



County of San Diego

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July 8, 2014

TO: Supervisor Dianne Jacob, Chairwoman
Supervisor Bill Horn, Vice Chairman
Supervisor Greg Cox
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FROM: Helen Robbins-Meyer
Chief Administrative Officer

HIGHLIGHTS OF THE ENACTED FY 2014-15 STATE BUDGET AND POTENTIAL COUNTY IMPACTS

On June 20, 2014 the FY 2014-15 State Budget was signed by Governor Jerry Brown. The Enacted Budget includes a \$156.3 billion spending plan and directs \$1.6 billion to the State's Rainy Day Fund. The Governor had proposed a \$151 billion spending plan in January.

Included in the Governor's budget signing was approval of 17 budget trailer bills that accompanied the main budget bill. The last of the budget trailer bills was signed on June 24, 2014. In the process of signing the budget, the Governor also vetoed \$38 million in state General Fund spending that had been approved by the Legislature.

The Enacted State Budget includes several state priorities such as increased funding for schools, money to fund the expansion of Medi-Cal under federal health care reform and the paying down of state debts and liabilities. An improving economic climate, lack of a budget deficit and the voter approved temporary taxes resulted in another on-time non-contentious budget debate in Sacramento.

The FY 2014-15 Enacted State Budget includes action on the Governor's pledge to tackle the State's "Wall of Debt" that is made up of deferrals and budgetary obligations. This includes monies owed to counties for performing state mandates including several unpaid obligations going back ten years. Included in the \$26.2 billion wall of debt total is over \$900 million owed to local agencies throughout California. The FY 2014-15 Enacted State Budget includes \$100 million for repayment to local agencies for pre-2004 mandates. To date the County of San Diego is owed approximately \$60 million for performing unfunded mandates and this budget not only includes payments on this debt but it also includes direction for payment of an additional \$800 million to public agencies if actual state revenues come in above the Administration's revenue estimates. This would be determined during the May Revision for the FY 2015-16 State Budget.

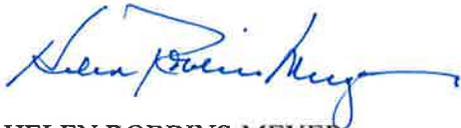
The Enacted State Budget maintains the State's commitment to 2011 Public Safety Realignment, however, as expected, there is a slight decrease in the available money for realignment. This decrease is due to the

original projections in 2011 that assumed the number of persons on Post Release Community Supervision would begin to decline in FY 2013-14 and drop significantly in FY 2014-2015.

In addition, later this summer the California Department of Finance along with the California State Association of Counties and a group of County Administrative Officers will release a new funding formula for 2011 Public Safety Realignment that will go into effect beginning FY 2014-15.

The attached document includes highlights of the FY 2014-15 State Budget as enacted and potential impacts to the County of San Diego.

Respectfully,

A handwritten signature in blue ink, appearing to read "Helen Robbins-Meyer". The signature is fluid and cursive, with a large initial "H" and "R".

HELEN ROBBINS-MEYER
Chief Administrative Officer

Attachment

cc: ACAO, CSG, FGGG, HHSA, LUEG, PSG, CNL, CLK, OSIA

**ENACTED FISCAL YEAR 2014-15 STATE BUDGET
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO**



MISCELLANEOUS BUDGET

Rainy Day Fund (*Governor's Enacted Budget Summary, Pages 5-7*)

- The Governor's Enacted Budget proposes a constitutional amendment that requires paying down liabilities and saving for a rainy day. Upon voter approval in November 2014, this amendment would take effect for FY 2015-16.
 - If approved, \$1.6 billion of revenues set aside for the Rainy Day Fund will be used to repay debt/reduce liabilities including Economic Recovery Bonds.
- The proposed Rainy Day Fund would result in over \$3 billion in savings and \$3 billion in additional debt payments in its first three years of operation.

