

LEGISLATIVE, JUDICIAL, AND EXECUTIVE

Governmental bodies classified under the Legislative, Judicial, and Executive section of the Governor's Budget are either established as independent entities under the California Constitution or are departments with a recognized need to operate outside of the administrative oversight and control of an agency secretary. Constitutionally established bodies include the Legislature, Judicial Branch, Governor's Office, and Constitutional Officers. This section also includes such independent entities as the Inspector General, the Office of Emergency Services, and the California State Lottery.

The proposed budget was constructed first by computing the workload budget funding level. From the workload budget, adjustments are made to reflect specific policy adjustments and reductions, including budget-balancing reductions. With these

WORKLOAD BUDGET

- A workload budget reflects what a given program will cost next year under existing law and policy.
- Government Code Section 13308.05 defines workload budget as the budget year cost of currently authorized services, adjusted for changes in enrollment, caseload, or population, and other factors including inflation, one-time expenditures, and federal and court-ordered mandates.

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adjustments, the Governor's Budget includes \$8.4 billion (\$3.8 billion General Fund) and 16,932.5 positions, which reflects a minimal increase of \$930,000 (reduction of \$126.8 million General Fund) above the revised 2007-08 Budget to support the various departments within the Legislative, Judicial, and Executive branches of government. Change Table LJE-01 illustrates the major changes proposed to the Legislative, Judicial, and Executive section of the Governor's Budget.

PROPOSED WORKLOAD BUDGET

The major workload adjustments for 2008-09 include the following:

- Growth Factor Increase for Trial Courts—The Governor's Budget proposes an augmentation of \$126.2 million General Fund for the Trial Courts based on the year-over-year change in the State Appropriations Limit.
- Phoenix Information Technology (IT) Project—The Governor's Budget includes \$6 million General Fund and 35.6 positions to enhance the Judicial Branch's administrative infrastructure by implementing a statewide human resource and financial system, consistent for all trial courts, that would provide the Administrative Office of the Courts with unified reporting capabilities for all aspects of trial court administrative functions. These enhancements to the courts' enterprise-wide IT system will likely result in ongoing cost-avoidance and operational efficiencies in the out years. This is a continuation of efforts started in 1997 by the Judicial Branch to implement its long-term fiscal responsibility and accountability plan.
- Regional Operational Readiness—The Governor's Budget proposes \$1.6 million General Fund, \$1.6 million in federal funds, and 18.1 positions to increase staff at the Office of Emergency Services' (OES) three regional offices to enhance the coordination of emergency preparedness, response, and recovery operations. Increasing staffing at the Inland, Coastal, and Southern regions will provide for better coordination of mutual aid and other emergency-related resources and activities.
- Operational Area Satellite Information System (OASIS)—The Governor's Budget includes \$2 million General Fund for the OES to increase the capability of the OASIS, a satellite-based communications system that provides the ability to communicate between various operational areas and regions during an emergency or disaster. This funding will allow for additional OASIS units to be simultaneously active, and allow for additional information and data to be transmitted between various state and local agencies responsible for providing disaster emergency assistance.

