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California State Senate

Senate GOP Budget Update: Week of April 7-April 11
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Subcommittee #1 (Education)
Block (D-San Diego) Chair, Liu (D-La Canada Flintridge) & Wyland (R-Escondido)

Transitional Kindergarten Expands a Broken Public-School System Ruling Party Continues to Stack Panels with “Experts” who Toe Their Party Line. In a joint hearing, Senate Budget Subcommittees #1 and #3 discussed a variety of issues relating to early education, child care and CalWORKs, but took no actions. The most notable items include:

- ***Democrats oppose diverse viewpoints in research presentations.*** The hearing began with a presentation by an early childhood education researcher from the RAND Corporation. Senate Republicans have repeatedly asked for balanced “expert panels” and “special presentations” in Senate budget proceedings, but Senate Democrats have consistently stifled public debate by refusing requests for presentations reflecting a diversity of research findings. It appears they only want to hear from “experts” who agree with their preferred policy agenda. Once again this week, requests to enrich the hearing’s panel of presenters were denied [despite a letter to the subcommittee chairs](#) detailing the compelling public interest for a fair and open discussion.
- ***Governor proposes parent/child engagement pilot project.*** The subcommittees heard the Governor’s proposal for a parent-child engagement pilot project within CalWORKs. The proposal has merit as it engages those CalWORKs recipients who are not currently participating in the program (those in sanction status). It requires them to participate in their children’s education while learning valuable parenting and job skills at the same time. Improving school readiness for low-income children while enhancing life skills seems to be an appropriate use of the state’s resources that may help reduce long-term reliance on welfare programs.
- ***Universal preschool proposal is a budget breaker and union give-away.*** The subcommittee discussed Senator Steinberg’s SB 837, which would create a universal preschool (transitional kindergarten) program for every four-year-old in the state, regardless of need. Significant concerns have been raised, including the annual cost of \$1.5 billion, its **requirement that private preschool workers join a government union** and the lack of capacity in K-12 schools to serve several hundred thousand new four-year-olds. A better alternative would be to simply increase funding for the state preschool program, which costs far less per child than transitional kindergarten and targets the state’s neediest kids.

New Regulations Will Hurt California Businesses, Use of Budget Trailer Bills to Avoid Transparency

The subcommittee discussed a variety of issues within the Office of Health Hazard Assessments, Air Resources Board, State Water Resources Control Board, Department of Resources Recycling and Recovery, and the Department of Toxic Substances Control. The most notable items include:

- ***New Proposition 65 Regulations Could Lead to More Frivolous Lawsuits.*** The Administration is proposing \$785,000 from the Safe Drinking Water and Toxic Enforcement Fund for the Office of Health Hazard Assessments to develop new Proposition 65 (Prop 65) regulations and a public website listing chemical exposure levels. At the hearing, stakeholders expressed concern that recent draft regulations would increase frivolous lawsuits and impose greater liability on California businesses. Historically, **many Prop 65 warnings have led to unnecessary litigation and businesses are justifiably concerned with this proposal.** We need more stakeholder involvement before we can determine the best modifications to Prop 65 that would actually provide meaningful information to consumers. Senator Nielsen (R-Gerber) stated that the Administration's proposal needed to include language that would help prevent frivolous lawsuits against businesses and urged the department to work with interested stakeholders on such language. This proposal was opposed by the California Chamber of Commerce, California Manufacturers & Technology Association, and the California Restaurant Association among others. The item was left open.
- ***More Staff Positions to Enforce Burdensome Diesel Regulations.*** Legislative Democrats approved the Governor's Budget proposal of \$2.1 million from the Motor Vehicle Account to support the implementation, verification, and enforcement of the Air Resources Board's existing regulations on diesel engines. These regulations will lead to higher costs for California businesses and an uneven playing field with companies from other states and countries. While larger trucking fleets have fulfilled the regulation's requirements, smaller fleets will likely be put out of business if they are unable to afford new trucks or retrofits. **Senate Republicans believe this will lead to less competition and higher product costs for all Californians.**
- ***New Groundwater Management Program Funding Undermines Local Control.*** Legislative Democrats approved the Governor's Budget proposal of \$1.9 million from the General Fund to support a new groundwater monitoring program at the State Water Resources Control Board. **This is the first step towards the state's bureaucracy controlling all groundwater activities and removes groundwater management control from local government officials who are most knowledgeable about their water needs.** No details are available for public review other than a draft document containing legislative intent language. This is a major policy issue that should be thoroughly discussed in the appropriate policy committee; instead it is being concealed as non-existent budget trailer bill language to prevent public review. Senator Nielson stated that he strongly opposes the Legislature's practice of using budget trailer bills to push through major policy proposals; an issue as important as groundwater management should receive broad legislative and public debate. The budget trailer bill language was held as an open item after the subcommittee received public opposition from various stakeholders.
- ***Beverage Container Recycling Program Reform is Short-Sighted, Does Not Reflect Stakeholder Input.*** Reforms to the Beverage Container Recycling program are long overdue. Regrettably the Administration wants to push critical policy reforms through a budget trailer bill rather than a broader and more transparent policy committee process. Furthermore, **the reforms which affect beverage manufacturers, processors, recyclers and ultimately consumers are moving through the budget process without a full vetting of the unintended consequences.** The total spending reductions in the program will equal approximately \$127 million by 2016-17, with about 74 percent of the reduction affecting only the three entities noted above. There is a processing fee increase on manufacturers that may be a Proposition 26 violation since it provides an overall public benefit related to recycling (thus the fee is really a tax). At the hearing, stakeholders indicated that CalRecycle's most recent quarterly analysis shows fiscal insolvency will not occur until January 2016, and that the Joint Legislative Audit Committee recently approved an audit of CalRecycle related to its performance and anti-fraud measures. The stakeholders requested that this massive reform proposal be postponed until a policy hearing can take place and better information can be gathered to inform the decision. This item was held open.

