collections and use $8.7 billion of the amount borrowed to balance the 2010-11 budget. Future Beverage Container Recycling Fund fee collections would repay the bonds and the proceeds of the oil severance tax would be used to fund programs formerly supported by fee revenues.	No proposal.	Creates a mechanism for school districts and local governments to borrow against future state mandate payments. The state currently owes schools $1.6 billion and local governments $931 million for past mandate claims.	
State Disability Insurance Fund	Borrows up to $500 million to support worker training and to provide $3,000 stipends for employers that hire unemployed workers.	Rejects the Governor's proposal, but borrows $500 million to partially fund the new Jobs and Economic Security Fund.	Rejects the Governor's proposal.	Adopts Senate version.	

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Revenues					
Sales tax collection on electronic commerce	No proposal.	No action.	Requires Internet retailers not required to collect a use tax to report certain sales information to the Board of Equalization and post website notices of the requirement to pay use taxes, for added revenues of $10 million in 2010-11. Makes the current voluntary sales and use tax payment program mandatory for increased revenues of $9 million in 2010-11.	Assumes $100 million in additional sales and use tax revenues from requiring online sellers with California affiliates to collect California sales tax from customers. In addition, assumes $65.5 million in additional revenue from other tax compliance efforts.	

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Realignment					
Financing	Uses a portion of state savings from shifting certain public safety responsibilities to counties in order to offset counties' cost of providing those services.	No proposal.	Raises $3.2 billion in 2010-11, rising to $4.3 billion in 2013-14, by: • Imposing an oil severance tax ($1.2 billion in 2010-11, rising to $1.4 billion in 2013-14); • Permanently extending the current 0.5 percent VLF rate increase that is set to expire in 2011, with the proceeds dedicated to public safety programs ($1.5 billion in 2011-12, increasing to $1.6 billion in 2013-14); • Shifting VLF revenues from the Department of Motor Vehicles to counties ($200 million in 2010-11, increasing to $219 million in 2013-14);	Uses a portion of the proposed VLF rate increase – equal to 0.5 of a percentage point in 2011-12 and thereafter and a smaller share in 2010-11 – to provide a dedicated funding source for a corrections restructuring plan. This proposal would provide $467 million in 2010-11, rising to an estimated $1.4 billion in 2013-14.	Under realignment, the state transfers program responsibility to counties and/or adjusts counties' share of program costs. In exchange, counties receive a dedicated revenue source to offset their increased costs.

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Realignment					
Financing (continued)			• Delaying implementation of 2008 and 2009 corporate tax cuts until 2012-13 ($1.8 billion in 2010-11 and $950 million in 2011-12); • Providing a portion of the state's sales tax rate (less than ¼ cent) to counties for realigned services in 2012-13 ($1.2 billion) and 2013-14 ($600 million); and • Assuming $500 million in county savings from federal health reform will be available to support realigned services in 2013-14.		

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Realignment					
Public safety	Requires certain non-violent, non-serious, non-sex felony offenders sentenced to three years or less to serve their time in a county jail rather than state prison and shifts approximately half of the state savings to counties to offset increased local costs. Shifts supervision of juvenile parolees to county probation departments and shifts a share of state savings to counties to fund this new responsibility.	Adopts the Governor's proposals.	Modifies the Governor's low-level offender proposal to apply only to drug- and property-related crimes and to cover both incarceration and community supervision. Modifies the Governor's juvenile parolee proposal to eliminate "time-adds," which can increase a ward's sentence based on disciplinary problems. Maintains funding for the Citizens' Option for Public Safety (COPS) and Juvenile Justice Crime Prevention Act (JJCPA) programs. Funding for these programs is scheduled to expire in 2011-12.	Adopts a corrections restructuring plan that shifts responsibility for offenders convicted of "wobbler" crimes – those that may be tried as either misdemeanors or felonies – to counties. Counties would receive dedicated funding provided by a portion of the proposed VLF increase. An additional portion of the proposed VLF increase would provide ongoing funding for the Youthful Offender Block Grant and 16 public safety programs, including the COPS and JJCPA programs. Adopts the Governor's proposal to shift supervision of juvenile parolees to county probation departments along with a share of state savings.	

