

LEGISLATIVE, JUDICIAL, AND EXECUTIVE

Governmental bodies classified under the Legislative, Judicial, and Executive section of the Governor's Budget are either independent entities under the California Constitution or 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, the Office of Homeland Security, and the California State Lottery.

JUDICIAL BRANCH

The May Revision includes an increase of \$1.7 million General Fund, to be transferred to the Court Facilities Trust Fund, to fund the operations and maintenance costs of 11 trial court facilities expected to transfer to state responsibility following the enactment of Chapter 9, Statutes of 2008. This funding is needed to provide for facility operational costs for additional court facilities that will transfer to the state.

OFFICE OF EMERGENCY SERVICES

The May Revision proposes to utilize \$3.5 million federal funds for critical Office of Emergency Services (OES) communications proposals previously proposed to be funded with General Fund. This proposal reflects the Office of Homeland Security's

determination that activities in the Operational Area Satellite Information System (OASIS) and Critical Communications budget change proposals can be funded with federal funds.

EMERGENCY RESPONSE INITIATIVE

The Governor remains committed to rapidly responding to emergencies and disasters that will occur in California. For this reason, the May Revision continues to propose the Emergency Response Initiative, formerly known as the Wildland Firefighting Initiative, to enhance the emergency response capabilities of the California Department of Forestry and Fire Protection (CAL FIRE), the Office of Emergency Services (OES), and the Military Department.

The significant changes since the Governor's Budget are the following:

- The surcharge, paid by those who hold insurance on all residential and commercial property statewide, will be set at two levels based on differing risk: 1.40 percent on those structures in areas designated as high-hazard zones in terms of earthquake, fire, or flood, as determined by OES and CAL FIRE risk maps, and 0.75 percent on those structures in low-hazard zones. These zones will be designated by zip code. Since homeowners, on average, pay \$900 per year to insure their home, a 1.40-percent surcharge would result in an average cost of \$12.60 per household in a high-risk zip code, and a .75-percent surcharge would result in an average cost of \$6.75 per household in a low-risk zip code to fund this initiative.
- The OES, rather than the California Department of Insurance, will be the entity responsible for administering the Emergency Response Account.
- Due to delayed implementation, this surcharge is expected to generate approximately \$69.3 million in the Emergency Response Account in 2008-09 as compared to the \$104.9 million proposed in the Governor's Budget. In order to immediately enhance the state's firefighting capabilities, the May Revision proposes a \$30 million loan to the Emergency Response Account from the Restitution Fund, to be repaid in equal annual installments, by no later than June 30, 2012.

Additional enhancements proposed in the Governor's Budget will be phased in and fully funded in 2009-10. These investments will be phased-in due to the lower projected revenues in the budget year. The revenue generated, plus the borrowed resources from the Restitution Fund, will fund the following critical needs for CAL FIRE and the OES in 2008-09:

CAL FIRE

- \$28.9 million for 1,100 seasonal firefighters to staff all 336 state fire engines with full four-member crews during peak and transition fire seasons.
- \$49.1 million to backfill CAL FIRE's General Fund budget-balancing reduction to its firefighting protection budget.

OFFICE OF EMERGENCY SERVICES

- \$1.9 million to backfill the OES' General Fund budget-balancing reduction to its Fire and Rescue Mutual Aid Response section and its Warning Center/Information Technology/Telecommunications section. Restoring these budget-balancing reductions will ensure the OES can respond to fires and use its Warning Center to notify emergency first responders.
- \$1.3 million to fund the OES' administrative costs to collect the Emergency Response Initiative surcharge from insurance companies statewide.
- \$480,000 to fund the increased maintenance and fuel costs of the OES' existing fleet of fire engines and vehicles.

TRIBAL GAMING REVENUES

The May Revision includes a revised General Fund revenue projection of \$446.7 million in 2008-09 from tribal gaming compacts, which is \$16.3 million more than the estimate included in the Governor's Budget. This change is comprised of two components:

- An increase of \$40 million to the General Fund as a result of addressing the shortfall in the Revenue Sharing Trust Fund with the Indian Gaming Special Distribution Fund, instead of using General Fund gaming compact revenue. This one-time transfer will not create a negative impact on the fund balance given that the fund can support the transfer in addition to planned expenditures.
- A reduction of \$23.7 million in anticipated General Fund revenues due to delay of the effective date of the compact between the State of California and the Sycuan Band of Kumeyaay Indians because of pending ratification by their General Council, which is expected to occur by January 2009.

LOANS AND TRANSFERS FROM SPECIAL FUNDS

The May Revision proposes loans and transfers from various special funds to provide one-time funding to the General Fund to help close the budget gap. For funds within this agency, the total loans and transfers are \$43 million and \$2 million, respectively. A loan or transfer was only proposed when there would not be an impact to the programs supported by the fund, no fee increases would be required, and no repayment would be needed prior to 2010-11.

LOANS FROM VARIOUS SPECIAL FUNDS

The May Revision proposes loans totaling \$43 million, including:

- Antiterrorism Fund—\$2 million
- Department of Justice Sexual Habitual Offender Fund—\$1 million
- False Claims Act Fund—\$6 million
- Gambling Control Fund—\$10 million
- California Debt and Investment Advisory Commission Fund—\$2 million
- California Debt Limit Allocation Committee Fund—\$2 million
- Occupancy Compliance Monitoring Account, Tax Credit Allocation Fee Account—\$10 million
- Tax Credit Allocation Fee Account—\$10 million

TRANSFER FROM THE VICTIM-WITNESS ASSISTANCE FUND

The May Revision also proposes a transfer of \$2 million from the Victim-Witness Assistance Fund. With this transfer, there will be a fund balance of \$2.4 million at the end of 2008-09.