

CALIFORNIA LEGISLATURE

2005–06 REGULAR SESSION

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# ASSEMBLY JOURNAL

RECESS JOURNAL NO. 8

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## SUMMER RECESS

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Assembly Chamber, Sacramento  
July 5, 2006

Pursuant to the provisions of Joint Rule 59, the following Assembly Journal for the 2005–06 Regular Session was printed while the Assembly was in Summer Recess:

### ENGROSSMENT AND ENROLLMENT REPORTS

Assembly Chamber, June 30, 2006

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

- Assembly Bill No. 1801
- Assembly Bill No. 1809
- Assembly Bill No. 1811

And reports the same correctly enrolled, and presented to the Governor on the 30th day of June, 2006, at 8:30 a.m.

E. DOTSON WILSON, Chief Clerk

### MESSAGES FROM THE GOVERNOR

The following item veto messages from the Governor were received and ordered printed in the Journal and the bills ordered to the unfinished business file:

#### Item Veto Message—Assembly Bill No. 1801

Governor’s Office, Sacramento  
June 30, 2006

I object to the following appropriations contained in Assembly Bill 1801.

**Item 0530-001-9732**—For support of Secretary of California Health and Human Services Agency. I reduce this item from \$220,022,000 to \$214,622,000 by reducing:

- (1) 30-Office of Systems Integration from \$220,022,000 to \$214,622,000.

This reduction conforms to the action taken in Item 5180-151-0001.

**Item 0540-001-0001**—For support of Secretary for Resources. I reduce this item from \$5,924,000 to \$5,824,000.

I am deleting the \$100,000 legislative augmentation for creation of a conservation easement registry at the Resources Agency. This information is already maintained and available at the county level.

**Item 0540-001-0140**—For support of Secretary for Resources. I revise this item by reducing:

- (1) 10-Administration of Resources Agency from \$8,318,000 to \$8,218,000, and
- (2.5) Amount payable from the General Fund (Item 0540-001-0001) from -\$5,924,000 to -\$5,824,000.

I am revising this item to conform to the action I have taken in Item 0540-001-0001.

**Item 0860-001-0001**—For support of the Board of Equalization. I reduce this item from \$208,522,000 to \$206,531,000 by reducing:

- (1) 100000-Personal Services from \$279,795,000 to \$276,329,000;
- (3) Reimbursements from -\$111,169,000 to -\$110,190,000;
- (4) Amount payable from the Breast Cancer Fund (Item 0860-001-0004) from -\$377,000 to -\$374,000;
- (5) Amount payable from the State Emergency Telephone Number Account (Item 0860-001-0022) from -\$581,000 to -\$575,000;
- (6) Amount payable from the Motor Vehicle Fuel Account, Transportation Tax Fund (Item 0860-001-0061) from -\$19,549,000 to -\$19,366,000;
- (7) Amount payable from the Occupational Lead Poisoning Prevention Account (Item 0860-001-0070) from -\$644,000 to -\$638,000;
- (8) Amount payable from the Childhood Lead Poisoning Prevention Fund (Item 0860-001-0080) from -\$469,000 to -\$464,000;
- (9) Amount payable from the Cigarette and Tobacco Products Surtax Fund (Item 0860-001-0230) from -\$4,812,000 to -\$4,767,000;
- (10) Amount payable from the Oil Spill Prevention and Administration Fund (Item 0860-001-0320) from -\$238,000 to -\$236,000;
- (11) Amount payable from the Integrated Waste Management Account, Integrated Waste Management Fund (Item 0860-001-0387) from -\$413,000 to -\$408,000;
- (12) Amount payable from the Underground Storage Tank Cleanup Fund (Item 0860-001-0439) from -\$2,112,000 to -\$2,092,000;
- (13) Amount payable from the Energy Resources Programs Account (Item 0860-001-0465) from -\$234,000 to -\$232,000;
- (14) Amount payable from the California Children and Families First Trust Fund (Item 0860-001-0623) from -\$7,457,000 to -\$7,388,000;
- (15) Amount payable from the Federal Trust Fund (Item 0860-001-0890) from -\$1,167,000 to -\$1,156,000;
- (16) Amount payable from the Timber Tax Fund (Item 0860-001-0965) from -\$2,168,000 to -\$2,148,000;
- (17) Amount payable from the Gas Consumption Surcharge Fund (Item 0860-001-3015) from -\$406,000 to -\$404,000;
- (18) Amount payable from the Water Rights Fund (Item 0860-001-3058) from -\$417,000 to -\$412,000;
- (19) Amount payable from the Electronic Waste Recovery and Recycling Account (Item 0860-001-3065) from -\$4,950,000 to -\$4,904,000; and
- (20) Amount payable from the Cigarette and Tobacco Products Compliance Fund (Item 0860-001-0367) from -\$7,043,000 to -\$6,977,000.

With this reduction, the Board of Equalization's (BOE) estimated salary savings will conform to the standard 5 percent level generally required of all state agencies. I understand BOE proposed to use part of the additional funding for auditor recruitment and retention initiatives and to increase hiring. However, the collective bargaining agreement negotiated between the state and the respective exclusive representatives provides significant incentives to encourage auditor recruitment and retention for all state agencies. I believe this issue is best addressed on a statewide basis, instead of through the actions of individual departments.

**Item 0860-001-0004**—For support of State Board of Equalization. I reduce this item from \$377,000 to \$374,000.

I am reducing this item by \$3,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0022**—For support of State Board of Equalization. I reduce this item from \$581,000 to \$575,000.

I am reducing this item by \$6,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0061**—For support of State Board of Equalization. I reduce this item from \$19,549,000 to \$19,366,000.

I am reducing this item by \$183,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0070**—For support of State Board of Equalization. I reduce this item from \$644,000 to \$638,000.

I am reducing this item by \$6,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0080**—For support of State Board of Equalization. I reduce this item from \$469,000 to \$464,000.

I am reducing this item by \$5,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0230**—For support of State Board of Equalization. I reduce this item from \$4,812,000 to \$4,767,000.

I am reducing this item by \$45,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0320**—For support of State Board of Equalization. I reduce this item from \$238,000 to \$236,000.

I am reducing this item by \$2,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0387**—For support of State Board of Equalization. I reduce this item from \$413,000 to \$408,000.

I am reducing this item by \$5,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0439**—For support of State Board of Equalization. I reduce this item from \$2,112,000 to \$2,092,000.

I am reducing this item by \$20,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0465**—For support of State Board of Equalization. I reduce this item from \$234,000 to \$232,000.

I am reducing this item by \$2,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0623**—For support of State Board of Equalization. I reduce this item from \$7,457,000 to \$7,388,000.

I am reducing this item by \$69,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0890**—For support of State Board of Equalization. I reduce this item from \$1,167,000 to \$1,156,000.

I am reducing this item by \$11,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-0965**—For support of State Board of Equalization. I reduce this item from \$2,168,000 to \$2,148,000.

I am reducing this item by \$20,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-3015**—For support of State Board of Equalization. I reduce this item from \$406,000 to \$404,000.

I am reducing this item by \$2,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-3058**—For support of State Board of Equalization. I reduce this item from \$417,000 to \$412,000.

I am reducing this item by \$5,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-3065**—For support of State Board of Equalization. I reduce this item from \$4,950,000 to \$4,904,000.

I am reducing this item by \$46,000 to conform with the action taken in Item 0860-001-0001.

**Item 0860-001-3067**—For support of State Board of Equalization. I reduce this item from \$7,043,000 to \$6,977,000.

I am reducing this item by \$66,000 to conform with the action taken in Item 0860-001-0001.