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Realignment					
Public safety (continued)				Eliminates "time-adds" with respect to juvenile wards.	
Drug treatment programs	No proposal.	No proposal.	Shifts the Drug Medi-Cal Program, the Substance Abuse Offender Treatment Program (OTP), and the Drug Court Program to counties. Restores funding for the Substance Abuse and Crime Prevention Act (Proposition 36 of 2000). Eliminates the Department of Alcohol and Drug Programs and transfers any remaining functions to other state agencies.	No proposal.	

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Realignment					
California Work Opportunity and Responsibility to Kids (CalWORKs) Program	No proposal.	No proposal.	Requires counties to pay 25 percent of CalWORKs cash assistance, service, automation, and administration costs, and 100 percent of Stage 1 and Stage 2 child care costs.	No proposal.	Counties currently pay 2.5 percent of CalWORKs cash assistance costs and a somewhat larger share of automation costs, but do not generally share in the cost of administration, child care, or services, which include substance abuse treatment and mental health services.
Aging programs	No proposal.	No proposal.	Shifts the Adult Protective Services Program and additional unspecified state-funded services for seniors to counties. Eliminates the Department of Aging and transfers any remaining functions to other state agencies.	No proposal.	

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Health					
Medi-Cal Program	Reduces state funding by $423.6 million in 2010-11 through a variety of provisions, including limits on office visits, copayments for services and prescription drugs, and annual caps for medical supplies and durable medical equipment.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		

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Health					
Implementation of Medi-Cal waiver	Restructures portions of the Medi-Cal Program through a Medicaid waiver. Changes to the Medi-Cal Program would be phased in over several years, but changes taking effect in 2010-11 would require seniors and persons with disabilities to enroll in managed care for savings of $182.1 million.	Rejects the Governor's proposal.	Assumes the Governor's savings.	Adopts Senate version, though both houses have asked the Administration to pursue its proposal through the policy committee process.	Medicaid waivers enable states to continue receiving federal funds while not complying with standard federal Medicaid rules. The state's existing Medi-Cal waiver on hospital financing expires in August 2010, and the Administration is pursuing a broader waiver focusing on high-cost patients to begin on or after September 1, 2010, contingent upon federal approval. The goal of the waiver is to slow the rate of growth in Medi-Cal spending.

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Health					
Adult Day Health Care (ADHC) services	Eliminates Medi-Cal coverage for ADHC services for state savings of $134.7 million in 2010-11.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		The Governor's proposal would result in 37,000 seniors or persons with disabilities losing access to ADHC or paying out of pocket for services.
Medi-Cal eligibility for immigrants	Eliminates Medi-Cal coverage for most non-emergency services for certain immigrants, including legal immigrants who have resided in the country for less than five years, for state savings of $73.0 million in 2010-11.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		These individuals would still be eligible for emergency and prenatal services under the Governor's proposal. Pregnant women and children under age 21 would be exempt from this reduction.
Medi-Cal family planning rates	Rescinds a 2008 rate increase for certain family planning services for state savings of $15.4 million in 2010-11.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		Federal funds pay for 90 percent of some family planning services. As a result, the Governor's proposal would cause the state to lose $73.3 million in federal funds.

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Health					
Private "safety-net" hospitals	Reduces Medi-Cal payments to private hospitals by 10 percent for state savings of $25.8 million in 2010-11.	Adopts the Governor's proposal.	Rejects the Governor's proposal.	Adopts Senate version.	"Safety-net" hospitals are those that treat high numbers of patients who are either uninsured or have Medi-Cal coverage.
Public "safety-net" hospitals	Shifts $54.2 million in federal funds currently allocated to public hospitals – 10 percent – to the state General Fund. The funds would be used to reduce state General Fund spending in other programs during 2010-11 and 2011-12.	Adopts the Governor's proposal.	Rejects the Governor's proposal.	Adopts Senate version.	Public hospitals are reimbursed for care they provide to uninsured individuals out of the Safety Net Care Pool (SNCP). The SNCP receives $586 million in federal funding annually through August 31, 2010. The Administration assumes these funds will continue under a renewal of this waiver to begin on or after September 1, 2010, contingent upon federal approval. The Governor's proposal would shift 10 percent of those funds to the General Fund this year, extending a cut made in the February 2009 budget agreement.