State's Cash Flow (*California State Controller's Office, Press Release: Controller Releases May Cash Update, June 10, 2014*)

- State revenues for the month of May 2014 totaled \$6.7 billion, which fell short of the May figure estimated in the Governor's January Proposed Budget by \$389.1 million, or 5.5 percent. However, year-to-date revenues still exceed expectations by \$1.8 billion, or 2.1 percent.
 - According to State Controller John Chiang, even though this is the first time in six months that revenues have fallen short, the State's overall budgetary health remains stable and there is no threat to its ability to pay its bills on time and in full.
- Personal income taxes for the month of May 2014 came in \$254.2 million below the Governor's January Proposed Budget estimates; corporate taxes came in \$177.6 million below estimates; and sales taxes came in short by \$98.6 million.

Wall of Debt (*Governor's Enacted Budget Summary, Pages 2-3*)

- The Governor's Enacted Budget focused on repaying items on the Wall of Debt; an unprecedented level of debts, deferrals, and budgetary obligations accumulated over the prior decade.
- In 2011, outstanding budgetary borrowing totaled \$34.7 billion and is now reduced to approximately \$26.2 billion. This year's budget plans to reduce the Wall of Debt by more than \$10 billion, and fully eliminate it in FY 2017-18 by proposing to eliminate school deferrals, pay off the Economic Recovery Bonds, and make early loan payments.
- If state revenues rise higher than anticipated in the Budget, additional funds will be for further debt payments towards eliminating the remaining school deferrals and local government mandate claims.
- In addition to the Wall of Debt, the State faces more than \$300 billion in retirement, deferred maintenance and other long-term liabilities.

State Mandate Reimbursement (*Governor's Enacted Budget Summary, Page 55; CSAC Budget Action Bulletin June 16, 2014*)

- The Governor's Enacted Budget accelerates the State's reimbursement to counties, cities and special districts of \$900 million in mandate costs incurred prior to 2004 that must be repaid by 2020-21.
- The Budget appropriates \$100 million to local governments towards its repayment of the pre-2004 mandate debt which will be available for core services.
 - Approximately 73 percent of the payment will go to counties, 25 percent to cities and 2 percent to special districts.

- The Enacted Budget also includes language that could direct up to an additional \$800 million if state revenues come in above the Administration's revenue estimates. That determination will be made in next year's May Revision.

County Impact

- The County of San Diego's outstanding pre-2004 mandate reimbursement is approximately \$34 million. Of the \$100 million reimbursed to local governments in the Governor's Enacted Budget, the County will receive approximately \$4.5 million.

COMMUNITY SERVICES

Proposition 41 Implementation (*Governor's Enacted Budget Summary, Page 54*)

- The Veterans Housing and Homeless Prevention Act of 2014 (Proposition 41), passed by voters in June 2014, authorizes a total of \$600 million in general obligation bonds to provide affordable multifamily supportive housing for homeless and low-income veterans and their families.

County Impact Unknown

- Possibility of additional awards to the County for the administration of these programs.

Multifamily Housing Programs (General and Supportive Housing) (*Governor's Enacted Budget Summary, Pages 54-55*)

- The Governor's Enacted Budget provides \$50 million for the existing Multi-Family Housing Program and \$50 million for the Multi-Family Housing Program's supportive housing project to assist in the new construction, rehabilitation and preservation of permanent and transitional rental housing for lower income households.

County Impact Unknown

- Counties and other local public entities are among those eligible to apply for the deferred payment loans offered by the program. Applicants are invited to apply through Notice of Funding Available (NOFA).

Affordable Housing and Sustainable Communities Program (*Governor's Enacted Budget Summary, Pages 42-44*) * See Cap and Trade Section of this document for more information on Page 6

- The Governor's Enacted Budget permanently allocates 60 percent of future Cap and Trade auction proceeds to public transit, affordable housing, sustainable communities, and high-speed rail. Of this 60 percent, the Budget provides an ongoing commitment of 20 percent of future auction proceeds for affordable housing and sustainable communities.

County Impact Unknown

- County of San Diego Housing and Community Development may see state affordable housing NOFAs made available by this funding source.

