

**California
Legislature**

**ANALYSIS OF THE
BUDGET BILL**



FOR THE FISCAL YEAR
JULY 1, 1984 TO JUNE 30, 1985

***Report of the
Legislative Analyst
to the
Joint Legislative
Budget Committee***

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LETTER OF TRANSMITTAL

925 L Street, Suite 650
Sacramento, California 95814
February 22, 1984

THE HONORABLE WALTER W. STIERN, *Chairman*
and Members of the Joint Legislative Budget Committee
State Capitol, Sacramento

Members:

In accordance with the provisions of Government Code, Sections 9140-9143, and Joint Rule No. 37 of the Senate and Assembly, I submit for your consideration an analysis of the Budget Bill of the State of California for the fiscal year July 1, 1984, to June 30, 1985.

The purpose of this analysis is to assist the committee in performing its duties which are set forth in Joint Rule No. 37 as follows:

"It shall be the duty of the committee to ascertain facts and make recommendations to the Legislature and to the houses thereof concerning the state budget, the revenues and expenditures of the state, and of the organization and functions of the state, its departments, subdivisions and agencies, with a view of reducing the cost of the state government, and securing greater efficiency and economy."

I am grateful to the staff of the Department of Finance and to the other agencies of state government for their generous assistance in furnishing information necessary to complete this report.

Respectfully submitted,

WILLIAM G. HAMM
Legislative Analyst

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INTRODUCTION

This *Analysis* reports the results of our detailed examination of the Governor's Budget for 1984-85. It also contains our recommendations on the funding levels proposed in the budget, as well as our recommendations for new legislation. These recommendations are offered *not* for the purpose of indicating to the Legislature what is "right," but rather to help the Legislature decide what is "right."

Based on our analysis, we have recommended numerous reductions in the funding levels proposed by the Governor. Generally, we conclude that these reductions are warranted for one of the following reasons:

- The objectives established by the Legislature in a particular program area can be achieved at a lower cost to the state.
- The amounts requested by the Governor have not been justified on the basis of workload, need, or the potential benefits to be gained from the proposed expenditure.
- A program or activity is not effective in achieving the purpose for which it was created.
- A program proposed for funding has not been authorized by the Legislature or does not fall under the legislative mandate of a particular agency.
- A funding source other than the General Fund is available for supporting a particular activity.

Throughout this *Analysis*, we have taken legislatively established objectives as a given, and tailored our recommendations in such a way as to maximize the Legislature's ability to achieve these objectives within available resources. No attempt has been made, however, to tailor these recommendations so as to achieve a specific overall spending level.

Perspectives and Issues

In previous years, our *Analysis* began with an overview of revenues, expenditures, and the General Fund condition (often referred to as the "A-pages"). This year, as was done last year, the overview is being published separately, in a document entitled *The 1984-85 Budget: Perspectives and Issues*. This document is divided into three parts:

Part One, "State Finances in 1984," provides a perspective on the state's current fiscal situation. It also discusses the level of funding needed to maintain in 1984-85 the level of services being provided in the current year.

Part Two, "Perspectives on the 1984-85 Budget," presents detailed information on the budget as a whole—expenditures, revenues, staffing levels, and the fiscal condition of state and local government.

Part Three, "Major Fiscal Issues Facing the Legislature," discusses the major issues that we have identified in the course of reviewing the state's current fiscal condition and the Governor's Budget for 1984-85. These are divided into four categories of issues including: revenues, expenditures, local government finance, and legislative control of the budget.