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Health					
Community clinics	Continues the $20 million reduction to certain community clinic programs that the Governor imposed in 2009-10 using his line-item veto authority.	Provides $25 million in 2010-11 to both restore vetoed funds and provide additional state support.	No proposal.	Provides $10 million in 2010-11.	
Vision coverage in the Healthy Families Program	Eliminates vision benefits for children enrolled in Healthy Families for state savings of $7 million in 2010-11.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		

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Health					
Healthy Families premiums	Increases premiums for certain children in Healthy Families for state savings of $29.7 million in 2010-11.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		Under the Governor's proposal, families with incomes between 151 percent and 200 percent of the federal poverty line would see their premiums rise to $30 per child, an 88 percent increase. Families with incomes between 201 percent and 250 percent of the poverty line would see their premiums rise to $42 per child, a 75 percent increase.
Healthy Families copayments	Requires a $50 copayment for emergency room visits not resulting in hospitalization, and a $100 copayment per day, with a $200 maximum, for hospitalization, for state savings of $3.2 million in 2010-11.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		

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Human Services					
CalWORKs Program	Eliminates the program.	Rejects the Governor's proposal. Uses $1.5 billion from the Assembly's proposed Jobs and Economic Security Fund to pay for CalWORKs employment services and child care in 2010-11. In addition, restores $300 million of a budgeted $375 million reduction to CalWORKs employment services and child care in 2010-11.	Rejects the Governor's proposal.	Adopts Senate version, which does not restore $300 million of a budgeted $375 million reduction to CalWORKs services and child care in 2010-11.	Eliminating CalWORKs would cause California to permanently lose the state's annual $3.7 billion Temporary Assistance for Needy Families block grant, as well as hundreds of millions in additional federal funds provided by the American Recovery and Reinvestment Act of 2009.
CalWORKs grants	Reduces grant payments by 15.7 percent.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		The Governor proposed this reduction as an alternative should the Legislature choose not to eliminate CalWORKs.
CalWORKs eligibility for recent legal immigrants	Eliminates eligibility for legal immigrants who have resided in the US for less than five years.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		The Governor proposed this reduction as an alternative should the Legislature choose not to eliminate CalWORKs.

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Human Services					
In-Home Supportive Services (IHSS) Program	Reduces General Fund spending by $637.1 million in 2010-11 and $750 million per year thereafter through unspecified cost-containment measures.	Rejects the Governor's proposal. Proposes a fee on IHSS home-care services to generate $150 million in General Fund savings in 2010-11, with the fee to be developed in consultation with stakeholders.	Rejects the Governor's proposal. Proposes a General Fund savings target of at least 10 percent, with proposals to be developed in consultation with stakeholders.	Adopts an annual savings target of $250 million for 2010-11 and 2011-12. Between $150 million and $200 million of the annual savings would be achieved by implementing an IHSS provider fee and using those revenues to draw down additional federal funds for IHSS. The Conference Committee also repealed two policy changes enacted in 2009 – an IHSS provider wage cut and IHSS eligibility reductions. A federal district court prohibited the state from implementing those cuts last year.	
Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program grants	Reduces SSI/SSP grants for individuals to the minimum level allowed by federal law.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		The Governor's proposal would reduce the maximum monthly SSI/SSP payment for individuals from $845 to $830.

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Human Services					
SSI/SSP "cash-out" policy	No proposal.	Directs the Administration to convene a workgroup to evaluate the impact of eliminating the current cash-out policy, a change that would make SSI/SSP recipients eligible for food stamp benefits. This directive would take effect only if the federal government allows the state to end the cash-out policy solely for SSI/SSP recipients who would benefit from this change.	Directs the Administration to report to the Legislature regarding the federal response to the state's request to end the cash-out policy only for SSI/SSP recipients who would benefit from the change.	Adopts Assembly version.	
Cash Assistance Program for Immigrants (CAPI)	Eliminates the program.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		CAPI provides solely state-funded cash assistance to elderly and disabled legal immigrants who are not eligible for SSI/SSP solely due to their immigration status.