**Item 1700-001-0001**—For support of Department of Fair Employment and Housing. I reduce this item from \$15,487,000 to \$15,237,000 by reducing:

(1) 50-Administration of Civil Rights Law from \$20,995,000 to \$20,745,000,  
and by deleting Provision 1.

I am deleting the legislative augmentation of \$250,000 for a mediation program. The Department has indicated that this amount is insufficient to implement such a program. The Department implemented a mediation program several years ago at an approximate annual cost of \$1,000,000. Though this program was discontinued due to budget cuts, it is unclear whether a program could be implemented at a lower cost with any likelihood of success.

I am also deleting Provision 1, which would require the department to redirect \$250,000 from other program areas to help institute the mediation program. The Department cannot redirect this money without negatively impacting the mandated services it provides under the Fair Employment and Housing Act.

**Item 2240-104-0001**—For transfer, as an expenditure, by the Controller to the Self-Help Housing Fund. I delete this item.

I am deleting the \$500,000 legislative augmentation to provide funding for construction management grants in the Self-Help Housing Program. Notwithstanding the merits of the program, this reduction is

necessary to limit program expansions and provide for a prudent General Fund reserve. In addition, if approved by voters in November, the Strategic Growth Plan housing bond will provide \$10,000,000 in new bond funding for this program.

I am deleting Provision 1 to conform to this action.

**Item 2240-105-0001**—For transfer, as an expenditure, upon order of the Director of Finance, to the Emergency Housing and Assistance Fund.

I am sustaining \$864,000 General Fund for the Emergency Housing Assistance Program in this item to continue shelter beds during a transition period while new beds are developed under my Initiative to End Chronic Homelessness. Over the past two years, \$110,000,000 has been made available to construct permanent housing with supportive services for individuals with mental illness who are chronically homeless, with \$75,000,000 available ongoing.

**Item 2660-001-0890**—For support of Department of Transportation. I reduce this item from \$547,224,000 to \$539,054,000.

I am deleting the \$8,170,000 legislative augmentation to increase funding in the Capital Outlay Support Program to conform to my action in Item 2660-001-0042.

**Item 2660-002-3007**—For support of Department of Transportation. I reduce this item from \$29,001,000 to \$28,929,000 by reducing:

- (1) 20.10—Highway Transportation Capital Outlay Support from \$28,275,000 to \$28,203,000.

I am deleting the \$72,000 legislative augmentation to increase funding in the Capital Outlay Support Program to conform to my action in Item 2660-001-0042.

**Item 3110-101-0001**—For support of Special Resources Program. I delete this item.

I am deleting the \$148,000 legislative augmentation that would increase funding for employee compensation and price increases in the Tahoe Regional Planning Agency (TRPA). This funding is unnecessary because trailer bill language associated with this Budget Act provides authority to make baseline salary and price increase adjustments for TRPA in the same manner as for other state agencies. Any necessary funding will be provided through that mechanism once the appropriate amounts are known.

**Item 3720-001-0001**—For support of California Coastal Commission. I reduce this item from \$11,145,000 to \$10,795,000 by reducing:

- (2) 20-Coastal Energy Program from \$1,069,000 to \$719,000.

I am deleting the \$350,000 legislative augmentation for the review of Liquefied Natural Gas proposals and directing that any necessary reviews be accomplished within existing resources. With this reduction, \$791,000 still remains in the Commission's coastal energy program for these activities.

**Item 3760-001-0565**—For support of State Coastal Conservancy. I revise this item by reducing:

- (2) 25-Coastal Resource Enhancement from \$5,114,000 to \$4,614,000, and
- (5) Reimbursements from -\$621,000 to -\$121,000.

I am revising this item to conform to the action I have taken in Item 3600-001-0001.

**Item 3900-101-0044**—For local assistance, State Air Resources Board. I reduce this item from \$20,111,000 to \$10,111,000 by reducing:

- (1) 35-Subvention from \$20,111,000 to \$10,111,000.

I am deleting the \$10,000,000 legislative augmentation for subventions to local air districts. This action is necessary because planned and anticipated expenditures limit the resources available in the Motor Vehicle Account to support new expenditures. With this action, \$10,111,000 still remains for local air districts. Furthermore, local communities will benefit from numerous air quality augmentations, including \$3,998,000 to enhance existing air pollution enforcement efforts, and \$1,665,000 to reduce air pollution related to goods movement.

**Item 4120-115-0001**—For transfer, as an expenditure, by the State Controller to the Trauma Care Fund. I delete this item.

I am deleting the \$10,000,000 legislative augmentation for trauma care services and provisional language within this item. I sustained a similar augmentation in the Budget Act of 2005 and noted the funding was available on a one-time basis in order to provide temporary financial relief. This Budget includes resources that will benefit the hospital system broadly, including an additional \$154.7 million for surge capacity, approximately \$671 million in additional funding for financially distressed hospitals for five years as part of the new Hospital Financing Waiver, and an additional \$36.8 million in realignment funding for county public health services, including services for indigent patients. Finally, local governments will retain an additional \$1.3 billion in property tax revenue in 2006–07 with the expiration of the Educational Revenue Augmentation Fund III shifts, and will receive \$700 million more in property tax revenue due to the Vehicle License Fee swap than they otherwise would have. Cities and counties have the discretion to commit a portion of this funding to local trauma systems.

I am also deleting Provision 8 of Item 4260-001-0001 to conform to this action.

**Item 4200-101-0001**—For local assistance, Department of Alcohol and Drug Programs. I revise this item by reducing:

- (1) 15-Alcohol and Other Drug Services Program from \$439,936,000 to \$439,336,000, and
- (2) Reimbursements from –\$18,995,000 to –\$18,395,000.

I am revising this item to conform to the action I have taken in Item 5180-101-0890 relating to Indian Health Clinics.

**Item 4200-102-0001**—For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$3,431,000 to \$3,317,000 by reducing:

- (1) 15-Alcohol and Other Drug Services Program from \$6,863,000 to \$6,634,000;
  - (2) Reimbursements from –\$3,432,000 to –\$3,317,000;
- and by revising Provision 5.

I am reducing the legislative augmentation which would have provided funding to increase Drug Medi-Cal rates by a total of \$2,299,000. Of this total amount, \$114,000 is reduced from Item 4200-102-0001, and \$2,185,000 is reduced from Item 4200-103-0001.

This program received a rate increase in 2005–06. With the reduction to Item 4200-102-0001, \$6,634,000 remains to support the Perinatal Drug Medi-Cal Program.

I am revising the dollar amount specified in Provision 5 to conform to the actions taken in this item and Item 4200-103-0001.

“5. Of the combined amounts appropriated in Items 4200-102-0001 and 4200-103-0001, ~~\$2,300,000~~ \$1,000 from the General Fund, and corresponding reimbursements, are for the purpose of augmenting Drug Medi-Cal rates above the rates that were authorized in regulation for the 2005–06 fiscal year. The department shall establish increases in maximum Drug Medi-Cal reimbursement rates during the 2006–07 fiscal year to reflect the General Fund moneys and reimbursements specified in this item.”

**Item 4200-103-0001**—For local assistance, Department of Alcohol and Drug Programs. I reduce this item from \$68,775,000 to \$66,590,000 by reducing:

- (1) 15-Alcohol and Other Drug Services Program from \$131,431,000 to \$127,062,000;
  - (2) Reimbursements from ~~–\$62,656,000~~ to ~~–\$60,472,000~~;
- and by revising Provision 6.

I am reducing this legislative augmentation to conform with my actions in Item 4200-102-0001. These funds would have provided funding to increase the Drug Medi-Cal rates by \$2,185,000. With this reduction, \$127,062,000 remains to support the regular Drug Medi-Cal program.