Dissolution of Redevelopment Agencies (*Governor's Enacted Budget Summary, Page 53*)

- The Enacted Budget estimates that cities will receive an additional \$593 million in general purpose revenues in FY 2013-14 and FY 2014-15 combined, with counties receiving \$731 million and special districts \$227 million.

County Impact

- For FY 2014-15, the amount of residual distribution redirected to the County General Fund is anticipated to be \$20 million. However, these amounts were not reflected in the FY 2014-15 CAO Revised Recommended Op Plan due to outstanding litigation that could significantly reduce the amount of residual distributions directed to the County General Fund.
- For FY 2014-15, the amount of residual distribution redirected to the County Library Fund is anticipated to be \$650,000.

Library High Speed Internet Access and One-time Local Assistance Funding (*Governor's Enacted Budget Summary, Page 23*)

- The Governor's Enacted Budget includes \$3.3 million to provide public libraries access to high-speed internet and \$3 million for local library programs.

County Impact

- High-Speed Internet Access: No impact. The County already exceeds the performance target criteria for this competitive grant.
- One-time Local Assistance Funding: Up to \$50,000 in a competitive grant for literacy, reading, and education programs.

FINANCE AND GENERAL GOVERNMENT

Solar Project Property Taxes Exemption (*Senate Bill 871, Pages 1-4*)

- Enacted Budget Trailer Bill SB 871 extends the expiration date of the solar property tax exemption covering all new construction (both residential and commercial) for 8 years, from January 1, 2017 until January 1, 2025. This tax break relies on local revenue and is not reimbursed by the State, but continues to provide a tax incentive for renewable energy goals.

County Impact

- No new operational impact. If the State were to let this exemption expire, the County may receive additional property tax revenues.

State-County Assessors' Partnership Agreement Program (*Governor's Enacted Budget Summary, Page 54*)

- The Enacted Budget includes \$7.5 million in annual funding for a three-year pilot program to enhance local property assessment efforts. Although similar enhancement efforts such as the Property Tax Administration Grant Program (PTAP) were funded by the State between 1995 and 2006, the newly proposed pilot program contains key differences: a smaller funding pool, a competitive application process, a limit of nine potential winning counties, and a local matching requirement for funding. Several changes have been made to the program since it was introduced in the Governor's Proposed Budget, including a broadened range of funded assessment services and more flexibility in distribution of program funds according to county size.

County Impact

- Due to the matching requirement, the small nature of this pilot program and the fact that many details of the program are still unclear, it is unknown whether the program would be a benefit to the County. Under the previous program, PTAP, the County of San Diego received as much as \$5.4 million per year with no matching requirement.

State Payment In Lieu of Taxes Funding (*CSAC Summary on the Governor's 2014-2015 Budget Proposal, Page 12*)

- Despite urging from counties and available state revenues, explicit funding for the State Department of Fish and Wildlife Payment In Lieu of Taxes (PILT) program has not been included in the Enacted Budget. The Department of Finance has indicated that funding will not be included until ongoing litigation by rural counties is resolved. State Senate Bill 1410 (SB 1410) was introduced in February 2014, and sought \$19 million in funding for past due payments to counties, and \$2 million in annual funding for future payments. Unfortunately SB 1410 did not advance this year and was held in the Senate Appropriations Committee. The County was on record in support of SB 1410.

County Impact

- The State owes the County nearly \$800,000 in overdue PILT payments dating back to FY 1999-2000.

HEALTH AND HUMAN SERVICES

Medi-Cal (*Governor's Enacted Budget, Pages 25-26*)