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Human Services					
California Food Assistance Program (CFAP)	Eliminates the program.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		CFAP provides solely state-funded nutritional benefits to qualified legal immigrants who are ineligible for federal food stamp benefits.
Food Stamp Program (FSP) administration	Proposes to use $30 million in one-time federal funds to offset a portion of new administrative costs in the FSP, resulting in state savings of $10.5 million in 2010-11.	Assumes General Fund savings of $9.5 million.	Adopts the Governor's proposal.	Adopts Senate version.	These one-time federal funds allow California to reduce state spending on FSP administration in 2010-11 without reducing the total amount of funds available to enroll eligible Californians in the program.
FSP inter-county transfer process	Proposes to create an inter-county transfer process to allow food stamp recipients who move to a new county to continue receiving benefits without having to reapply in their new county of residence.	Rejects the proposed inter-county transfer process without prejudice, as a bill to implement this proposal is moving through the Legislature.	Rejects the proposed inter-county transfer process without prejudice, as a bill to implement this proposal is moving through the Legislature.	Contrary to the prior rejection in both houses, the Conference Committee adopted a compromise plan to establish an inter-county transfer process.	

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Human Services					
Child Welfare Services (CWS)	Continues the $80 million reduction to base CWS funding that the Governor imposed in 2009-10 using his line-item veto authority.	Restores the vetoed funding in 2010-11.	Restores the vetoed funding in 2010-11.		
Community-Based Services Program (CBSP) and Linkages Program	Continues the elimination of General Fund support for these programs for savings of $9.6 million in 2010-11, consistent with the Governor's 2009-10 line-item vetoes.	Restores all of the vetoed funding in 2010-11.	Adopts the Governor's proposal.	Restores two-thirds – $6.4 million – of the vetoed funding in 2010-11. However, the Conference Committee provides no funding for the Respite or Senior Companion programs, both of which are part of the CBSP.	The CBSP consists of four programs: Alzheimer's Day Care Resource Center, Brown Bag, Respite, and Senior Companion.
Statewide Fingerprint Imaging System (SFIS)	Proposes to continue using SFIS to fingerprint applicants in the CalWORKs and Food Stamp programs.	Eliminates SFIS and the fingerprint-imaging requirements in the CalWORKs and Food Stamp programs.	Eliminates SFIS and the fingerprint-imaging requirements in the CalWORKs and Food Stamp programs.		

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Child Care and Development					
State funding for child care	Eliminates all state funding for child care for working families.	Rejects the Governor's proposal.	Rejects the Governor's proposal.		The Governor's proposal would eliminate child care for 240,000 children – 75 percent of children currently served – and could cause the state to lose between $100 million and $200 million in federal funds for child care.
Income eligibility limit	Reduces the income eligibility limit for child care from 75 percent of the state median income (SMI) to 60 percent of the SMI.	Rejects the Governor's proposal.	Rejects the Governor's proposal, but reduces funding by $1,000 to send this issue to the Conference Committee.	Rejects the Governor's proposal.	The Governor's proposal would reduce the income eligibility limit for a family of three from $3,769 per month to $3,015 per month. This proposal would not change the income eligibility limit for the State Preschool Program.

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Child Care and Development					
Provider reimbursement rate limits	Reduces the maximum reimbursement rate for voucher-based child care programs from the 85th percentile to the 75th percentile, based on the 2005 Regional Market Rate survey of child care providers. In addition, reduces the maximum rate for license-exempt providers from 90 percent to 70 percent of the limits for licensed family child care homes.	Rejects the Governor's proposal.	Rejects the Governor's proposal, but reduces funding by $1,000 to send this issue to the Conference Committee.	Rejects the Governor's proposal.	
Stage 3 CalWORKs child care	Reduces the Stage 3 caseload by approximately 12,600 children for state savings of $91 million.	Rejects the Governor's proposal.	Rejects the Governor's proposal, but reduces funding by $1,000 to send this issue to the Conference Committee.	Rejects the Governor's proposal and funds CalWORKs child care using Proposition 98 dollars, including $201 million from unspent funds and $85 million from child care center reserves.	Stage 3 child care is provided to former CalWORKs recipients without a time limit so long as they meet eligibility guidelines.