I am revising the dollar amount specified in Provision 6 to conform to the actions taken in this item and Item 4200-102-0001.

“6. Of the combined amounts appropriated in Items 4200-102-0001 and 4200-103-0001, ~~\$2,300,000~~ \$1,000 from the General Fund and corresponding reimbursements are for the purpose of augmenting Drug Medi-Cal rates above the rates that were authorized in regulation for the 2005–06 fiscal year. The department shall establish increases in maximum Drug Medi-Cal reimbursement rates during the 2006–07 fiscal year to reflect the General Fund and reimbursement moneys specified in this item.”

**Item 4260-101-0001**—For local assistance, Department of Health Services. I reduce this item from \$13,444,722,000 to \$13,432,571,000 by reducing:

- (1) 20.10.010-Eligibility (County Administration) from \$2,330,731,000 to \$2,326,927,000;
  - (3) 20.10.030-Benefits (Medical Care Services) from \$30,140,437,000 to \$30,116,882,000;
  - (8) Amount payable from the Federal Trust Fund (Item 4260-101-0890) from ~~–\$19,215,038,000~~ to ~~–\$19,199,830,000~~;
- and by deleting Provisions 12, 13, and 15.

I am deleting the legislative augmentation of \$9,349,000 to provide funding for Medi-Cal managed care plans in the event of financial distress. My May Revision proposal provides rate increases to six managed care plans at risk of falling beneath 200 percent of their tangible net equity. My proposal was based upon a comprehensive financial review of plans by the Department of Health Services.

I am deleting Provision 15 and the legislative augmentation of \$9,351,000 in Item 4260-101-0890 to conform to this action.



I am deleting the legislative augmentation of \$300,000 to fund a study of the impact that the Federal Deficit Reduction Act (DRA) may have on pharmacy reimbursement. A rate study is premature at this time since it is unknown when the DRA changes will be implemented. As part of next year's budget development process, the Department of Health Services will evaluate whether a pharmacy reimbursement rate study is necessary.

I am deleting Provision 13 and the legislative augmentation of \$300,000 in Item 4260-101-0890 to conform to this action.

I am deleting the legislative augmentation of \$2,502,000 that was provided to increase the rates paid to Medi-Cal non-emergency transport providers. With this reduction, approximately \$82,900,000 still remains to compensate the providers of non-emergency transport services.

I am deleting the legislative augmentation of \$2,353,000 in Item 4260-101-0890 to conform to this action.

I am deleting Provision 12 because counties are not anticipated to have increased costs related to the *Conlan v. Shewry* settlement agreement.

I am deleting the legislative augmentation of \$3,204,000 in Item 4260-101-0890 to conform to the action taken in 5180-141-0001 regarding workstation replacement and help desk support of the Statewide Automated Welfare System.

I am sustaining the \$100,000 legislative augmentation for podiatry services related to eliminating the Treatment Authorization Request (TAR) process. I am directing the Department of Health Services to monitor and audit these podiatry services so that there will not be an inappropriate utilization of Medi-Cal Services.

I am sustaining the \$12,127,000 legislative augmentation for county administration reimbursement. However, I welcome the opportunity to work with the Legislature to develop a new county reimbursement methodology for programs funded through the Department of Health Services, Department of Alcohol and Drug Programs, Department of Child Support Services, and the Department of Social Services, that will provide the ability to contain county reimbursement to a reasonable level.

**Item 4260-101-0890**—For local assistance, Department of Health Services. I reduce this item from \$19,215,038,000 to \$19,199,830,000.

I am reducing this item by \$15,208,000 to conform to my action in Item 4170-101-0001, Item 4260-101-0001, and Item 5180-141-0001.

**Item 4440-011-0001**—For support of the State Hospitals, Department of Mental Health. I delete Provision 8.

Provision 8 would require the department to provide an update by January 10, 2007 on the status of the operation of the adolescent unit at Metropolitan State Hospital (MSH), including whether construction of the onsite school is warranted. On May 8, 2006, the Legislature was notified of the termination of the school building project because the number of youths in the MSH's Children's Program has declined significantly, making construction of the school unnecessary. The department will provide information regarding the operation of the adolescent unit at MSH with the release of the 2007-08 Governor's Budget.



**Item 5175-101-0001**—For local assistance, Department of Child Support Services.

I am sustaining on a one-time basis the \$4,000,000 General Fund augmentation for local child support agency administration. The Department of Child Support Services, in consultation with local child support agencies, is in the process of developing a new funding allocation methodology intended to improve overall child support program performance. I am sustaining this funding to allow the department to evaluate the effectiveness of distributing funding according to this new allocation methodology in order to improve performance on state and federal child support program measures. If this augmentation and associated allocation methodology proves to directly improve performance, then I direct the department to consider options to utilize a performance-based methodology on a broader scale.

**Item 5180-001-0001**—For support of Department of Social Services. I reduce this item from \$88,889,000 to \$87,569,000 by reducing:

- (1) 16-Welfare Programs from \$64,579,000 to \$63,579,000;
- (2) 25-Social Services and Licensing from \$146,826,000 to \$146,470,000; and
- (10) Amount payable from the Federal Trust Fund (Item 5180-001-0890) from -\$345,298,000 to -\$345,262,000.

I am deleting the \$1,000,000 legislative augmentation for the Farm to Family and Donate/Don't Dump programs. Though I share the Legislature's desire to improve the statewide distribution of donated produce, these programs currently are operating without General Fund resources and should continue to pursue private investments.

I am also deleting the legislative augmentation of \$356,000 (\$320,000 General Fund and \$36,000 Federal Trust Fund) which would provide funding to make Community Care Licensing facility and compliance data available to the public on the Internet. I am fully supportive of efforts in this area, but the department must complete the necessary information technology planning process and should evaluate the possibility of using existing resources for this purpose.

**Item 5180-001-0803**—For support of Department of Social Services. I reduce this item from \$218,000 to \$208,000.

I am deleting the \$10,000 legislative augmentation which would provide funding to make Community Care Licensing facility and compliance data available to the public on the Internet. I am fully supportive of efforts in this area. Consistent with my action in Item 5180-001-0001, I am directing the Department of Social Services to complete the necessary information technology planning requirements and evaluate the possibility of using existing resources for this purpose.

**Item 5180-001-0890**—For support of Department of Social Services. I reduce this item from \$345,298,000 to \$345,262,000.

I am reducing this item to conform to the action I have taken in Item 5180-001-0001.

**Item 5180-101-0001**—For local assistance, Department of Social Services. I revise this item by reducing:

- (1) 16.30-CalWORKs from \$4,946,754,000 to \$4,941,154,000, and
- (6) Amount payable from the Federal Trust Fund (Item 5180-101-0890) from -\$3,833,619,000 to -\$3,828,019,000.

I am revising this item to conform to the action I have taken in Item 5180-101-0890.

**Item 5180-101-0890**—For local assistance, Department of Social Services. I reduce this item from \$3,833,619,000 to \$3,828,019,000 and delete Provision 5.

I am deleting the \$5,000,000 legislative augmentation in federal Temporary Assistance for Needy Families (TANF) Block Grant funds for the CalWORKs program to reflect the level of savings in the May Revision for ongoing welfare reform efforts initiated in 2004–05. The Legislature increased funding for this program based on concerns that estimated savings in prior subventions have not materialized. However, the May Revision already adjusted the savings from my January Budget as the result of a revised welfare reform methodology and implementation schedule. As welfare reform efforts continue, additional adjustments, if necessary, will be appropriately reflected in my proposed January Budget for 2007–08.

