

# BUDGET SUMMARY IMPROVEMENTS

As part of the Administration's effort to improve the understanding and comparability of budget expenditure data, the 2007-08 Governor's Budget Summary will now follow a more traditional agency format. In the past, some content in the Governor's Budget Summary was arranged by major program areas rather than by agency. Budget expenditure data will be displayed in both a summary format and a new agency change table format. The change tables are intended to provide the reader a snapshot of proposed expenditure and position adjustments in each agency, why those changes are being proposed, and their dollar and position impact.

There is one change table for each of the following agencies or sub-agencies:

- Legislative, Judicial, and Executive
- State and Consumer Services
- Business, Transportation, and Housing
- Resources
- Environmental Protection
- Health and Human Services
- Corrections and Rehabilitation
- K-12 Education
- Higher Education

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- Labor and Workforce Development
- General Government

The change tables include three adjustment categories: workload, policy, and infrastructure. Workload adjustments are defined pursuant to Government Code Section 13308.05. Section 13308.05 defines a workload budget as the budget-year cost of currently authorized services, adjusted for changes in enrollment, caseload, population, statutory cost-of-living adjustments, chaptered legislation, one-time expenditures, full-year costs of partial-year programs, costs incurred pursuant to constitutional requirements, federal mandates, court-ordered mandates, state employee merit salary adjustments, and state agency operating expense and equipment cost adjustments to reflect inflation. The compacts with Higher Education and the Courts are commitments by this Administration and therefore are included in the workload budget and considered workload adjustments.

Policy adjustments are defined as changes to existing law or Administration policies. These adjustments require action by the Governor and/or Legislature and modify the workload budget.

Infrastructure adjustments provide funding for capital outlay (an expenditure of funds to acquire land or other real property, plan and construct new buildings, expand or modify existing buildings, and/or purchase equipment related to such construction). These adjustments are consolidated into one line item at the bottom of each change table, regardless of whether the infrastructure adjustments are classified as workload or policy.

Within each change table, the most important policy and workload adjustments may be individually highlighted or included in a category. The categories are comprised of standard workload adjustments displayed in each agency change table. Some change tables may include specific categories that are unique to a particular agency. A discussion of the various adjustments included in the change table will follow each change table.

The workload adjustment categories that are standard in each change table, if applicable, are defined below:

**ENROLLMENT/CASELOAD/POPULATION:**

These changes are generally formula or population driven.

**EMPLOYEE COMPENSATION/RETIREMENT:**

Includes general salary increases, employer retirement rate contribution adjustments, and any other related statewide employee compensation adjustments.

**STATUTORY COST-OF-LIVING ADJUSTMENTS:**

Cost-of-living adjustments required by law.

**COURT ORDERS/LAWSUITS:**

Costs resulting from court-ordered settlements or judgments against the state.

**EXPIRING PROGRAMS OR POSITIONS:**

Reduction of the budget-year funding and positions for expiring programs or positions.

**ONE-TIME COST REDUCTIONS:**

Reductions of the budget-year funding and positions to account for one-time costs budgeted in the current year.

**FULL-YEAR COST OF NEW PROGRAMS:**

Increases to the budget year funding and positions to reflect the full-year costs of programs authorized to begin after July 1, 2006. (Does not include the full year effect of employee compensation adjustments that are displayed separately.)

**OTHER WORKLOAD ADJUSTMENTS:**

This category includes all workload adjustments not included in one of the aforementioned categories. Adjustments reflected in this category may include reductions for vacant positions per Government Code 12439, new legislation (i.e., costs not already built in when the 2006-07 Budget was enacted), carryovers and reappropriations of funds to be used for the same purposes, Pro Rata costs, and Statewide Costs Allocation Plan (SWCAP) adjustments. Pro Rata costs represent General Fund recoveries from special funds for statewide general administrative costs incurred by central service agencies. SWCAP adjustments represent General Fund recoveries from federal funds for statewide general administrative costs incurred by central service agencies.