Change Table LJE-01

Legislative, Judicial, and Executive Agency — Changes by Broad categories

	2007-08			2008-09		
	General Fund	Other Funds	Positions	General Fund	Other Funds	Positions
2007 Budget Act	\$3,791,501	\$4,369,322	16,417.7	\$3,791,501	\$4,268,624	16,417.7
Workload Adjustments						
Augmentation Based on Estimated State Appropriations Growth Rate for Trial	—	—	—	126,181	—	—
Employee Compensation/Retirement	30,683	16,876	—	33,466	19,314	—
Expiring Programs or Positions	—	—	—	-59,743	-33,370	-167.5
One-Time Cost Reductions	—	—	—	-43,989	-19,539	—
Full-Year Cost of New Programs	—	—	—	74,294	19,951	8.9
Other Workload Adjustments	98,071	75,197	99.5	196,016	145,728	368.8
Infrastructure Adjustment	—	-5,710	—	963	183,436	—
Totals, Workload Adjustments	\$128,754	\$86,363	99.5	\$327,188	\$315,520	210.2
Policy Adjustments						
E-Services Expansion	—	—	—	1,738	2,932	2.8
Establish Ongoing Funding for OCIO	—	—	—	6,691	-6,691	—
General Fund Tax Collection Program Funding Shift	—	—	—	2,122	-2,122	—
Statewide Compliance and Outreach Program	—	—	—	7,528	4,053	106.4
Tax Gap Initiatives	—	—	—	9,045	4,871	129.4
Wildland Firefighting Initiative	—	—	—	—	10,210	8.7
Other Policy Adjustments	—	1,984	15.1	3,880	9,843	91.4
Totals, Policy Adjustments	\$0	\$1,984	15.1	\$31,004	\$23,096	338.7
Total Adjustments	\$128,754	\$88,347	114.6	\$358,192	\$338,616	548.9
udget Prior to Reductions	\$3,920,255	\$4,457,669	16,532.3	\$4,149,693	\$4,607,240	16,966.6
udget-Balancing Reductions ^{1/}	-\$6,568	\$0	-8.5	-\$362,847	-\$21,800	-34.1
Governor's Budget	\$3,913,687	\$4,457,669	16,523.8	\$3,786,846	\$4,585,440	16,932.5

^{1/} These dollars and PYs are included in the General Government agency; therefore, not included in each agency's totals in the applicable Summary Schedules.

* Dollars in Thousands

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- Replacement of Obsolete Radio Equipment—The Governor's Budget proposes \$3 million General Fund to replace the inventory of OES radios that are at least five years old. Replacing this outdated communication equipment will enhance OES and other first responders' ability to communicate and transmit critical information in the event of a disaster or emergency situation.
- Office of Gang and Youth Violence Policy—The Governor's Budget includes \$1.3 million General Fund and 6.7 positions to establish the Office of Gang and Youth Violence Policy per Chapter 459, Statutes of 2007 (AB 1381). This Office will be responsible for identifying and evaluating state, local, and federal gang and youth violence suppression, intervention, and prevention programs, as well as strategies and funding sources. This funding is in addition to the resources provided for the California Gang Reduction, Intervention and Prevention Program included in the 2007 Budget Act, and will be used to reduce gang and youth violence in the state of California, thereby increasing public safety.
- California Multijurisdictional Methamphetamine Enforcement Team (Cal-MMET) Program—The Governor's Budget proposes a continuation of \$20.1 million General Fund to fund the OES Cal-MMET Program on a permanent basis. This funding, in addition to the \$9.5 million of existing funds, will provide the resources for additional investigators and prosecutors specializing in methamphetamine offenses to curtail the production and distribution of the illegal substance in California.
- Gang Suppression Enforcement Teams—The Governor's Budget includes \$5.3 million General Fund and 31.9 positions to fund the Department of Justice's four existing Gang Suppression Enforcement Teams on a permanent basis. These teams provide a dedicated force with specialized knowledge of gang activities across multiple jurisdictions to curtail the threat of gangs.
- Workers' Compensation Insurance Fraud—The Governor's Budget includes \$4 million Insurance Fund for the Department of Insurance (DOI) to provide increased local assistance to district attorneys to aid in the prosecution of workers' compensation fraud.
- Border Protection Station Tax Leads Program—The Governor's Budget includes \$800,000 General Fund to extend 16 limited-term positions assigned to the Border Protection Station Tax Leads Program, which detects property brought into the state without payment of applicable use taxes. The Program will generate \$4 million in General Fund revenues in 2008-09.