I am deleting the \$600,000 legislative augmentation in TANF Block Grant funds for CalWORKs Indian Health Clinics. The Legislature's augmentation did not reflect an analysis of data or outcome measures indicating that the current funding level is insufficient. This veto maintains funding for Indian Health Clinics at the level proposed in the May Revision.

I am deleting Provision 5, as this language is unnecessary. The Legislature included language with the same effect in the social services budget trailer bill. Having language in both the Budget Act and the trailer bill is duplicative and may cause confusion related to compliance.

**Item 5180-141-0001**—For local assistance, Department of Social Services. I reduce this item from \$437,339,000 to \$432,625,000 by reducing:

- (1) 16.75-County Administration and Automation Projects from \$1,055,060,000 to \$1,043,686,000;
- (2) Reimbursements from –\$57,397,000 to –\$54,203,000; and
- (3) Amount payable from the Federal Trust Fund (Item 5180-141-0890) from –\$560,324,000 to –\$556,858,000.

I am deleting the legislative augmentation of \$11,374,000 (\$4,714,000 General Fund, \$3,194,000 Reimbursements, and \$3,466,000 Federal Trust Fund) for workstation replacement and help desk support of the Statewide Automated Welfare System, including the CalWORKs Information Network. Although I understand that workstations need to be replaced on a regular basis, workstation replacement costs should be paid from funds provided for general county administration. In addition, the Budget already provides increased funding for county help desk staff.

I am also reducing \$3,204,000 in Item 4260-101-0890 to conform to this action.

**Item 5180-141-0890**—For local assistance, Department of Social Services. I reduce this item from \$560,324,000 to \$556,858,000.

I am reducing this item to conform to the action I have taken in Item 5180-141-0001.

**Item 5180-151-0001**—For local assistance, Department of Social Services. I reduce this item from \$912,253,000 to \$909,599,000 by reducing:

- (1) 25.30-Children and Adult Services and Licensing from \$2,392,442,000 to \$2,387,042,000;
- (3) Reimbursements from -\$99,626,000 to -\$99,173,000; and
- (6) Amount payable from the Federal Trust Fund (Item 5180-151-0890) from -\$1,399,979,000 to -\$1,397,686,000.

I am deleting the legislative augmentation of \$5,400,000 (\$2,654,000 General Fund, \$453,000 Reimbursements, and \$2,293,000 Federal Trust Fund) for Child Welfare Services/Case Management System (CWS/CMS) county workstation replacement. Although I understand that workstations need to be replaced on a regular basis, workstation replacement costs should be paid from funds provided for general county administration. In addition, since many workstations include functionalities that are not related to the CWS/CMS program, this augmentation is unnecessary.

I am also deleting the legislative augmentation of \$5,400,000 in Item 0530-001-9732 to conform to this action.

**Item 5180-151-0890**—For local assistance, Department of Social Services. I reduce this item from \$1,399,979,000 to \$1,397,686,000.

I am reducing this item to conform to the action I have taken in Item 5180-151-0001.

**Item 5225-002-0001**—For support of Department of Corrections and Rehabilitation. I delete Provision 6.

I am deleting Provision 6, which would limit the expenditure of funds appropriated for the Inmate Dental Plan required by the *Perez v. Tilton* lawsuit pending the submission of the court required staffing study to the Joint Legislative Budget Committee (JLBC). The Administration will provide this report to the JLBC when it is available; however, I am vetoing this language because it could limit the Department's ability to implement this plan and meet court requirements.

I am sustaining Provision 7, which will require the Department to establish guidelines for the use of telemedicine, establish performance targets, and provide the Legislature with a written report regarding meeting the performance targets. The Administration is supportive of establishing appropriate guidelines and performance measures. However, compliance will be at the discretion of the Receiver appointed by the federal court in *Plata v. Schwarzenegger* to oversee the provision of medical services to inmates.

**Item 6110-001-0001**—For support of Department of Education. I reduce this item from \$48,902,000 to \$47,816,000 by reducing:

- (1) 10-Instruction from \$58,451,000 to \$57,831,000,
- (2) 20-Instructional Support from \$100,127,000 to \$99,661,000;

and by deleting Provisions 27 and 30.

I am reducing this item by \$320,000 for increased compensation for Administrative Law Judges concerning dispute resolution services for special education. This legislative augmentation is unnecessary, as funding is already included in a separate item for employee compensation adjustments.

I am deleting Provision 30 to conform to this action.

I am reducing this item by \$300,000 for a study of the special education funding formula's Special Disabilities Adjustment. I note that

a similar study funded in the 2002 Budget Act failed to update the adjustment factors in a satisfactory manner, and I see no compelling reason to believe that a second study will bring greater clarity to the issue.

I am deleting Provision 27 to conform to this action.

I am reducing a legislative augmentation by \$466,000 and 5.0 positions to oversee management teams and trustees of state-sanctioned schools. Instead, I am sustaining \$130,000 and 1.0 position for these purposes. I believe an increase in staff to the higher level is unnecessary because there are very few schools that will be subject to oversight by a management team or a trustee. Further, these oversight responsibilities can be absorbed within existing resources because the department's staffing levels were never reduced to reflect the phase-out of the Immediate Intervention/Underperforming Schools Program.

**Item 6110-126-0890**—For local assistance, Department of Education. I reduce this item from \$158,937,000 to \$143,837,000 and delete Provisions 10, 11, 12, and 13.

I am reducing \$15,100,000 in federal Reading First carryover expenditure authority from prior years and deleting the provisional language associated with it. I am concerned that this language both proposes to initiate a new cohort of grant recipients, and would require subsequent legislation to define the criteria by which currently participating districts are determined to be making progress in the program and thus, whether current grant recipients continue to receive funding. This language is an attempt to enact substantive law in the Budget Act rather than in a single subject bill as required by the Constitution.

Further, this proposal is inconsistent with the approved federal Reading First State Plan which appropriately gives the authority to define "significant progress" to the State Board of Education (SBE) as the State Educational Agency responsible for implementation of the federal No Child Left Behind Act. The SBE has been working with constituents to develop a fair and meaningful definition of "significant progress" and should be allowed to continue their work. Finally, the addition of a new cohort in the fifth year of a six-year program may serve to undermine the overall performance of the state's Reading First program and, therefore, jeopardize future funding for this program if it is reauthorized at the federal level. I am willing to support a substantive bill that maintains the authority of the SBE to define "significant progress", extends availability of funding for existing cohorts for the 5<sup>th</sup> and 6<sup>th</sup> years, and avoids creation of a new cohort of grant recipients.

**Item 6110-203-0001**—For local assistance, Department of Education (Proposition 98). I reduce this item from \$130,892,000 to \$93,092,000 by reducing:

(1) 30.20.010-Child Nutrition Programs from \$131,234,000 to \$93,434,000, and by deleting Provision 6.

I am deleting \$37,800,000 legislative augmentation because the Legislature did not link this funding to legislation that would require schools to improve the nutritional quality of meals served to California students. With the progress we have made thus far in limiting "junk food" on school campuses and placing greater emphasis on student consumption of fruits and vegetables, I believe that improved

nutritional quality is a critical additional step to battling childhood obesity and improving our students' health. I am therefore setting these funds aside for appropriation in subsequent legislation.

I am deleting Provision 6 to conform to this action.

**Item 6360-001-0001**—For support of the Commission on Teacher Credentialing. I delete this item.

I am deleting this item to eliminate the \$227,000 legislative augmentation to support the rate increase for the Paraprofessional Teacher Training Program in Item 6360-101-0001 because a rate increase does not drive any substantive additional workload.

