

## 2012-2013 Governor's Proposed Budget; Zero Base Budget Project

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**Summary:** This report outlines the FY 2012-2013 Council budget. In addition to the Council's proposed budget the Delta Protection Commission's proposed FY 2012-2013 budget and the Sacramento-San Joaquin Delta Conservancy proposed FY 2012-2013 proposed budget has also been included. The Council currently has the responsibility to develop an annual cross-cut budget showing expenditures of all federal and state agencies that manage CALFED-related programs which are now reported under the Zero Base Budget Project.

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### **Background**

Annual state budgets traditionally display spending for a three-year period. The Delta Stewardship Council, however, is obligated under federal law to annually aggregate information and estimate total federal, state and local spending for water and wastewater purposes in California (including environmental mitigation and related spending). The Council assumed this task when our predecessor, the CALFED Bay-Delta Program, was abolished.

- The annual amount of money spent in California for water and wastewater purposes is approximately \$29 billion<sup>1</sup>. Eighty-five percent of this amount is for operational costs. Fifteen percent is for capital spending.
- Cities, counties, water districts, wastewater districts and flood control districts spend the bulk of these funds, about \$20 billion of the overall total.
- The State of California spends about \$8 billion of this total, and
- The federal government spends approximately \$500 million.
- Total spending for the Delta Stewardship Council has ranged from \$12.6 million in 2010-11; \$11 million in 2011-12; and a projected \$11.6 million in the Governor's projected budget. These totals exclude federal and state reimbursements.
  - Approximately 36 percent of DSC spending since our creation has been for preparation of the Delta Plan and its related Environmental Impact Report: \$4.1 million in 2010-11, \$ 4.6 million estimated in 2011-12, and projected spending of \$2.3 million in 2012-13.
  - Approximately two-thirds of DSC spending for 2012-2013 is expected to be for the Delta Science Program, including the Independent Science Board, and related activities, including research grants, and cooperative science reviews of various programs.

Spending for creation of the Delta Plan will cease in the near future, but a portion of those funds will be needed to implement the Delta Plan, as required by law.

### **Delta Stewardship Council**

#### **DSC Budget**

The FY 2012 proposed budget leaves staffing basically unchanged compared to the current year except for a reduction in funding for developing the Delta Plan. While there are no new funds appropriated for the Delta Science Program, carryover funds from prior year appropriations totaling \$5.4 million are available for expenditure through the fiscal year. General Fund support holds steady at \$5.5 million as does Environmental License Plate Fund

support at \$703,000. The Council may also contract to receive funds from other agencies and has generated up to \$1.0 million per year (typically for Science) in this manner, although it may legally receive more if funds are available.

### **DSC Staffing**

The Council's original staffing was 58 people (including 7 new Council members and one support staff). Most CALFED Bay-Delta Program staff were transferred to the Council along with the remaining responsibilities of CALFED. During the recent budget crisis a hiring freeze existed for 14 months. The DSC dropped by approximately one-third (40% loss in science staff, 60% in engineering). Over the last three months we have filled all but five (5) vacancies. Three positions will remain vacant for budget savings purposes.

### **Delta Protection Commission**

The Commission budget is virtually unchanged for a total of \$1.3 million and is entirely funded from special funds. The \$64,000 increase over the current year represents a small adjustment for operating costs.

### **Sacramento-San Joaquin Delta Conservancy**

The Conservancy budget is unchanged compared to the current year. Approximately one-half of the \$1.5 million total is General Fund support. The balance of funding is provided from federal funds and reimbursements.

### **Zero Base Budget Project**

According to the provisions of a trailer bill enacted last year, the Governor is directed to submit a legislative report, before April 1, 2012, that recasts his proposed FY 2012 budget, for all state agency programs that implement water and ecosystem restoration activities in the Delta, into a zero base budget format. The zero base budget will also include programs and activities related to the CALFED Bay-Delta Program.

The Council is charged with conducting a programmatic review of the zero base expenditures for consistency with the Delta Plan and then submit its findings to the Department of Finance prior to the April submittal date. This is a one-time requirement per the provisions of AB 95 (Committee on Budget). A copy of the most recent cross-cut budget is included so that the Council can see what state funding is most likely implicated in this review.

### **List of Attachments**

Attachment 1: DSC Cross-Cut Budget

### **Contact**

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