PROPOSED BUDGET-BALANCING REDUCTIONS

- Total budget-balancing reductions for the Legislative, Judicial, Executive section of the Governor's Budget amount to \$6.6 million and 8.5 positions in 2007-08 and \$362.8 million and 34.1 positions in 2008-09. These reductions assume necessary statutory changes will be enacted by March 1, 2008.
- Programs exempted from reductions include lease payments securing lease revenue bonds, Office of the Inspector General's Bureau of Independent Review, and the Judges' Retirement System.
- The major reductions are described below:
 - \$1.7 million and 10.2 positions in 2008-09 for the Office of the Inspector General's Bureau of Audits and Investigations and Executive and Administrative Units. The Office will achieve this reduction by reducing the total number of audits and investigations to be completed per year.
 - \$44,000 in 2007-08 and \$431,000 in 2008-09 for the Office of Planning and Research's (OPR) State Planning and Policy Development Program. This reduction will impair the OPR's ability to provide policy and research support to the Governor's Office, slow operations related to the California Environmental Quality Act, and affect the statewide outreach activities of the Small Business Advocate.
 - \$42,000 in 2007-08 and \$127,000 in 2008-09 for OPR's California Volunteers Program. This will reduce the amount of funding available to contract for marketing expertise and activities related to the California Volunteer Matching Network which could decrease the effectiveness of this tool in engaging the public in volunteering opportunities.
 - \$500,000 in 2008-09 for the Cesar Chavez Day of Service and Learning Program. This reduction will decrease the amount of grant funds available for after-school service learning programs for middle school students.
 - \$100,000 in 2007-08 and \$665,000 in 2008-09 for the OES' Fire and Rescue Mutual Aid Response Program. However, the reduction in 2008-09 will be offset by the property insurance surcharge included in the Wildland Firefighting Initiative proposed in the Governor's Budget.
 - \$100,000 in 2007-08 and \$1.2 million in 2008-09 for OES' Warning Center/Information Technology/Telecommunications Program. However, the reduction

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in 2008-09 will be offset by the property insurance surcharge included in the Wildland Firefighting Initiative proposed in the Governor's Budget.

- \$400,000 and 2 positions in 2007-08 and \$824,000 and 6.1 positions in 2008-09 for OES' Plans and Preparedness Program. This reduction will impact the OES' administrative regions' ability to serve as the conduit for information to local and regional areas to provide efficient and effective support to local disaster response.
- \$2.4 million and 3 positions in 2007-08 and \$9 million and 10.4 positions in 2008-09 for OES' Disaster Assistance Program. This reduction will delay the processing and payment of disaster reimbursement claims from local governments.
- \$3.1 million and 2 positions in 2007-08 and \$8.1 million and 4.5 positions in 2008-09 for OES' local criminal justice grant programs such as Domestic Violence, War on Methamphetamine, Vertical Prosecution Block Grant, High-Tech Theft Apprehension, Rural Crime Prevention, and Sexual Assault Felony Enforcement. This reduction will result in a lesser amount of grant funding being distributed to local agencies.
- In lieu of a 10-percent (\$22 million) reduction, the Governor's Budget proposes that the Board of Equalization's (BOE) budget be augmented to collect additional General Fund revenues. A \$22 million reduction would have resulted in the loss of a significantly greater amount of General Fund revenues in 2008-09. Therefore, \$7.5 million is proposed for 79 new positions for the Statewide Compliance and Outreach Program (SCOP), and the continuation of 33 existing limited-term positions. The positions will generate \$38 million in General Fund revenues in 2008-09, increasing to \$51 million in 2009-10. These revenues will exceed BOE's 10-percent reduction amount, while also helping to close the state's tax gap. The SCOP identifies and registers businesses that sell goods without a seller's permit, and thereby evade payment of sales and use taxes. The additional resources will allow the SCOP to expand statewide.
- \$105,000 in 2008-09 for the Scholarshare Investment Board's Governor's Scholarship Programs. This reduction in program administration would not adversely impact these programs, given that no new awards are being granted and workload associated with current awards is anticipated to diminish on the natural in 2008-09 and future years as award accounts are closed out or terminated due to expired eligibility.