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Child Care and Development					
Family fees	No proposal.	No proposal.	Proposes to consider changes to the family fee schedule for child care.	Takes no action relating to fees.	Currently, families begin to pay a fee for child care when their income reaches 38.8 percent of the SMI, with the fee rising as family income increases. Family fees range from $2 to $19 per day and are capped at 10 percent of total family income.
After School Education and Safety (ASES) Program	Provides $550 million for the ASES Program in 2010-11.	Adopts the Governor's proposal.	Adopts the Governor's proposal. In addition, proposes to place a measure on the ballot to repeal Proposition 49, which requires the state to spend $550 million per year on after-school services.	Adopts Senate version.	
Child care "overpayments"	Proposes changes to reduce errors in child care payments and collect overpayments from families who benefit from errors.	Rejects the Governor's proposal.	Proposes to recover overpayments in case of intentional errors by providers.	Adopts budget bill language requiring a report on overpayments with additional detail in order to distinguish between administrative errors and fraud.	

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K-12 Education					
Proposition 98	Reflects a 2010-11 base funding level of $48.4 billion for K-14 programs covered by the Proposition 98 guarantee.	Reflects a 2010-11 base funding level of $54.0 billion for K-14 programs covered by the Proposition 98 guarantee.	Reflects a 2010-11 base funding level of $51.2 billion for K-14 programs covered by the Proposition 98 guarantee.	Suspends the Proposition 98 guarantee in 2010-11. Reflects a Proposition 98 base funding level of $51.7 billion in 2010-11 and $49.6 billion in 2009-10. Assumes a $1.8 billion "settle-up" obligation attributable to the 2009-10 Proposition 98 funding level.	The Governor's May Revision proposes to "rebench" the 2010-11 Proposition 98 guarantee downward by $1.4 billion to reflect the proposed elimination of state funding for child care programs administered through the California Department of Education. The Proposition 98 minimum funding level depends on several factors including the amount of General Fund revenues and assumptions regarding payments owed to schools required by the July 2009 budget agreement.

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K-12 Education					
Revenue limits	Reduces 2010-11 revenue limit payments to school districts and county offices of education (COE) by $1.5 billion and makes reduction permanent by not establishing a deficit factor.	Rejects the Governor's proposal. Provides $228 million to partially restore prior year base revenue limit reductions.	Provides $620.6 million in 2010-11 revenue limit funding. Establishes a deficit factor for remaining 2010-11 base revenue limit reductions.	Rejects the Governor's proposal. Does not reduce 2010-11 revenue limit payments to school districts and COEs.	A revenue limit deficit factor is the percentage by which an expected allocation of funds to school districts and COEs is reduced. The state can, but is not required to, create a deficit factor when revenue limit payments do not meet funding levels specified in law.
K-3 Class Size Reduction (CSR) program	Estimates savings of $340.0 million in 2009-10 and $550.0 million in 2010-11 resulting from larger class sizes in school districts.	Rejects the Governor's proposal.	Adopts the Governor's estimate of 2009-10 savings. Reduces 2010-11 K-3 CSR funding by $364.0 million (20 percent) compared to 2007-08 and adds K-3 CSR to the categorical flexibility program, which allows districts to transfer funds from categorical programs to a district's general fund through 2012-13.	Adopts the Governor's estimate of 2009-10 savings. Assumes $250.0 million in 2010-11 savings.	

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K-12 Education					
Cost-of-living adjustment (COLA)	Reduces 2010-11 funding by $210.8 million by applying a negative 0.39 percent COLA to school district and COE revenue limits and categorical programs.	Rejects the Governor's proposal.	Rejects the Governor's proposal. Applies a negative 0.39 percent COLA to the 2010-11 revenue limit deficit factor.	Rejects the Governor's proposal.	A negative COLA reduces funding for revenue limits and programs that receive COLAs, including categorical programs.
Prior-year mandate claims	Provides no funding for prior-year mandate claims.	Rejects the Governor's proposal. Provides $1.4 billion in 2010-11 to pay prior year Proposition 98 mandate claims, except for payments based on the science graduation requirement and the Behavioral Intervention Plan (BIP) mandate.	Provides approximately $70 million in special education funding for prior-year BIP mandate claims.	See Revenues – Alternative "solutions" above.	Since 2001-02, the state has deferred payment for most education mandates and created an obligation to pay school districts in the future. Estimated mandate obligations total approximately $3.2 billion in 2009-10.

