

GENERAL GOVERNMENT

The General Government Section includes multiple departments, commissions, and offices responsible for oversight and specific activities. The Budget includes total funding of \$4.5 billion (\$2.2 billion General Fund and \$2.3 billion various funds) for these entities.

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

The California Department of Food and Agriculture (CDFA) protects and promotes California's agriculture industry and ensures that only safe and quality food reaches the consumer. The CDFA's existing budget includes \$95.8 million in General Fund for a number of programs, such as agricultural plant and animal health, pest prevention, weights and measures, and others. The CDFA also receives \$32 million for support of the network of California fairs (78 fairs that also generate support revenues). Beginning in 2009-10, legislation removed funding from horse racing revenue that had previously helped to support the fairs and required \$32 million General Fund annually for support of the fairs.

The significant General Fund solutions are as follows:

- Given the state's fiscal challenges and the benefits derived by local and private entities, the Secretary of Food and Agriculture will convene key agricultural and industry individuals to look at the long-term viability of state programs and to determine solutions to limit the need for General Fund resources. The consortium

will need to complete its work by February 1, 2011, resulting in General Fund savings of \$15 million in 2011-12, and \$30 million ongoing.

- Eliminate General Fund support for the Network of California Fairs—A permanent decrease of \$32 million as a result of removing state funding for support of the fairs.

CALIFORNIA PUBLIC UTILITIES COMMISSION

The California Public Utilities Commission (PUC) regulates services such as privately owned telecommunications, electric, natural gas, and water companies, in addition to overseeing railroad/rail transit and moving and transportation companies. The PUC is the only agency in the state charged with protecting private utility consumers. As such, the PUC is responsible for ensuring that customers have safe, reliable utility service at reasonable rates, protecting against fraud, and promoting the health of California's economy, which depends on the infrastructure the utilities and the PUC provide. The PUC oversees the safety of gas transmission and distribution systems in California. New regulations require pipeline operators to establish programs for Public Awareness, Distribution Integrity Management, and Control Room Management. The PUC will be responsible for auditing these new programs. In addition, the PUC plans to enhance its Pipeline Safety Program.

The significant Non-General Fund policy issue adjustment is:

- Gas Safety Program—The Budget includes an increase of 4.0 Engineers and \$498,000 in Public Utilities Reimbursement Account and Federal Trust Fund for natural gas distribution systems safety oversight.

COMMISSION ON STATE MANDATES

The Commission on State Mandates (Commission) is a quasi-judicial agency that hears test claims to determine whether local agencies and school districts are entitled to reimbursement for increased costs mandated by the state. It also hears and decides claims that the Controller incorrectly reduced payments for reimbursement claims, and determines the existence of significant financial distress for applicant counties. The Constitution requires the Legislature to either fund or suspend specified mandates in the annual Budget Act. Previously, most mandates not related to law enforcement, property taxes, or elections were suspended. With few exceptions, state reimbursable mandate claims are a General Fund expense.

The significant General Fund solutions are as follows:

- Suspend/Repeal State Mandates—A decrease of \$227.8 million in 2011-12 as a result of suspending most mandates not related to law enforcement or property taxes. In preparation for the 2012-13 Budget, the Administration is proposing to develop a process with the Legislature whereby all reimbursable mandates are reviewed. This review shall determine which statutes should be maintained, modified to reduce costs, repealed to eliminate the mandate entirely, or amended to make the activity permissive using best practices or guidelines.
- The mandated mental health services for special education students (including students placed in out-of-state residential facilities) are commonly referred to as AB 3632 services. In 2011-12, the AB 3632 mandate will be funded with Proposition 63 funds (for savings of \$98.6 million General Fund) within the Department of Mental Health budget.
- Deferral of Pre-2004 Mandate Obligations—A one-time reduction of \$94 million in 2011-12 as a result of deferring the 2011-12 payment for costs incurred prior to 2004-05. These costs are required to be completely paid by 2020-21.

CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS

The California Department of Veterans Affairs provides residential and medical care services to honorably discharged California veterans who served on active duty and are over the age of 62 or disabled, assists veterans and their families in presenting their claims for federal benefits, and offers honorably discharged veterans who served on active duty and active duty military personnel direct low-cost loans to acquire farms and homes.

County Veterans Service Offices assist veterans in receiving the federal benefits for which they are eligible and act as the California Department of Veterans Affairs' network for claim initiation and development. Operation Welcome Home was implemented to connect returning veterans to the services that can help them transition successfully to civilian life. Operation Welcome Home has helped veterans receive coordinated assistance including job placement, unemployment benefits, housing, healthcare, and federal, state, and local veterans' benefits and services.

GENERAL GOVERNMENT

The significant General Fund solution is:

- Eliminate General Fund Support for County Veterans Service Offices—A decrease of \$9.9 million (\$7.6 million local assistance and \$2.3 million state operations) in 2011-12 as a result of eliminating General Fund support for County Veterans Services Offices and Operation Welcome Home.