- The Enacted Budget assumes an additional Medi-Cal caseload of 2.5 million and costs of \$14.2 billion related to implementation of the Affordable Care Act (ACA). Approximately 825,000 additional people will receive Medi-Cal benefits under the current 50-50 state-federal cost sharing arrangement, which will result in an increase of \$776 million in state funding. The federal government is paying nearly 100 percent of the costs for the remaining 1.6 million new individuals. Total Medi-Cal enrollment is expected to rise from 7.9 million before the ACA to 11.5 million in FY 2014-15.
- The Enacted Budget expands full-scope Medi-Cal services to pregnant woman with incomes at or below 138 percent of the Federal Poverty Level (FPL), and creates an affordability and benefit program for pregnant women with incomes above 138 percent and up to 208 percent of the FPL (\$16.6 million savings in state funding).
- The Enacted Budget authorizes the State Department of Health Care Services (DHCS) to collect supplemental rebates on certain specialty drugs, specifically high-cost drugs such as Hepatitis C treatments (\$6 million savings in state funding).
- The Enacted Budget includes funding for a pilot program to increase utilization of pediatric vision services. This pilot program will serve Los Angeles, and will only be expanded to other managed care counties under certain conditions (\$1 million in state funding).
- The Enacted Budget changes the reimbursement methodology for programs for all-inclusive Care for the Elderly (\$1.8 million in state funding).

County Impact

- During the past year, the County has added positions to manage to the increased caseloads associated with the implementation of ACA and Medi-Cal expansion.

In-Home Supportive Services Overtime (*Governor's Enacted Budget Summary, Page 27*)

- The Enacted Budget includes funding to pay overtime to providers who work in excess of 40 hours per week, but caps the overtime allowed at 66 hours per week. The budget also includes compensation to providers traveling between multiple recipients, wait time associated with medical accompaniment, and time spent on mandatory training (\$172.2 million in state funding).

County Impact

- Initial projections indicate approximately 3,170 recipients require overtime hours, requiring a maximum of 36,506 overtime hours per week. A projected annual cost for overtime hours is \$28 million in state funding. There is no County cost impact. However, there could be an administrative workload increase.

CalWORKs (*Governor's Enacted Budget Summary, Page 27*)

- The Enacted Budget authorizes a 5 percent grant increase effective April 1, 2015. State funding of \$46.6 million will support these costs until sufficient revenues in the Child Poverty and Supplemental Support Subaccount of the Local Revenue Fund are available.
- The Enacted Budget includes funding to provide support for families that homelessness and housing instability is a barrier to self-sufficiency (\$20 million in state funding)
- The Enacted Budget includes funding to allow individuals convicted of a drug felony to be eligible to CalWORKs and CalFresh benefits, effective April 1, 2015 (\$10.6 million in state funding).

County Impact

- With the 5 percent CalWORKs grant increase, the County's General Relief grant will also be raised 5 percent, effective April 1, 2015. Increased expenditure of County funds is projected to be \$100,000. Welfare and Institutions Code Section 17000.5 ties General Relief grant increases to CalWORKs grant increases.
- In order to administer the funding for housing instability, staff would be required to conduct case management and provide services related to housing support. This change would also require updates to the automation systems to track and report data. Counties have the option to participate in this program.

- The cost impact for adding drug felons to benefits will be minimal for the County. However, staff may be impacted if cases need to be reevaluated.

Commercially Sexually Exploited Children Program (*Governor's Enacted Budget Summary, Page 27*)

- The Enacted Budget establishes a Commercially Sexually Exploited Children Program (CSEC), which includes statewide training, the development of local protocols for addressing victims of exploitation, and specialized services (\$5 million increase in state funding in FY 2014-15 and \$14 million annually beginning in FY 2015-16).

County Impact

- This is an optional program. It is unknown how funds will be distributed. However, counties will be required to submit a plan describing how they intend to utilize the funds.
- Counties will need to develop an interagency protocol, with representatives from Probation, Mental Health, Public Health and Child Welfare Services.

Foster Care (*Governor's Enacted Budget Summary, Page 27*)

- The Enacted Budget increases payments to relative caregivers of federally ineligible youth in foster care for counties choosing to participate (\$15 million increase in state funding in FY 2014-15 and \$30 million annually beginning in FY 2015-16).

County Impact

- This is an optional program. Counties must opt in by October 1, 2014.
- This appears to be fully funded with CalWORKs and state funding at inception. State funding will be adjusted annually for California Necessities Index (CNI).
- If the state appropriation is insufficient to fully fund the base caseload, legislation provides for the appropriation of additional funds to fully fund the base caseload.
- County funds will need to be used to cover costs if state and federal funds are insufficient, or if placement costs increase beyond the CNI.