**Item 6600-001-0001**—For support of Hastings College of the Law. I reduce this item from \$10,924,000 to \$10,671,000.

I am reducing the one-time legislative augmentation for relocation costs related to a capital outlay project to correct code deficiencies in an academic facility from \$776,000 to \$523,000. Pursuant to the compact for Higher Education, the Budget includes \$253,000 which may be spent for this purpose at the discretion of the College. This action is necessary to limit program expansions and provide for a prudent General Fund reserve.

**Item 6610-002-0001**—For support of California State University. I reduce this item from \$3,121,000 to \$2,991,000 by reducing:

- (3) Assembly Fellows from \$601,687 to \$565,287;
- (4) Senate Fellows from \$601,687 to \$565,287;
- (5) Executive Fellows from \$601,687 to \$565,287; and
- (6) Judicial Fellows from \$422,939 to \$402,139.

I am reducing the \$230,000 legislative augmentation for the Capital Fellows Programs by \$130,000. Given the 3 percent increase that was already included in the January Budget for this program, the remaining \$100,000 augmentation would reflect a 6.6 percent increase for inflationary pressures. This should be sufficient to effectively maintain the program. Should the Chancellor of the California State University believe this amount to be insufficient, he may allocate funds for this purpose from Item 6610-001-0001.

**Item 6610-004-0001**—For support of California State University. I delete this item.

I am deleting this item which reflects a legislative augmentation of \$112,000 to support California's membership in the Western Interstate Commission for Higher Education (WICHE). When acting on the 2004 Budget, the Legislature deleted funding for membership dues for WICHE, as well as other state membership dues because of the fiscal condition of the state. This reduction continues to be necessary to provide for a prudent General Fund reserve. Both the University of California and the California State University may elect to provide funding for this purpose to the extent the benefits of membership in this organization are worthwhile.

**Item 6870-001-0001**—For support of Board of Governors of the California Community Colleges. I reduce this item from \$9,472,000 to \$9,397,000 by reducing:

- (2) 20-Special Services and Operations from \$16,392,000 to \$16,317,000.

I am reducing Schedule (2) to eliminate the \$75,000 legislative augmentation for additional staffing at the Chancellor's Office. Three

positions were added to the Chancellor's Office in the Budget Act of 2005 for the same purposes and remain available in the budget year for these purposes. These resources are sufficient for supporting local assistance programs in 2006–07.

**Item 6870-101-0001**—For local assistance, Board of Governors of the California Community Colleges (Proposition 98). I reduce this item from \$3,772,712,000 to \$3,763,712,000 by reducing: (11) 20.20.050-Part-time Faculty Health Insurance from \$6,000,000 to \$1,000,000, and (13) 20.20.055-Part-time Faculty Office Hours from \$11,172,000 to \$7,172,000.

I am reducing schedule (11) by \$5,000,000 and schedule (13) by \$4,000,000 to delete the legislative augmentations for both the respective Part-time Faculty Health Insurance and Part-time Faculty Office Hours Programs. However, I am setting these amounts aside for legislation that restores these funds for the Career Technical Education Program.

The part-time faculty programs were established to provide incentive grants to districts to increase their investments in part-time faculty benefits and were not intended to require additional state contributions. Given the significant increases in general purpose funding in this budget, districts have more than adequate resources to support these programs at local discretion. Moreover, I am committed to increasing the \$20,000,000 ongoing funding remaining in the budget for Career Technical Education, after the Legislature's \$30,000,000 reduction to my proposed budget. Given the magnitude of work that remains to be done to reinvigorate and align career technical education programs in our high schools and community colleges, I am setting these funds aside for appropriation for that purpose in subsequent legislation.

**Item 7980-001-0784**—For support of California Student Aid Commission. I reduce this item from \$15,379,000 to \$15,279,000 by reducing:

(1) 15-Financial Aid Grants Program from \$13,848,000 to \$13,748,000,  
and by deleting Provision 5.

I am deleting the \$100,000 legislative augmentation for 1.0 position for purposes of administering the Public Interest Attorney Loan Repayment Program to conform to my action on item 7980-101-0001.

I am deleting Provision 5 to conform to this action.

**Item 7980-101-0001**—For local assistance, California Student Aid Commission. I am revising Provision 1(d) and deleting Provision 10.

I am reducing the number of loan assumption warrants authorized in Provision 1(d) for the Assumption Program of Loans for Education by 600 and setting aside this amount of new warrants for authorization in subsequent legislation that would specify their use exclusively for students participating in the Science and Math Teacher Initiative as proposed in my January Budget. Given the significant shortage of highly talented science and math teachers in our public school system, my January Budget contained a modest, but important component of the initiative that has been funded in the last two budgets for the University of California and the California State University systems. I continue to propose assumption of loans for these students in order to provide



greater certainty of securing the most proficient science and math teachers possible which is critical to California's future economic well being.

I am revising Provision 1(d) to conform to this action as follows:

“1(d). The purchase of loan assumptions under Article 5 (commencing with Section 69612) of Chapter 2 of Part 42 of the Education Code. The Student Aid Commission shall issue 8,000 7,400 new warrants.”

Additionally, I am deleting the legislative language augmentation included in Provision 10 that authorizes 100 new warrants for the Public Interest Attorney Loan Repayment Program. Because the education trailer bill would delete the provisions of current law that authorize donations for the purpose of funding this program, these warrants would require General Fund repayment in future years. Therefore, this action is necessary to limit program expansions.

I am deleting Provision 10 to conform to this action.

**Item 7100-101-0869**—For local assistance under Workforce Investment Act (WIA), Employment Development Department. I delete Provision 2 of this item.

This language would have the effect of unilaterally augmenting the formula allocations for some Local Workforce Investment Areas (LWIAs), while decreasing the total funding available for other LWIAs that may need additional assistance as a result of recent worker dislocations.

I agree that the concern addressed by this language has merit, but it would not solve the underlying issue of fairness with regard to the division of funds based on mass layoff data. The California Workforce Investment Board is currently working on a report that will address the distribution of the federal Workforce Investment Act funds. Additionally, until the report is finalized, the Employment Development Department already has a process for LWIAs to apply for and receive additional funding when the formula allocation does not adequately reflect the demand for services. This process has been successfully used by LWIAs in the past to quickly receive additional funding when necessary. Consequently, for these reasons I am vetoing this language.

**Item 7350-001-0001**—For support of Department of Industrial Relations. I reduce this item from \$65,603,000 to \$64,103,000 by reducing:

(5) 40-Division of Occupational Safety and Health from \$88,966,000 to \$87,466,000,  
and by deleting Provisions 2 and 3.

I am deleting the legislative augmentation that provided \$1,500,000 and 15.2 personnel years to improve the ratio of Cal/OSHA inspectors to the civilian workforce. The Legislative Analyst's Office provided a study on Cal/OSHA inspections which demonstrates that the levels of workplace injuries and fatalities in California are well below the national average. Furthermore, Cal/OSHA has a number of inspector positions that are vacant and have been historically difficult to fill. With this reduction, \$87,466,000 still remains to support Cal/OSHA.

I am deleting Provision 2 which would require \$1,500,000 of the amount scheduled in Program 50 to be expended solely to reduce wage claim hearing backlogs and to increase field enforcement in specified

industries. This language is unduly restrictive and could undermine the Division's targeted enforcement efforts.

I am deleting Provision 3 that would redirect the revenues collected from Farm Labor Contractor license fees. This provision would increase the amount directed to the Farmworker Remedial Account from \$50 to \$150, and would decrease the amount of funds directed to the General Fund from \$450 to \$350 for the 2006–07 fiscal year. This language is unnecessary because proposed budget trailer bill language will redirect the funds in a similar manner on an ongoing basis.

