

Options to Eliminate the Governor's Proposed Education Trigger Cuts

The Goal:

K-14	Funding Schools at 2011-12 Programmatic Funding Level	\$3.0 billion
Higher Ed	Eliminate proposed trigger reduction	<u>\$0.4 billion</u>
		\$3.4 billion

Note: This package includes \$4.4 billion in solutions. Other proposed cuts, such as the \$125 million cut to courts, could be eliminated if proposed solutions are adopted above the \$3.4 billion level.

Source	Proposal	Comments	Proposed Savings To Eliminate Trigger Cut
	Ensure Schools Get Funding They Deserve		
AB 1X 26 (2011)	Consistent with current law -Allow RDA funds to flow to schools	AB 1X 26 dissolved redevelopment agencies. All unencumbered funds from redevelopment agencies are to revert to the local agencies including local school districts. The Legislative Analyst believes there is approximately \$2 billion of unencumbered low income housing funds that would revert to local agencies. Under current law, schools would get approximately \$1 billion of those funds.	\$1.0 billion
	Use of Prior Budget Solutions		
2011-12 budget	Use Proposition 63 unanticipated revenue growth (\$906m) and reserves (\$423m)	The 2011-12 Budget Act shifted \$861 million in Prop. 63 funds to the Early and Periodic Screening, Diagnosis, and Treatment Program, Mental Health Managed Care, and Mental Health Services for Special Education Pupils. This proposal continues use of excess Prop. 63 funds for the same purposes.	\$1.33 billion
2011-12 budget	Use Proposition 99 Funds consistent with past state Budget Acts	Proposition 99 funds are funds collected from a .25% tax on cigarettes. Proposition 99 allows the state to use these funds for healthcare services with a 4/5ths vote of the Legislature. These funds have been used as budget solutions several times over the last 20 years.	\$95 million
2010-11 and 2011-12 Budgets	Use Proposition 10 Funds consistent with recent state Budget Acts	In the 2010-11 Budget Act the state First 5 Commission gave \$81M to HFP and \$50M to DDS, for a total of \$131M. The \$50M for DDS was also included in the 2011-12 Budget Act. There are numerous news accounts and audits that demonstrate waste and abuse of First 5 funds. Funding proven programs should be a priority.	\$131 million
2010-11 and 2012-13 budgets	AB 590 (2009) creates a new local program.	This new program was suspended in 2009-10 and 2010-11, but was initiated in 2011-12 and is assumed to continue in 2012-13 even though there is a \$9.2 billion shortfall.	\$11 million

2009-11 budgets	State Worker Participation	From 2009-11, state employees were subject to a 3 day a month furlough. This had the effect of reducing employee pay by 13.86%, but those furloughs have ended and State employee salaries are set to increase by about 5% in July 2013 per recent MOUs. This proposal assumes savings of 4.6% from reducing salaries equivalent to 1-day furlough. The proposal does not require a furlough or a pay cut. These savings could be found by reducing operating expenses or by finding savings in other ways.	\$400 million
LAO/2011-12 budget	IHSS	Extend current 3.6 percent reduction to IHSS recipients authorized service hours. Current law sunsets this reduction the end of 2011-12 fiscal year.	\$60 million
LAO/ 2009-10 budget	IHSS	Reduce wages consistent with 2009-10 budget. The pending wage study should address any potential legal challenges.	\$98 million
2011-12 budget	Extend repayment of internal loans	In 2011-12, Governor Brown extended loan repayments for loans from internal funds as a means of avoiding service reductions. These loans can be repaid when education funding is not subject to damaging trigger cuts. This proposal does not contemplate delaying the repayment of Proposition 1a. Note: special funds with large fund balances should be audited and the fees paid by the users reduced going forward.	\$316 million
Gov. Brown	Litigation Set-Aside	The Governor's Budget includes \$440 million to backfill spending reductions that are currently being litigated. The Administration has stated that it expects to prevail in these cases. This proposal assumes the Governor prevails in many of the lawsuits (50 percent of the amount the Governor proposes to set-aside).	\$220 million
	Government Efficiencies/Stop Unnecessary Spending		
LAO	Operational efficiencies in Courts.	LAO proposals to implement Electronic Court Reporting (3yr phase-in), ensure courts collect existing charge for civil court reporter costs, and contract out court interpreting services.	\$78 million
LAO	Delay Development of FISCAL system	Delay for one-year the FISCAL financial information system. New IT system development is a lower priority.	\$40 million
LAO	Eliminate General Fund support for CA Science Center	According to the CPR report the California Science Center is primarily a local oriented facility but the state pays for maintenance. The CSC does not charge entrance fees like other museums. The CPR recommended that state support be replaced with an appropriate admissions charge.	\$15 million
LAO	Reject Mental Health Staffing Augmentation	Reject the augmentation for mental health services for inmates and fund mental health program consistent with the level approved by the	\$60 million

		federal courts overseeing the state's prison mental health services.	
LAO/Office of Inspector General	Reduce Inmate Pharmaceutical Costs	The Office of the Inspector General has identified a number of inefficiencies in this program relative to inventory management and the use of non-formulary drugs.	\$20 million
LAO	Eliminate Funding for Empty Bed (Swing Space)	Normally CDCR is paid based on the number of beds. The Governor's budget includes funding for Swing space or unoccupied beds. This proposal assumes the state only pays for occupied beds.	\$17 million
LAO	Reduce CDCR Personnel Specialists to the state average	CDCR currently is funded for 1 personnel specialist per 180 employees and 1 personnel specialist supervisor for every four personnel specialist. This proposal reduces the number of personnel specialists by bringing the ratios in line with other state agencies; 1 specialist to 300 employees and 1 specialist supervisor to 5 personnel specialists.	\$13 million
	Revenues		
PUC	PG&E Settlement	It has widely been reported that the PG&E fine from the state is anticipated to be about \$200 million. These funds should be dedicated to help our state colleges and universities.	\$200 million
SCO	SCAN Medi-Cal overpayments recoupment	DHCS is at fault for overpayments, but SCAN program is expected to repay at least \$340 million in the near future. These overpayments cost the General Fund and should be refunded to the General Fund.	\$170 million
Gov. Schwarzenegger	Changeable Message Signs	This creative approach to raising revenue allows the use of changeable message signs for public service issues, information, and advertising purposes. Proponents of past trailer bill language indicate that gross revenues could be in excess of \$200 million.	\$100 million
	Facebook IPO	The Governor's budget does not assume any funding from the Facebook IPO. LAO assumes that revenues increase by \$2 billion. Republicans believe that this one-time infusion of money should be dedicated to fund schools as the priority. To be prudent, if revenues fall below the Governor's projections, the IPO funds would not be available. If revenues meet the Governor's projections, any IPO funding should be used to help schools first.	\$0