CalFresh (*Governor's Enacted Budget Summary, Page 28*)

- The Enacted Budget includes funding for a State Utility Assistance Subsidy to provide a state-funded energy assistance subsidy for CalFresh recipients, to comply with recent federal changes regarding the minimum energy assistance benefit that must be received by a household in order to access the standard utility allowance (\$10.5 million increase in state funding). This program will increase household monthly food budgets by an average of \$62 for over 320,000 families.

County Impact

- No County cost impact. However, staff may require additional training.

AIDS Drug Assistance Program (ADAP) (*Governor's Enacted Budget Summary, Page 28*)

- The Enacted Budget includes funding to add two new Hepatitis C virus drugs to the ADAP drug formulary. The drugs were approved by the Food and Drug Administration in late 2013 and were recently recommended for addition to the ADAP drug formulary because they provide a significant improvement in treatment, have a better cure rate, and require a shorter treatment duration (\$26.1 million in federal funding).

County Impact

- None – ADAP medication costs are shared by Federal and State funds.

Black Infant Health (*Governor's Enacted Budget Summary, Page 28*)

- The Enacted Budget includes funding for the Black Infant Health Program, to address disproportionately high rates of pre-term births and infant mortalities for black infants in California. (\$4 million increase in state funding).

County Impact

- The County's share of the \$4 million is unknown. However, if the State restores funding to the County that was cut in FY 2009-10 the County's share would be approximately \$500,000.

HIV Demonstration Projects (*Governor's Enacted Budget Summary, Page 28*)

- The Enacted Budget includes funding for HIV demonstration projects that will address outreach, screening, and care for Californians living with and at risk for HIV (\$3 million increase in state funding).

County Impact

- The California Department of Public Health is tasked with implementing up to four demonstration projects. Community-based organizations and local health jurisdictions will be able to apply through a competitive grant process. Awarded projects may operate up to two years. HHSa will be applying for these funds.

Title IV-E Waiver Extension (*Senate Bill 852, Section 5180*)

- This bill authorizes the California Department of Social Services to hire up to seven state positions as of July 1, 2014, with authority to the Department of Finance to reduce or increase state positions and funding pending final federal approval of the waiver and contingent on the final number of participating counties in the waiver (\$1 million increase in state funding).

County Impact

- While this revision does not have a direct impact on county funds, the County of San Diego is one of the 18 counties considering the proposed waiver.

One-time Restoration of Veterans' Services Funding (*Senate Bill 852, Section 8955-101-0001*)

- This bill continues the additional \$3 million in one-time subvention funding to Veterans' Services Offices for a total of \$5.6 million to be distributed by the California Department of Veterans Affairs (CDVA) in FY 2014-15.

County Impact

- Funds will be distributed to counties using the normal distribution formula. County share of funding will be unknown until late July.

Drought Emergency and State Emergency Food Assistance Programs (*Governor's Enacted Budget Summary, Page 39*)

- The Enacted Budget provides up to \$20 million for emergency food relief to drought impacted communities.

Unknown County Impact**LAND USE AND ENVIRONMENT**

Cap and Trade Expenditure Plan (*Governor's Enacted Budget Summary, Pages 41-45*)

- The Cap and Trade program was established to cap greenhouse gas emissions from the largest sources and establish a market mechanism under which those businesses that invest in green technology, reducing their emissions under the cap, can trade their remaining allowance. As part of this program, the California Air Resources Board has begun to hold auctions to allow market participants to buy emissions allowances directly. The Governor's Enacted Budget establishes a long-term expenditure plan for Cap and Trade auction revenues, and establishes funding for FY 2014-15 for a number of purposes, including the Affordable Housing and Sustainable Communities Program, Agricultural Energy and Operational Efficiency, wetlands and watershed restoration, waste diversion and others.
 - The Enacted Budget permanently allocates 60 percent of future Cap and Trade auction proceeds to high-speed rail, public transit and the Affordable Housing and Sustainable Communities Program. The remaining 40 percent of the Cap and Trade revenues are set aside for annual appropriation in the Budget. Although the California State Association of Counties (CSAC) indicated their understanding that local governments will be eligible under several of the programs funded under the Cap and Trade expenditure

plan, the plan does not specifically allocate any funding to projects within San Diego County.