- The Governor will lead by example and find ways for his office to continue providing excellent service to the state while tightening its belt. Therefore, the Budget includes a \$2.1 million reduction in 2008-09 for the Governor’s Office. The Governor is proposing that other Constitutional Officers and independent entities also find ways within their budgets to reduce the cost of state government. As such, the Budget includes an unallocated reduction in 2008-09 for the following entities:
 - \$26.5 million for the Legislature.
 - \$8.8 million for the Legislative Counsel Bureau.
 - \$245.9 million for the Judicial Branch.
 - \$453,000 for the Commission on Judicial Performance.
 - \$307,000 for the Lieutenant Governor’s Office.
 - \$41.6 million for the Department of Justice.
 - \$9 million for the State Controller’s Office.
 - \$3.5 million for the Secretary of State.
 - \$715,000 for the State Treasurer’s Office.

PROGRAM ENHANCEMENTS AND OTHER BUDGET ADJUSTMENTS

Despite the need for significant General Fund reductions to ensure a balanced Budget, the Governor’s Budget includes these major program enhancements in the Legislative, Executive, Judicial section of the Budget.

WILDLAND FIREFIGHTING INITIATIVE

In the fall of 2007, California suffered one of its worst disasters in recent history in the Southern California Wildfires when approximately 23 fires burned between October 20, 2007 and November 9, 2007. According to the OES, these fires

FACTS FOR SOUTHERN CALIFORNIA WILDFIRES

- A total of 23 fires burned from October 20 to November 9, 2007.
- 10 confirmed fire-related fatalities.
- 139 injured.
- 517,267 acres burned.
- 3,204 structures destroyed (2,233 homes, 5 businesses, 966 outbuildings).
- Approximately 322,000 people were evacuated—the largest mandatory evacuation in California history.

resulted in the largest evacuation in California's history of approximately 322,000 mandatory evacuees.

This event highlighted the need for additional firefighting staff, equipment, and resources to aggressively position our state against future fires by improving our fire prevention and suppression system, as indicated in the Governor's Blue Ribbon Fire Commission report. While many of the Commission's recommendations have been implemented, the Governor's Budget proposes a more aggressive plan to purchase additional firefighting equipment over the next six years and increase staffing including seasonal firefighters and emergency services personnel for the Department of Forestry and Fire Protection (CAL FIRE), OES, and the California National Guard (Guard).

**GOVERNOR'S BLUE RIBBON
FIRE COMMISSION**

- After the October 2003 Southern California wildfires, the Governor's Blue Ribbon Fire Commission was established by then Governor Gray Davis and Governor-elect Arnold Schwarzenegger on November 2, 2003.
- The Commission was broadly representative of the firefighting community and local, state and federal stakeholders and affected communities.
- The Commission was tasked to hear testimony on what worked and what did not work in the efforts to fight the wildfires and to review and provide recommendations on what is needed to improve and enhance wildfire response and operational relationships between the local, state and federal planning agencies.

To fund this plan, the Governor's Budget proposes to implement a significant recommendation of the Governor's Blue Ribbon Fire Commission regarding the establishment of a secure funding stream to enhance the state's firefighting capabilities. As such, the Governor's Budget proposes to assess a surcharge of 1.25 percent on all residential and commercial property insurance statewide to fund the additional resources that would improve California's ability to respond to wildland fires throughout the state. Since homeowners, on average, pay approximately \$900 per year to insure their home, a 1.25-percent surcharge would result in an average cost of \$11.25 per household to fund this initiative. Due to timing of implementation, based on ten months of billing, this surcharge is expected to generate approximately \$104.9 million Insurance Fund in 2008-09 to fund the following programs for CAL FIRE (\$77.8 million), the OES (\$12.1 million), and the Guard (\$9.2 million).