**Item 8570-001-0001**—For support of Department of Food and Agriculture. I reduce this item from \$76,457,000 to \$75,457,000 by reducing:

- (1) 11-Agricultural Plant and Animal, Pest and Disease Prevention from \$107,877,000 to \$106,877,000.

I am reducing the legislative augmentation for the Noxious Weed Management Program by \$1,000,000. While I understand that this program is to protect and enhance the economy and natural environment of California and that current activities are not sufficient to adequately address the problems associated with noxious and invasive weeds, the remaining funds will provide a sufficient level of funding to leverage local and federal funds to continue efforts in this area.

**Item 8570-101-0001**—For local assistance, Department of Food and Agriculture.

I am sustaining the \$3,000,000 legislative augmentation related to high-risk pest exclusion and the language requiring a specific allocation methodology for the distribution of these funds. Further, I am directing the Department to convene the High Risk Pest Exclusion Working Group and determine the distribution of these funds within 45 days of signature of this bill with contracts awarding these funds to immediately follow.

**Item 8660-001-0461**—For support of Public Utilities Commission. I reduce this item from \$9,292,000 to \$8,725,000.

I am reducing this item by \$567,000 to conform to the action I have taken in Item 8660-001-0462.

**Item 8660-001-0462**—For support of Public Utilities Commission. I reduce this item from \$74,778,000 to \$73,198,000 by reducing:

- (1) 10-Regulation of Utilities from \$108,830,000 to \$106,827,000;
- (3) 20-Regulation of Transportation from \$17,358,000 to \$16,791,000;
- (10) Amount payable from the Public Utilities Commission Transportation Reimbursement Account (Item 8660-001-0461) from -\$9,292,000 to -\$8,725,000; and
- (18) Amount payable from the Public Utilities Commission Ratepayer Advocate Account (Item 8660-001-3089) from -\$20,175,000 to -\$19,752,000.

The Legislature augmented the Public Utilities Commission's budget by \$5,607,000 and 58.5 positions to meet increased workload demands. I am sustaining \$3,037,000 and 33.0 positions to perform critical climate change activities and to meet workload demands in the Energy Division, Water Division, Telecommunications Division, and the

Division of Ratepayer Advocates. However, I am vetoing \$2,570,000 and 25.5 positions of the augmentation because they are not justified on a workload basis.

**Item 8660-001-3089**—For support of Public Utilities Commission. I reduce this item from \$20,175,000 to \$19,752,000.

I am reducing this item by \$423,000 to conform to the action I have taken in Item 8660-001-0462.

**Item 8660-011-0462**—For transfer by the Controller from the Public Utilities Commission Utilities Reimbursement Account to the Public Utilities Commission Ratepayer Advocate Account. I reduce this item from \$(20,175,000) to \$(19,752,000).

I am reducing this item by \$423,000 to conform to the action I have taken in Items 8660-001-0462 and 8660-001-3089.

**Item SEC. 24.55**—California Research and Education Network. Specified Use of Funds and Reporting Requirements for the California Research and Education Network (CalREN). I revise this Control Section to eliminate requirements related to assets purchased primarily with state funds because they are overly restrictive and inequitable to other entities that have contributed funds for this equipment.

Participants in the Corporation for Education Network Initiatives in California (CENIC) and CalREN include private colleges and educational institutions from other states. Therefore, the language in this control section that requires that any assets purchased primarily with state moneys be transferred to the state if CENIC no longer manages the network is inappropriate. Disposition of jointly purchased and shared assets should be determined by all affected parties, including California educational institutions, in the unlikely scenario that CENIC no longer manages the Network. Further, this section appears to violate the separation of powers provision of the California Constitution in that it impairs the ability of the University of California, the California State University, and the Executive Branch to administer the program and determine the appropriate allocation of assets. Also, it appears to violate the prohibition against the impairment of the obligation of contracts in that it impairs the existing agreements among the members of CENIC.

I am revising Control Section 24.55 to conform as follows:

“SEC. 24.55. (a) For the purposes of this section, “educational institutions” means the University of California (UC), upon the approval of its Board of Regents, the California State University (CSU), the California Community Colleges (CCC), and the State Department of Education (SDE), or their designees, as part of their participation on the Board of the Corporation for Education Network Initiatives in California (CENIC).

(b) To expend General Fund, student fee revenue, or any other monies for the California Research and Education Network (CalREN) or the K–12 High Speed Network (HSN), state educational institutions shall do all of the following:

(1) Ensure that any interest earned on state monies is used for operating CalREN serving the UC, CSU, CCC, and K–12 segments. Any segment-specific cash reserves held by CENIC for an individual segment shall be held separately and accrue interest to that segment.

(2) ~~Ensure that any assets purchased primarily with state monies are transferred to the state if CENIC no longer manages CalREN.~~

(3) Approve an agreement that designates specific levels of service to be provided by CalREN and HSN to all public education segments.

(4) Establish fee payment schedules that neither result in significant prepayments nor require additional administrative costs to implement. If the Board of CENIC determines that certain prepayments are necessary, individual segments may prepay to avoid additional costs to themselves.

(5) Ensure that CENIC reports to the Legislature and the Governor, not later than December 1, 2006, the following minimum information:

(A) For the 2005–06 fiscal year, revenues from each public education segment and from other sources whose annual revenues are \$100,000 or more, and expenditures of \$100,000 or more by major category.

(B) A financial accounting of all primarily state-funded assets associated with CalREN and HSN.

(C) A copy of the 2006–07 service level agreement approved by the Board of CENIC.

(D) A list of all prepayments made in the 2005–06 fiscal year and in the first quarter of the 2006–07 fiscal year, and a detailed explanation of the savings resulting from each prepayment.

(E) A list of all in-state private educational institutions and out-of-state educational institutions that have used CalREN and the fee amounts they have been charged.

(F) A detailed revised budget for CalREN and HSN for the 2006–07 fiscal year.”

**Item SEC. 33.50—Strategic Sourcing.** I delete this Control Section.

I am deleting this Control Section, which authorizes the Department of Finance to reduce appropriations to capture savings resulting from the California Strategic Sourcing Initiative and requires the Director of Finance to provide quarterly reports to the Legislature on any payments made to a Strategic Sourcing contractor at least 30 days prior to reducing any item of appropriation.

To the extent departments experience savings due to Strategic Sourcing, these savings will either create flexibility within departments’ budgets or be counted toward the \$200,000,000 savings requirement in Control Section 4.05. However, consistent with the intent of Control Section 33.50, I am directing the Department of General Services to continue to provide quarterly reports to the Legislature identifying the Strategic Sourcing savings by departments and amounts paid to contractors.

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 1801.

ARNOLD SCHWARZENEGGER

RECEIPT

I acknowledge receipt this 30th day of June at 3:25 p.m., of the Governor’s statement of the line item veto from Assembly Bill 1801 delivered to me personally by Jacque Roberts.

E. DOTSON WILSON  
Chief Clerk of the Assembly

**Item Veto Message—Assembly Bill No. 1811**

Governor's Office, Sacramento

June 30, 2006

I object to the following appropriations contained in Assembly Bill 1811.

**Item 0250-101-0932**—For local assistance, Judicial Branch. I reduce this item from \$2,802,900,000 to \$2,792,900,000 by reducing:

(4) 45.45-Court Interpreters from \$96,126,000 to \$86,126,000.

I am deleting the \$10,000,000 legislative augmentation to provide interpreters in civil cases. I believe it is essential to provide non-English speaking litigants with interpreters in order to provide meaningful access to our justice system, and as such, I expect that the Judicial Council will identify efficiencies and best practices, and will, to the extent possible, expand the use of interpreters in civil cases using existing resources. This is consistent with the agreement I have with the Chief Justice regarding funding for the Courts, which provides a stable funding level for the Judicial Branch and allows the Judicial Council to prioritize programs within that annual augmentation, as is appropriate for an independent branch of government.