- County staff will monitor the expenditure plan's implementation and look for any related funding opportunities.

Unknown County Impact

California Coastal Commission (*Senate Bill 852, Pages 219-220, Senate Bill 861, Pages 138-141, Assembly Floor Report – 2014-15 Budget, Page 30*)

- Local Coastal Plans – The previous FY 2013-14 budget included \$3 million in one-time General Fund dollars as part of a proposal intended to address the backlog of local coastal plans awaiting review and \$1 million to assist local jurisdictions. The Enacted FY 2014-15 Budget approves a two year pilot program, allocating \$3 million to the Coastal Commission each year to address the backlog of local coastal plans awaiting review and assist local jurisdictions.
- Authority to Impose Civil Penalties – The Public Resources Trailer Bill, SB 861, authorizes the Coastal Commission to impose an administrative civil penalty on a person who intentionally and knowingly violates the public access provisions of the California Coastal Act. This action requires a majority vote at a noticed public hearing. This new authority essentially allows the Commission to fine property owners who illegally block public access to beaches.

Early Transportation Loan Repayment (*Governor's Enacted Budget Summary, Page 61*)

- The Governor's Enacted Budget includes early repayment of \$351 million in previous state General Fund loans taken from transportation funding, including \$100 million that will be allocated \$50 million to cities and \$50 million to counties for preservation of local streets and roads. The State applied existing base gas tax formulas for the distribution of the funds.
 - Preservation projects include pavement, traffic management mobility projects, bridge projects, and drainage system rehabilitation projects.
- The Enacted Budget additionally corrected a previous error in the State Controller's Office apportionment of diesel excise tax revenue that resulted in a reduction of funds to local jurisdictions of approximately \$142 million since 2011.

County Impact

- The County is expected to receive about \$4.2 million from the early transportation loan repayment, and about \$5.1 million from its portion of the funds owed due to the underpayments for diesel fuel.

Reorganization of the Drinking Water Program (*Governor's Enacted Budget Summary, Pages 48-49*)

- The Governor's Enacted Budget transfers \$313.6 million and 302 positions for the administration of the Drinking Water Program from the Department of Public Health to the State Water Resources Control Board. The stated goals of this action include:
 - Establish a single water quality agency to enhance accountability for water quality programs.
 - Better provide comprehensive technical and financial assistance to help communities, especially small disadvantaged communities, address an array of challenges related to drinking water, wastewater, water recycling, pollution, desalination, and stormwater.
 - Improve the efficiency and effectiveness of drinking water, groundwater, water recycling, and water quality programs.

County Impact

- The reorganization of the Drinking Water Program will not result in any direct impacts on County operations at this time.

Tijuana River Valley – 1988 Bond Settlement (*Senate Bill 852, Page 233*)

- Funding in the Enacted Budget reflects the settlement of the lawsuit between the State and the Federal government over impacts of the border fence. This settlement initially included a total of \$4.5 million related to the Wildlife, Coastal, and Park Land Conservation Act of 1988 for the Tijuana River Valley, to be split between the State Department of Parks and Recreation (State Parks

Department), the Coastal Conservancy and the Wildlife Conservation Board. The Wildlife Conservation Board and the Coastal Conservancy allocated these funds to the County for use in the Tijuana River Valley regional park, but the State Parks Department has not sent their share, which comes to about \$2.1 million. The Budget Act of 2014, Senate Bill 852, includes the allocation of this \$2.1 million to flow through the State Parks Department and back to the County for use in the Tijuana River Valley.

County Impact

- These funds will be available to the County for use in the Tijuana River Valley per the 1988 bond.