Subcommittee #3 (Health & Human Services)
Corbett (D-Hayward) Chair, Monning (D-Carmel) & Morrell (R- Rancho Cucamonga)

Please see information noted in Subcommittee #1.

Subcommittee #4 (Housing, Veterans Affairs, & General Government)
Roth (D-Riverside) Chair, Berryhill (R-Twain Harte), & Torres (D-Pomona)

TAXPAYERS STUCK WITH A \$3.7 MILLION DRY CLEANING BILL; RENTERS MAY BE TAXED TO FUND STATEWIDE RESEARCH PROGRAM

The Subcommittee discussed a variety of proposals related to consumer protections, the Seismic Safety Commission, alcoholic beverage law enforcement, disability access, and a variety of general administrative functions. The most notable items include:

- **Taxpayers Draw the Short Straw Again.** On a 2-1 party-line vote [Senator Tom Berryhill (R-Twain Harte) voting No], the subcommittee approved \$3.7 million of General Fund taxpayer dollars for the initial phase of contaminant remediation of the property located at 1419 16th Street in Sacramento (occupied by a commercial dry cleaner since 1947). Remediation is necessary due to the detection of dry cleaning solvents in soil, soil vapor, groundwater, and indoor air samples. According to the Department of General Services' Office of Legal Services, the state must clean up the site or else taxpayers may face fines of up to \$15,000 per day (\$5.5 million/year) by the Central Valley Regional Water Quality Control District. The unreasonable part of this situation is that taxpayers have had "no skin in the game" related to this property. The state has owned this property for forty five years; in 1978 it negotiated a zero-dollar, long-term ground lease with the Capitol Area Development Authority (CADA). A commercial dry cleaner has been the tenant since 1947. **Both CADA and the dry cleaner generated revenues and profits over that time, but now the taxpayer gets stuck holding the bag for clean-up.** Requiring taxpayers to remediate this property or pay up to \$5.5 million of fines each year to another governmental entity simply doesn't make sense in this case.
- **Tax Increase on Renters Despite Revenue Windfall.** Although tax receipts for 2014 are currently \$2 billion above the Governor's estimates, the Governor proposes to squeeze even more tax dollars from hard working Californians. Currently, a tax on residential and commercial property insurance policies of up to 15 cents annually, approved as part of last year's budget, provides funding for the Alfred E. Alquist Seismic Safety Commission (Commission). The Commission's activities include conducting research programs to improve the performance of structures during an earthquake, serving as a policy advisor to the Administration, and assessing safety policies and programs. The Subcommittee discussed, but took no action on, proposed trailer bill language that would **expand the tax to approximately 300,000 rental insurance policies.** Prior to the economic downturn, the Commission was funded by the General Fund. Since the activities of the Commission benefit all Californians, not just property insurance policy holders, and state tax revenues are well above projections, **Senate Republicans believe this tax should be repealed, not expanded.**

Maintaining Access to Justice through the Courts, Funding Law Enforcement Training

The subcommittee discussed issues related to the Judicial Branch and the Commission on Peace Officer Standards and Training. The most notable items include:

➤ **Dueling Trial Court Funding Plans – Chief Justice vs. Governor**

The subcommittee had a broad discussion on trial court funding, but took no action on the matter. Between 2008-09 and 2012-13, General Fund support for the trial courts was reduced by \$724 million, which ultimately led to widespread court closures and reduced service levels throughout the state. Of the 58 counties, 45 have closed courtrooms, entire courthouses, or reduced hours of operation to meet budget constraints. The subcommittee's debate pitted the [Chief Justice's multi-year funding plan](#), which seeks an additional \$1 billion in annual trial court funding ramped up over three years, against the Governor's proposal to increase annual funding by \$100 million and no plan for future increases. When coupled with a \$60 million restoration approved last year and other offsets, the Governor's plan would bring the trial court funding level to \$315 million below its peak 2007-08 level. According to the Administrative Office of the Courts, however, the trial courts would need about \$160 million on top of the Governor's proposed \$100 million to prevent further reductions in service because costs are increasing and courts no longer have reserves to offset reductions. Access to justice is a societal imperative. However, the courts, like all other state agencies, have a responsibility to operate efficiently. **Senate Republicans believe that the court system is a core government service and access to justice for all Californians is critical.** The courts should be funded at a level so that service is not impaired, but also be held to a high standard of efficiency and effectiveness.

➤ **Governor's Budget Threatens Law Enforcement Training**

The subcommittee discussed, but took no action on, the Governor's proposal to prevent the insolvency of the Peace Officer Training Fund (POTF), a special fund that supports the operations of the Commission on Peace Officer Standards and Training (POST) and reimburses training costs for local law enforcement officers. POTF revenues, which have been declining for several years (likely as a result of the ailing economy), come from penalties and assessments on criminal convictions and traffic violations, with approximately 80 percent of revenues coming from traffic citations. **The Governor's proposal would suspend POST's reimbursement of certain Local Law Enforcement Agencies' (LLEA) training costs,** reduce contracts with training providers, and postpone symposia, workshops, and seminars conducted by POST to keep expenditures within available POTF resources in 2014-15. The 2011 Public Safety Realignment (Realignment) burdened LLEAs with the responsibility of overseeing the custody and community supervision of tens of thousands of dangerous felons that were formerly the state's responsibility. State funding provided to LLEAs to implement Realignment has been woefully inadequate. Now is not the time to compound the problem by reducing funding for local law enforcement training. **Senate Republicans believe the state should provide adequate funding for Realignment, including peace officer training.**