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
K-12 Education					
Mandate suspension	Suspends most K-12 education mandates in 2010-11 except for $65 million for mandated behavioral assessment plans, $7.7 million for mandated costs related to interdistrict and intradistrict transfers, and $6.8 million for costs related to the California High School Exit Exam.	Rejects the Governor's proposal and defers payment for all mandates in 2010-11.	Provides $33.7 million to pay for 13 mandates and eliminates five mandates for savings of $2.3 million in 2010-11. Suspends all remaining mandates through 2012-13.	Suspends eight mandates through 2012-13. Modifies four mandates, including the science graduation requirement and the Behavioral Intervention Plan mandate, to reduce or eliminate costs.	The Governor's proposal would suspend the requirement for school districts to perform, and the state's obligation to pay for, most mandated activities. Under the Assembly proposal, school districts would be required to perform, but not receive funding for, mandated activities.

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
Community Colleges					
Enrollment funding	Provides $126.0 million to fund approximately 26,000 Full-Time Equivalent Students (FTES).	Provides $128.2 million in Proposition 98 spending.	Adopts the Governor's proposal.	Adopts the Governor's proposal.	Enrollment funding would provide support for existing, not additional, students because the community colleges currently are over-enrolled by 89,000 FTES. Community colleges cannot restrict enrollment, and students may not be able to enroll in courses when more students enroll than there are course spaces available.
Categorical programs	Provides $394.8 million.	Increases funding by $135.0 million above the Governor's proposed level for a total of $529.8 million.	Adopts the Governor's proposal.	Increases funding by $60.8 million above the Governor's proposed level for a total of $455.6 million.	

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
University of California					
Funding	Increases 2010-11 funding by $305.0 million to backfill reductions made in 2009-10.	Adopts the Governor's proposed funding level.	Adopts the Governor's proposed funding level contingent upon the receipt of at least $2 billion in General Fund revenues above the level assumed in the May Revision.	Increases 2010-11 funding by $305.0 million from the state's General Fund to backfill 2009-10 reductions.	
Student fees	Assumes a 15 percent student fee increase in 2010-11 as approved by the University of California Regents in November 2009.	Provides $200.0 million to reduce student fee increase to 5 percent in 2010-11.	No proposal.	Adopts the Governor's proposal.	
Enrollment funding	Provides $51.3 million to fund approximately 5,121 FTES.	Adopts the Governor's proposal.	Adopts the Governor's proposal.		Proposed funding would not increase student enrollment, but would be sufficient to prevent a reduction in freshman enrollment.

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
California State University					
Funding	Increases 2010-11 funding by $305.0 million to backfill reductions made in 2009-10.	Adopts the Governor's proposed funding level.	Adopts the Governor's proposed funding level contingent upon receipt of at least $2 billion in General Fund revenues above the level assumed in the May Revision.	Increases 2010-11 funding by $305.0 million from the state's General Fund to backfill 2009-10 reductions.	
Student fees	Assumes a 10 percent student fee increase in 2010-11.	Provides $75.0 million to reduce student fee increase to 5 percent in 2010-11.	No proposal.	Adopts the Governor's proposal.	The California State University Board of Trustees approved a 5 percent student fee increase on June 18, 2010.
Enrollment funding	Provides $60.6 million to fund approximately 8,290 FTES.	Adopts the Governor's proposal.	Adopts the Governor's proposal.		Proposed funding would not increase student enrollment, but would be sufficient to prevent a reduction in freshman enrollment.