PUBLIC SAFETY

Public Safety Realignment 2011 and Related Programs/AB 109 (*Assembly Bill 1468*)

- The Enacted Budget assumes continued funding for the overall 2011 Realignment program from two state sources: a sales tax of 1.0625 percent and Vehicle License Fees. In FY 2014-15, the statewide funding for AB 109 activities is projected to decline and the current county allocations in statute expire. A limited term county-by-county allocation formula will be developed by the Department of Finance in consultation with the California State Association of Counties and a group of county Chief Administrative Officers.
- AB 1468 makes technical adjustments regarding the distribution of receipts in law enforcement accounts and supplantation.
- AB 1468 requires that the California Department of Justice provide the Department of Finance with the number of juvenile felony court dispositions for each county for the previous calendar year by July 10 of each year.

County Impact

- The amount of funding available for 2011 Public Safety Realignment/AB109 is dependent on actual state revenues.
- Community Corrections Partnership Planning grants - \$200,000. Receipt of funds continues to be conditioned upon a county's submission of an annual report to the State by December 15, 2014.

Recidivism Reduction Fund (*AB 1468, Governor's Enacted Budget Summary, Pages 31-32*)

- State Senate Bill 105 (2013) created the Recidivism Reduction Fund in the State Treasury and a total of \$91 million is available in FY 2014-15.
- The programs supported by the Fund reflect both state level strategies and make funds available to counties.
- State level strategies for Community Reentry Facilities and services to support the reentry needs of state prisoners total approximately \$42 million.
- Resources available to counties and cities include:
 - Mentally Ill Offenders Crime Reduction Grants (MIOCR) - \$18 million in one-time competitive grants available statewide (\$9 million for adult offender populations, \$9 million for juvenile offender populations). Specific requirements for the application development process are set forth in statute. Funds will be awarded in the first year and are available for expenditure over three years.
 - Community Recidivism Reduction Grants - \$8 million in one-time funds allocated to each county to create a competitive grant program to provide small grants to nongovernmental entities to support recidivism reduction efforts. Per statute, the maximum grant per entity for a county of our size is \$50,000. Certain performance and outcome measures will be defined by the state.
 - Grants to cities with highest rates of serious crimes - \$2 million in one-time funding to provide three grants of equal amounts to the cities with the highest rates of murder, rape and robbery.

- Other initiatives include:
 - Court Programs - \$15 million in one-time competitive grants available for programs known to reduce recidivism and enhance public safety, such as collaborative courts, pre-trial, and risk assessment programs.
 - Social Innovation Bonds – subject to future legislation, \$5 million in one-time funding to facilitate the use of social innovation financing.
 - Workforce Investment Boards - \$1 million in one-time competitive grant program for workforce training and job development to serve the reentry population.
- County Impact
- MIOCR – unknown impact since this will be a competitive grant program. San Diego County will evaluate the requirements for the application process.
 - Community Recidivism Reduction Grants - \$500,000.

Trial Court Security (*Senate Bill 852; Assembly Bill 1468; Governor's Enacted Budget Summary, Page 33*)

- Includes \$1 million to address potential increased trial court security costs from new court construction. Counties must demonstrate the need for increased trial court security staff as a result of these new courthouses and approved requests will be adjusted annually.
- County Impact
- Potential future benefit when a new courthouse is constructed that requires additional security personnel.

Local Criminal Justice Facilities (*Assembly Bill 1468; Governor's Enacted Budget Summary, Page 33*)

- Includes \$500 million of additional lease revenue bond financing authority for the acquisition, design, and construction of local criminal justice facilities. A minimum 10 percent match will be required and funding criteria shall include, as a mandatory criterion, documentation of the percentage of pretrial inmates in the county jail from January 1, 2013, to December 31, 2013, inclusive, and a description of the county's current risk-assessment-based pretrial release program.
- County Impact
- San Diego County will evaluate the option to participate in the application process.

Local Public Safety (*Assembly Bill 1468; Governor's Enacted Budget Summary, Page 34*)

Includes the following changes to strengthen public safety at the local level:

- **Community Corrections Performance Incentive Grant Program**
 - Includes a total of \$124.8 million (an increase of \$23.7 million) for county probation departments that have demonstrated success in reducing the number of adult felony probationers going to county jail or state prison.