To help quell wildfires before a catastrophic event occurs, the Governor's Budget includes the following proposals to enhance the state's fire response and firefighting capabilities:

CAL FIRE

- Additional Firefighters—\$28.9 million and 1,100 seasonal firefighters to staff all 336 state fire engines with full four-member crews during peak and transition fire seasons.
- GPS Tracking—\$4.2 million and 3.8 positions to install GPS tracking on key pieces of equipment, such as fire engines and aircraft, linked to computer-aided dispatching.
- State-of-the-Art Helicopters—A multi-year expenditure plan to enable CAL FIRE to purchase eleven new, all-weather, 24-hour firefighting helicopters over the next six years.
- Backfill Budget-Balancing Reductions—\$44.7 million in 2008-09 to backfill the budget balancing reductions CAL FIRE is taking to its fire protection budget. Restoring these budget-balancing reductions will prevent the closing of 20 one-engine fire stations, 11 conservation camps, and 1 helitack base.

OFFICE OF EMERGENCY SERVICES

- Fire Engines—\$8.1 million in 2008-09 to purchase 26 fire engines as part of the first year of a five-year cycle to purchase and maintain a total of 131 additional fire engines. These engines will be housed at local fire agencies and utilized to fight fires throughout the state.
- Firefighting Personnel—\$1.6 million and 9.2 positions in 2008-09 to enhance OES' response to wildland fires throughout the state.
- Increased Maintenance and Fuel Costs—\$480,000 to fund the increased maintenance and fuel costs of OES' existing fleet of fire engines and vehicles.
- Backfill of Budget-Balancing Reductions—\$1.9 million in 2008-09 to backfill the budget-balancing reductions OES is taking to its Fire and Rescue Mutual Aid Response section and its Warning Center/Information Technology/ Telecommunications section. Restoring these budget-balancing reductions will ensure that OES' ability to respond to fires and utilize its Warning Center to notify emergency first responders will not be compromised.
- Telephone Emergency Notification—The Office of Homeland Security will make grant funding available to ensure that telephone emergency notification, a system

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where the public is notified of emergency situations via telephone calls, is available in each and every county.

CALIFORNIA NATIONAL GUARD

- Four-Hour Response Time—\$4.4 million in 2008-09 and 36 positions to provide 24-hours-a-day, seven-days-per-week coverage and full-time helicopter crews to be able to respond to any emergency situation in California in a matter of four hours or less. One helicopter and crew would be stationed in northern California, and one helicopter and crew would be stationed in southern California.
- Modular Airborne Fire Fighting Systems (MAFFS)—\$2.6 million in 2008-09 to purchase the first of two MAFFS over two years for the Military Department's C-130J aircraft. The MAFFS will enhance wildland firefighting capabilities by enabling the Military to provide airborne delivery of fire retardant to be dropped accurately and safely on a designated target.
- Firehawk Fire Fighting Systems—\$2.2 million in 2008-09 to purchase the first of three Firehawk firefighting systems over three years. These new systems will enhance the Military Department's ability to fight wildland fires by providing more accurate water dropping dispersion and increased efficiency in existing helicopters.

GENERAL FUND TAX COLLECTION

- The Governor's Budget includes a shift of \$2.122 million from the DOI's Insurance Fund to the General Fund for General Fund tax collection activities. In 2006-07, \$2.161 billion in General Fund taxes was collected by DOI from insurance companies and transferred to the General Fund. Providing General Fund for this program is consistent with other General Fund tax collection programs.

BOARD OF EQUALIZATION

- \$9 million and 129 new positions are proposed to address tax compliance issues. The positions will generate \$20 million in General Fund revenues in 2008-09, increasing to \$38.4 million in 2009-10. The positions will concentrate on audit and collection program improvements, businesses that purchase qualifying goods without paying applicable use taxes, and expedited filing of tax liens for out-of-state debtors who file for bankruptcy.
- \$1.7 million to expand the E- Services Program information technology effort. The expansion will allow on-line filing of returns for selected special tax programs. Currently, the Program is limited to on-line filing of sales and use tax returns.