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
California Student Aid Commission					
CalGrant Competitive Program	Withdraws January budget proposal to suspend awards for savings of $45.5 million.	Adopts the withdrawal of the Governor's proposal.	Adopts the withdrawal of the Governor's proposal.		
Student Loan Operating Fund (SLOF)	Transfers $75.0 million from the SLOF to the General Fund to support Cal Grant costs.	Transfers $115.0 million from the SLOF to the General Fund to support Cal Grant costs.	Transfers $100.0 million from the SLOF to the General Fund to support Cal Grant costs.	Transfers $100.0 million from the SLOF to the General Fund. This action provides the California Student Aid Commission $75.0 million of this amount to support 2010-11 Cal Grant costs, but requires Department of Finance approval to spend up to $25.0 million more in order to ensure sufficient funds are available to complete the proposed sale of EdFund.	The federal government recently denied California's sale of EdFund. The Conference Committee and Governor both assume the state will receive $450 million in 2010-11 from the sale of EdFund.

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
Public Safety and Corrections					
Federal court-appointed receiver: Inmate medical care	Makes an unallocated reduction of $811 million to General Fund support for inmate medical care in 2010-11.	Adopts the Governor's proposal.	Adopts the Governor's proposal.	Makes an unallocated reduction of $820 million and adopts proposals designed to reduce inmate medical costs, including telemedicine and early release of inmates with expensive medical conditions.	
Federal court-appointed receiver: Information technology (IT) projects	Proposes $235 million in 2010-11 to support 19 IT projects being implemented by the federal court-appointed receiver who is overseeing the state's prison medical care delivery system.	Provides $90.5 million.	Provides $210 million.	Provides $235 million.	

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
General Government					
Unemployment Compensation modernization	No proposal.	No proposal.	Extends the deadline for implementation of the Alternate Base Period, which allows workers to report their recent earnings when filing for Unemployment Insurance, by five months, to September 3, 2011.	Adopts Senate version.	
Brown Act "open meetings" mandate	Suspends the mandate provisions of the Brown Act, for which the state must reimburse local governments for the cost of preparing and posting agendas.	Rejects the Governor's proposal.	Adopts trailer bill language to achieve the Governor's proposed savings.	Amends state law to change the mandate provisions of the Brown Act to "best practices" for implementing Proposition 59 of 2004, which broadly entitles Californians to access to local agency meetings. This change would eliminate the current mandate, resulting in ongoing state savings of about $20 million.	The Legislative Analyst's Office argues that Proposition 59 of 2004 "could require local agencies to post agendas and disclose actions taken in closed sessions – even in the absence of the Open Meeting Act mandate."

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
General Government					
Central Valley prevailing wage survey	No proposal.	Eliminates $798,000 in 2010-11 funding for this survey and adopts budget bill language to specify that no funds may be spent for a Central Valley prevailing wage survey.	Eliminates $798,000 in 2010-11 funding for this survey but does not adopt any budget bill language.	Adopts Assembly version.	
Resources					
Property insurance surcharge	Imposes a 4.8 percent surcharge on residential and commercial property insurance to support statewide fire protection and emergency response activities for state savings of $76 million in 2010-11.	Adopts the Governor's proposal.	Rejects the Governor's proposal.	Adopts Assembly version but assumes state savings of $36 million in 2010-11 due to delayed implementation.	

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
Resources					
Special fund loan repayments	Delays repayment of certain loans from special funds for General Fund savings of $195 million in 2010-11.	Adopts the Governor's proposal.	Adopts the Governor's proposal.		Special funds that have loaned money to the General Fund include the Renewable Resource Trust Fund, the Tire Recycling Management Fund, the Universal Lifeline Telephone Service Trust Administrative Committee Fund, and the Deaf and Disabled Telecommunications Program Administrative Subcommittee Fund.
Department of Fish and Game (DFG)	Reduces funding for DFG's conservation and restoration programs by $5.0 million in 2010-11.	Provides $2 million.	Provides $2 million.		The Legislature previously approved the Governor's proposal to reduce DFG's recreational hunting and fishing programs by $5.0 million. Both houses have subsequently approved backfilling $2.4 million, primarily with federal funds.

	Governor's May Revision	Assembly	Senate	Conference Committee as of August 6, 2010	Comments
Resources					
State parks	Restores $140 million in General Fund support for state parks.	Adopts the Governor's proposal.	Provides $133 million in General Fund support.	Adopts Senate version.	In January, the Governor proposed allowing offshore oil drilling at Tranquillon Ridge in order to generate oil lease revenues to pay for state parks. He subsequently withdrew that proposal.