County Impact

 - San Diego County Probation Department anticipates receiving a portion of these funds.
- **Split Sentences**
 - Assembly Bill 1468 contains language to amend Penal Code Section 1170(h) to establish the presumption of a split sentence unless the court finds that, in the interest of justice, such a sentence is not appropriate. This change is effective January 1, 2015. By that same date, the Judicial Council is required to adopt rules of court regarding criteria for the consideration of the judge in making this determination.

County Impact

 - Local impact unknown. An increase in the number of split sentences could result in an increase in the number of persons supervised in the community and possible decrease to the jail population.

Alternative Custody Programs (*Assembly Bill 1468*)

- Authorizes county sheriffs to offer an alternative custody program for men and women. The program may include the use of electronic monitoring, global positioning system devices, or other supervising devices for the purpose of helping to verify a participant's compliance with the rules and regulations of the program.

Unknown County Impact

- Local impact based on undetermined funding for treatment, programming and supervision/staffing needs for the identified population.

Juvenile Justice Data Working Group (*Assembly Bill 1468*)

- Establishes a Juvenile Justice Data Working Group within the Board of State and Community Corrections. The purpose of the working group is to recommend options for coordinating and modernizing the juvenile justice data systems and reports that are developed and maintained by state and county agencies.

County Impact

- This State action will provide an opportunity to streamline juvenile justice reporting requirements under the Youthful Offender Block Grant and Juvenile Justice Crime Prevent Act programs.

Prison Population Cap (*Governor's Enacted Budget Summary, Page 35*)

- The February 10, 2014 federal court order granted the State a two-year extension to reduce the population in its institutions to 137.5 percent of capacity by February 28, 2016. In granting the two-year extension, the court also established benchmarks, requiring the State to meet 143 percent of design capacity by June 30, 2014 and 141.5 percent by February 28, 2015.

Population Reduction Strategies

- Includes General Fund expenditures of \$3.1 million to comply with the additional population reduction strategies ordered by the court. The resources will allow the Department to begin expanding medical parole, implementing an elderly parole program, establishing a parole process for non-violent, non-sex second strike inmates that have served 50 percent of their sentence, and reducing the hearing preparation timeline.

Unknown County Impact**Post Release Community Supervision – Impact of Credit Enhancements**

- The Statewide Post Release Community Supervision average daily population impact is estimated to be 215 in FY 2013-14 and 819 in FY 2014-15.
- Includes \$11.3 million to be allocated in FY 2014-15 to county probation departments for a short-term increase of offenders on Post Release Community Supervision as a result of the additional credit earnings for non-violent, non-sex second strike inmates as ordered by the court on February 10, 2014.

County Impact

- Opportunity for funds to be available to the Probation Department to address the impact of additional offenders on supervision. The method of distribution of these funds has not yet been released.

Emergency Drought Response (*Governor's Enacted Budget Summary, Pages 37-40*)**Department of Forestry and Fire Protection (CAL FIRE)**

- Increase of \$53.8 million General Fund and \$12.2 million in other funds to expand firefighter surge capacity, retain seasonal firefighters beyond the budgeted fire season, provide additional defensible space inspections, and enhance air attack capabilities to suppress wildfires. Of this funding, \$10 million is available to support local grants for fire prevention projects or public education efforts that benefit homeowners of habitable structures in state responsibility areas.

County Impact

- Opportunity for funds to be available to the San Diego County Fire Authority (SDCFA). The method of distribution of these funds has not yet been released.

- While the remainder of the budget does not have a direct impact on County operations or funds, there will likely be an increase to local CAL FIRE resources in support of the SDCFA.
- **Office of Emergency Services**
 - Increase of \$4.4 million for the State Operations Center to continue to provide local communities with technical guidance and disaster recovery support related to the drought.
Unknown County Impact

Judicial Branch (*Governor's Enacted Budget Summary, Pages 51-52*)

- Includes total augmentation of \$207.2 million to stabilize state trial court operations.
Unknown County Impact