I am deleting Provision 11 to conform to this action.

**Item 0250-111-0001**—For transfer by the Controller to the Trial Court Trust Fund. I reduce this item from \$1,612,357,000 to \$1,602,357,000.

I am deleting the \$10,000,000 legislative augmentation to provide interpreters in civil cases to conform to the action taken in Item 0250-101-0932.

**Item 0690-102-0001**—For local assistance, Office of Emergency Services. I reduce this item from \$56,699,000 to \$56,249,000 by reducing:

(1.5) 50.20-Victim Services from \$9,317,000 to \$9,267,000;

(2.5) 50.30-Public Safety from \$52,953,000 to \$52,553,000;

and by deleting Provision 8.

I am deleting the \$450,000 legislative augmentation for the California Innocence Protection Program and the Youth Emergency Telephone Referral Hotline.

I am confident that these programs will be able to obtain private funding as they have in the past. With these reductions, \$127,000 still remains to support the Youth Emergency Telephone Referral Hotline.

I am deleting Provision 8 to conform to this action.

**Item 2660-001-0042**—For support of Department of Transportation. I reduce this item from \$2,322,131,000 to \$2,310,701,000 by reducing:

(2) 20.10-Highway Transportation—Capital Outlay Support from \$1,394,844,000 to \$1,375,244,000;

(17) Amount payable from the Federal Trust Fund (Item 2660-001-0890) from -\$547,224,000 to -\$539,054,000;

and by deleting Provision 13.

I am deleting the \$11,430,000 legislative augmentation to increase funding in the Capital Outlay Support Program. The Legislature augmented this item in order to provide funding for workload associated with the Highway Safety, Traffic Reduction, Air Quality, and Port Security Bond Act of 2006 on the November 2006 ballot, as provided by Chapter 25, Statutes of 2006. However, this funding is unnecessary, because all of the capital outlay support work related to the bond act in

2006–07 will have already been completed within existing resources. Any future bond-related work should be funded out of the bond proceeds instead of using these scarce State Highway Account resources that are needed for ongoing maintenance of state highways.

I am deleting Provision 13 to conform to this action.

I am also revising Items 2660-001-0890 and 2660-002-3007 to conform to the revision in this item.

**Item 3600-001-0001**—For support of Department of Fish and Game. I reduce this item from \$101,813,000 to \$100,813,000 by reducing:

(3) 30-Management of Department Lands and Facilities from \$67,020,000 to \$66,020,000, and by deleting Provision 15.

I am deleting the legislative augmentation of \$1,000,000 and 8.0 positions for land management activities. With this reduction, \$66,000,000 still remains to support the management of department-owned lands and facilities, including wildlife areas, ecological reserves, and fish hatcheries.

I am deleting Provision 15. The Budget Act of 2006 includes \$10,000,000 for salmon restoration projects on the Klamath River. The proposed provisional language would shift \$4,000,000 from Klamath River restoration projects to the Fisheries Restoration Grant Program, subjecting these funds to a lengthy grant process. The intent of the Budget Act appropriation is to restore critical salmon habitat on the Klamath River as soon as possible through projects administered directly by the Department of Fish and Game. With this action, the Budget Act still provides \$4,000,000 to support the Fisheries Restoration Grant Program.

**Item 3790-001-0001**—For support of Department of Parks and Recreation. I reduce this item from \$377,959,000 to \$377,784,000 by reducing:

(1) For support of the Department of Parks and Recreation from \$605,378,000 to \$605,203,000.

I am reducing this item by \$175,000 and 2.0 positions for the Main Street Program. Existing law specifies a funding mechanism for this program and providing a General Fund augmentation would be inconsistent with those provisions.

**Item 3900-001-0044**—For support of Air Resources Board. I reduce this item from \$160,579,000 to \$135,579,000 by reducing:

(1) 15-Mobile Source from \$272,255,000 to \$257,255,000, and

(2) 25-Stationary Source from \$51,210,000 to \$41,210,000.

I am deleting the \$25,000,000 legislative augmentation to reduce emissions from locomotives, construction equipment, and dairy equipment. Notwithstanding the merits of the funding, this reduction is necessary because planned and anticipated expenditures limit the resources available in the Motor Vehicle Account to support new expenditures. Furthermore, the Budget already provides \$90,000,000 for the Carl Moyer Program to fund cost-effective emission reduction projects, \$25,000,000 to replace pre-1977 school buses with new clean buses that meet federal safety standards, and \$25,000,000 to develop clean alternative fuels and promote zero emission vehicles.

**Item 4260-001-0001**—For support of Department of Health Services. I delete Provisions 7 and 8.



I am deleting Provision 7 because exempting all clinical positions within the Department of Health Services Licensing and Certification Division from unallocated reductions is an infringement on the Executive Branch's budget development process and restricts my authority to prepare a budget which reflects my spending priorities within available fiscal resources.

I am deleting Provision 8 to conform to the action I took in Item 4120-101-0001.

**Item 4260-111-0001**—For support of Department of Health Services. I reduce this item from \$569,157,000 to \$560,157,000 by reducing:

- (5) 10.30.040-Chronic Diseases from \$187,890,000 to \$185,890,000;
- (6) 10.30.050-Communicable Disease Control from \$74,711,000 to \$68,711,000;
- (9) 20.40-Primary Care and Family Health from \$1,536,864,000 to \$1,535,864,000;

and by revising Provision 4.

I am deleting the \$2,000,000 legislative augmentation for the California Children's Dental Disease Program (CDDPP). With this reduction, \$3,300,000 still remains to support 33 programs statewide, serving over 1,200 schools and 326,000 children. In addition, this Budget includes \$1,500,000 in the Medi-Cal and \$500,000 in the Healthy Families programs for dental services related to my proposal to ensure dental screenings are available for California's school children.

I am sustaining \$3,000,000 and deleting \$6,000,000 of the \$9,000,000 legislative augmentation for West Nile Virus (WNV). Last year I provided \$12,000,000 in one-time funding to enhance mosquito control efforts and reduce death and illness from WNV. That funding should continue to have an effect this year. Local mosquito and vector control agencies and other local governmental entities should continue to utilize local government revenue to support their ongoing efforts. Furthermore, the Budget contains an additional \$1,000,000 in ongoing funding to support an effective, long-term, strategic plan for WNV, including a multifaceted surveillance program, extensive public education, and assistance to local agencies and the medical and veterinary communities. In the event unforeseen circumstances result in the depletion of funds to fight this infectious disease, I will consider administrative remedies to provide funding to the extent appropriate. I am revising Provision 4 to conform to this action as follows:

"4. (a) Of the amount appropriated in this item, the Department of Health Services shall, at the discretion of the director, allocate ~~\$9,000,000~~ \$3,000,000 to local mosquito and vector control agencies or other governmental entities, or contract with other entities to supplement resources for local mosquito control efforts to mitigate the threat of West Nile Virus transmission. In allocating these funds, the director shall first address high priority areas and "hot spots," based on epidemiological studies and related information to mitigate the spread of the disease. These funds shall not be used to supplant existing local vector control agency funds.

- (b) In response to the public health implications of the West Nile Virus, and in order to expedite the implementation of mosquito control efforts funded by no more than ~~\$9,000,000~~

\$3,000,000 appropriated in this item, the department may make and receive grants and enter into contracts and interagency agreements. The department shall be exempt from competitive bidding requirements and shall be exempt from the requirements of Part 2 (commencing with Section 10100) of Division 2 of the Public Contract Code.”

