



Republican Caucus

CALIFORNIA STATE SENATE

Weekly Budget Subcommittee Roundup (March 10-14, 2014)

Subcommittee #1 (Education)

This week's hearing focused on student financial aid. No actions were taken, but the President of Mills College and several students spoke passionately in opposition to the reduction in Cal Grant awards for up to 15,000 new student applicants who want to attend private nonprofit colleges and universities in 2014-15. Awards caps for students attending those institutions have already been reduced from \$9700 to about \$9100 per year, and will be cut further in July to about \$8,000. Given the billions of dollars in new revenue for education that the voters were promised in return for supporting Proposition 30, there is no justification for continuing to reduce these awards. The reduction should be repealed, and the Legislative Democrats and Governor should keep the promise of Proposition 30 and dedicate all of its new revenue to education.

Subcommittee #2 (Resources, Environment, Energy, Agriculture & Transportation)

The subcommittee discussed a variety of issues related to Transportation. The most notable items include the following issues, on which the subcommittee deferred action until a later date:

- Efforts to transition the California Department of Transportation (Caltrans) from a highway building entity to a "multi-modal transportation department." Legislative Democrats expressed a desire for Caltrans to spearhead a statewide inter-regional transportation plan to further the state's greenhouse gas reduction policies. Senator Nielsen (R-Gerber) raised concerns, cautioning that the state should not act as a dictator and/or hold transportation funding hostage from local entities during the development or implementation of these types of plans. One study discussed in the hearing, the State Smart Transportation Initiative (SSTI), recommends transitioning the state away from the development of an efficient transportation system that keeps pace with the demands of a growing population and economy. Instead, the SSTI advocates pushing Caltrans and the state toward a reliance on "smart" planning methods that focus a greater portion of limited transportation and planning dollars on social engineering to achieve sustainability goals, at any cost, including damaging the economy and compromising California's famous quality of life. Rather than forcing Californians into infill housing and out of their cars, a better approach would be to let businesses meet consumer demands by competing in the marketplace with new technology and innovative products.
- Transportation reports from the California State Transportation Agency (CalSTA) and a national non-profit entity contracted by CalSTA, the State Smart Transportation Initiative, suggesting user-based funding models, such as a fee for vehicle miles traveled (VMT), toll roads, or peak usage fees, to provide funds needed for road maintenance. Senator Nielsen commented that these types of programs would need to consider the impact to commuters traveling to and from work and must not price people out of jobs. The state is considering conducting a voluntary pilot VMT program, modeled after the pilot program in Oregon. The CalSTA acknowledges there are several concerns to work out prior to implementing a VMT program, many of which are privacy concerns. It is unclear whether a VMT program in California would be revenue neutral by eliminating state gas excise taxes or if the program would seek to increase revenues. We would warn that while a pilot program may be a reasonable starting point, volunteers for the pilot may not be representative of the general population so data collected could be skewed, resulting in a program that benefits one segment of the population.
- Last year, AB 60 (Alejo) required the Department of Motor Vehicles (DMV) to create a process for issuing driver's licenses to immigrants who meet all other requirements for licensure, but who are unable to prove

legal presence in the United States. The subcommittee discussed a DMV proposal requesting 822 positions and \$142 million from the Motor Vehicle Account to implement AB 60. The proposal assumes the DMV will not charge the additional application fee authorized by AB 60 for the Department to recover its costs. As such, fee revenues from AB 60 license applications will be about \$47 million, leaving \$95 million to be subsidized by other drivers. Regardless of whether one agrees with the policy of providing driver's licenses for undocumented immigrants, it is reasonable to expect the beneficiaries of the program to pay its costs.

Subcommittee #3 (Health & Human Services)

The subcommittee discussed a variety of issues related to In-Home Supportive Services and Aging. The most notable items include:

- Bipartisan support to provide funding for building a dementia-capable integrated system of care within managed care plans and to provide resources for older adults in need of legal services.
- Despite a negotiated settlement with Governor Brown on litigated IHSS service and wage reductions (reductions approved as part of the state budget but never implemented); advocates and counties seek to unwind the agreement and increase service hours for IHSS recipients, at a cost of \$388.5 million. Clearly, public concerns about pressure on Legislative Democrats to undermine fiscal responsibility are justified.
- Although the proposal would result in 30,000 to 40,000 additional government jobs for low income Californians seeking a way out of poverty, advocates, union representatives and counties testified in opposition to the Governor's proposal to restrict overtime for providers within the IHSS program. The Governor's proposal is in response to the Obama Administration's recently adopted regulations requiring overtime be provided for domestic workers, which would cost the state \$600 million.

Subcommittee #4 (Housing, Veteran Affairs, & General Government)

The subcommittee heard proposals and issues related to the Office of Emergency Services, the Department of Housing and Community Development, the California National Guard, and the Department of Veterans Affairs. No actions were taken this week. Of note, however, the committee discussed the following:

- A proposal to develop public safety radio communications sites on three mountaintops in the northwestern part of the state to replace a single existing site that is functioning well. The need for the project is being driven by a 1995 U. S. Forest Service forest management plan that would return the land to a local Indian tribe. Action on the proposal was postponed for now, but it is sure to raise a few eyebrows as it moves through the process. While the state will likely be left with little choice but to move forward with the proposal, the Office of Emergency Services should ask the federal government to reconsider its decision to evict the state, or to fund the replacement project.
- Proposals to grow state government by adding 46 new civil service employees at a cost of \$2.2 million General Fund to the Department of Veterans Affairs. Contracts are currently used for some food, legal, auditing, and investigative services. The new positions would replace the contract employees, nearly doubling the cost for the same services. The proposed shift to civil service employees results from union challenges during the contract renewal process, as allowed by a state law that limits the state's contracting ability. Policies of this nature undermine the public's confidence and ensure state government will be inefficient and overly costly.

Subcommittee #5 (Revenue, Labor, PERS, STRS, Public Safety, Judiciary)

Subcommittee #5 did not meet this week.