I am sustaining the legislative augmentation to provide \$272,000 AIDS Drug Assistance Program Rebate Fund and 3.0 positions to support expansion of the Ryan White Comprehensive AIDS Resources Emergency Health Insurance Premium Payment (CARE/HIPP) Program. There is likelihood that cost avoidance may materialize in future years due to this program expansion.

I am sustaining the legislative augmentation to provide \$20,000,000 federal funds, anticipated from the second federal award for pandemic influenza, to purchase medical supplies and equipment to strengthen the state’s health care surge capacity needs.

I am deleting the \$1,000,000 legislative augmentation which would increase resources for Indian Health Clinics. With this reduction, \$6,900,000 still remains in the Department of Health Services for this purpose.

**Item 6360-101-0001**—For local assistance, Commission on Teacher Credentialing (Proposition 98). I revise Provision 2.

While I am sustaining the \$1,267,000 legislative augmentation for increasing the per participant funding rate for the Paraprofessional Teacher Training Program, I am making a technical revision to the language in this item because it is inconsistent with the intent of the augmentation.

I am revising Provision 2 to conform to this action as follows:

“2. The funds appropriated in Schedule (2) are for school districts and county offices of education participating in the California School Paraprofessional Teacher Training Program established pursuant to Article 12 (commencing with Section 44390) of Chapter 2 of Part 25 of the Education Code. Of these funds, \$1,267,000 is available to increase the per participant rate and to address participant waiting lists pursuant to the enactment of legislation during the 2005-06 Regular Session.”

**Item 6440-001-0001**—For support of University of California. I reduce this item from \$2,835,604,000 to \$2,834,604,000 by reducing:

(1) Support from \$2,752,108,000 to \$2,751,108,000, and by revising Provision 13 and deleting Provision 24.

I am deleting the \$1,000,000 legislative augmentation for research on obesity and diabetes. This reduction exceeds the level of funding provided under the Higher Education Compact and is necessary to limit program expansions and to provide for a prudent General Fund reserve.

I am deleting Provision 24 to conform to this action.

In addition, I am revising Provision 13 to delete language that describes a new methodology for determining the marginal cost of each additional state-supported student in the future. The new formula is not transparent, is too difficult to either replicate or verify allowing for the potential of manipulation in future years, and does not properly reflect the full mix of new faculty associated with the system-wide growth in students.

I am revising Provision 13 to conform as follows:

“13. Of the funds appropriated in Schedule (1), \$50,980,000 is to fund 5,149 additional state-supported full-time equivalent (FTE) students at the University of California, based on a marginal General Fund cost of \$9,901 per additional student. This funding rate is based on a new methodology for determining the marginal cost of each additional state-supported student. This methodology calculates a total marginal cost (including operation and maintenance costs and faculty costs based on the salaries of recently hired professors) and then subtracts from this cost the fee revenue the university anticipates from each additional student (after adjusting for financial aid), in order to determine the amount of General Fund support needed from the state. It is the intent of the Legislature that enrollment growth funding provided to the university in subsequent budgets be based on this new methodology. The Legislature expects the University of California to enroll a total of 193,455 state-supported FTE students during the 2006–07 academic year. This enrollment target does not include nonresident students and students enrolled in non-state-supported summer programs. The University of California shall report to the Legislature by March 15, 2007, on whether it has met the 2006–07 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If the University of California does not meet its total state-supported enrollment goal by at least 257 (FTE) students, the Director of Finance shall revert to the General Fund by April 1, 2007, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.”

**Item 6610-001-0001**—For support of California State University. I revise Provisions 7.5 and 13.

I am sustaining the \$371,000 legislative augmentation for the full cost associated with supporting an additional 35 undergraduate nursing students. While the Administration supports increases in undergraduate nursing slots, enrollment growth funding from the higher marginal cost included in the Budget Bill should be sufficient to support the intended expansion as it reflects average costs for both high and low cost programs. Therefore, I will not support additional costs for undergraduate enrollments in the future.

I am revising Provision 13. While I am sustaining the one-time legislative augmentation of \$1,000,000 for faculty recruitment and start-up costs to prepare for the enrollment of 340 undergraduate nursing students in 2007–08, I object to the language that intends that these students be funded in 2007–08 at a higher level than would be provided with marginal cost growth funding. Similar to my concerns expressed above, I believe that the future costs associated with undergraduate nursing enrollments can be fully accommodated within the funding provided for enrollment growth under the Higher Education Compact.

I am revising Provision 13 to conform as follows:

“13. Of the amount provided in Schedule (1), \$2,000,000 is appropriated on a one-time basis for startup costs associated

with the expansion of nursing programs. Specifically, the Legislature intends that these funds be used to prepare for the enrollment in the 2007–08 academic year of 340 additional undergraduate full-time-equivalent nursing students above enrollment levels in the 2006–07 academic year. The Legislature intends that these additional nursing students be funded out of the California State University’s enrollment funding for the 2007–08 academic year; ~~with additional funding to be provided to recognize the higher costs imposed by nursing students.~~”

Finally, I am revising Provision 7.5 to delete language that describes a new methodology for determining the marginal cost of each additional state-supported student in the future. The new formula is not transparent, is too difficult to either replicate or verify allowing for potential manipulation in future years, and does not properly reflect the full mix of new faculty associated with the system-wide growth in students.

I am revising Provision 7.5 to conform as follows:

“7.5. Of the amount appropriated in Schedule (1), \$61,340,000 is to fund 8,490 additional state-supported full-time-equivalent students (FTES) at the California State University (CSU), based on a marginal General Fund cost of \$7,225 per additional student. ~~This funding rate is based on a new methodology for determining the marginal cost of each additional state-supported student. This methodology calculates a total marginal cost (including operation and maintenance costs and faculty costs based on the salaries of recently hired professors) and then subtracts from this cost the fee revenue the university anticipates from each additional student (after adjusting for financial aid); in order to determine the amount of General Fund support needed from the state. It is the intent of the Legislature that enrollment growth funding provided to the university in subsequent budgets be based on this new methodology.~~ The Legislature expects CSU to enroll a total of 332,395 state-supported FTES during the 2006–07 academic year. This enrollment target does not include nonresident students and students enrolled in nonstate supported summer programs. The CSU shall provide a preliminary report to the Legislature by March 15, 2007, and a final report by May 1, 2007, on whether it has met the 2006–07 enrollment goal. For purposes of this provision, enrollment totals shall only include state-supported students. If CSU does not meet its total state-supported enrollment goal by at least 425 FTES, the Director of Finance shall revert to the General Fund by May 15, 2007, the total amount of enrollment funding associated with the total share of the enrollment goal that was not met.”

With the above deletions, revisions, and reductions, I hereby approve Assembly Bill 1811.

ARNOLD SCHWARZENEGGER

RECEIPT

I acknowledge receipt this 30th day of June at 3:25 p.m., of the Governor's statement of the line item veto from Assembly Bill 1811 delivered to me personally by Jacque Roberts.

E. DOTSON WILSON  
Chief Clerk of the Assembly

**MESSAGES FROM THE GOVERNOR**

The following message from the Governor was received and ordered printed in the Journal:

**Governor's Message—Assembly Bill No. 318**

Governor's Office, Sacramento  
June 30, 2006

*To the Members of the California State Assembly:*

I am signing Assembly Bill 318 because it is critical to preserving accredited instructional programs for the students of the Compton Community College District. However, there are still technical issues that must be resolved with the California Infrastructure and Economic Development Bank (I-Bank) that will require subsequent legislation. It is my expectation that the author of this measure will work with my Administration to resolve these issues.

Sincerely,

ARNOLD SCHWARZENEGGER

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FABIAN NUÑEZ, Speaker

SUE PARKER, Minute Clerk