



County of San Diego

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

HIGHLIGHTS OF THE GOVERNOR'S FY 2016-17 STATE BUDGET MAY REVISION AND POTENTIAL COUNTY IMPACTS

On May 13, 2016, Governor Jerry Brown presented a revised state budget that proposes a \$169.3 billion spending plan for FY 2016-17. In announcing modifications to his Proposed FY 2016-17 State Budget, the Governor stated that the surge in state revenue surpluses has begun to slow and the State must begin to prepare for potential economic slowdown. As a result of nearly \$2 billion in lower than anticipated revenue, the May Revision outlines a modified spending plan from what was outlined by the Governor in January.

The May Revision maintained several proposals contained in the January Proposed Budget including the Governor's plan to fund roads and infrastructure that failed to gain approval by the State Legislature in 2015. The budget plan also proposes to end FY 2016-17 with \$8.5 billion in total State General Fund reserves, \$1.7 billion lower than was proposed in January.

The May Revision also includes support for a \$2 billion bond from future Proposition 63 mental health revenues to enable the State Department of Housing and Community Development to develop and administer homelessness and affordable housing programs. This proposal would require a two-thirds vote in the State Legislature.

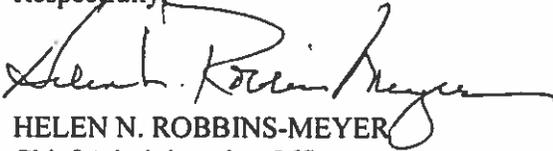
The Governor raised the prospect at his press conference that additional reductions in state tax revenues in the coming years were likely. In 2012 voters approved a statewide ballot measure that temporarily increased the sales tax and the personal income tax of the state's wealthiest taxpayers. During his press conference the Governor cautioned that the budget over the next two years will remain in balance however state commitments will exceed expected revenues by 2019. California voters will have an opportunity to extend these taxes in November 2016, however the Governor has yet to indicate his support for the measure.

The attached document includes highlights of the Governor's FY 2016-17 State Budget May Revision and potential impacts to the County of San Diego. The items summarized reflect the topics addressed in the May Revision document. The budget items that were included in the summary of the Governor's January Proposed

Budget, provided to your Board on January 19, 2016, are considered hold-over items if not addressed directly in the attached impact analysis of the May Revision.

The State Legislature has until June 15th to pass a State Budget in advance of the end of the fiscal year on June 30th. The items included in the adopted FY 2016-17 State Budget will be analyzed once the final FY 2016-17 State Budget is passed and signed by Governor Brown.

Respectfully,

A handwritten signature in black ink, appearing to read "Helen N. Robbins-Meyer", written over a horizontal line.

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

Attachment

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

**GOVERNOR'S MAY REVISION FISCAL YEAR 2016-17 STATE BUDGET
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO**



MISCELLANEOUS BUDGET

The State Budget and Economic Conditions (*Governor's May Revision Budget Summary, Pages 1-2*)

- The Governor called for fiscal prudence as he released a revised state budget that funds the state government while paying down debt and holds the line on new spending obligations.
- The May Revision revenue forecast has been reduced by \$1.9 billion.
 - The Governor warned that in the coming years, the State's commitments will exceed expected revenues. He added that by FY 2019-20 the annual shortfall between spending and revenues is forecast to be over \$4 billion.
 - The potential shortfall is due in part to the expiration of temporary taxes. State voters will have the option to extend these taxes on the November ballot for another 12 years.

State's Cash Flow (*California State Controller's Office, Press Release: CA Controller's April Cash Report Shows Receipts more than \$1.8 Billion over Projections, May 10, 2016*)

- April receipts for the State's General Fund fell short of expectations by more than \$1.19 billion.
- Personal income tax revenue was \$13.4 billion, which was 8.4 percent less than anticipated in the Governor's January Proposed Budget.

State Legislative Analyst's Office (*Comments on the Governor's May Revision, May 14, 2016*)

- Since January, the State Legislature made budgetary commitments that represent substantial new ongoing costs to the State. These include: (1) an increase in the statewide minimum wage, (2) augmentations for health and human service programs, and (3) increased costs associated with new collective bargaining agreements.
- The LAO's Office states that these commitments, along with the lower estimates of revenues and reserves, mean there is now less capacity than there was in January for additional budgetary commitments.

COMMUNITY SERVICES

California Department of Fair Employment and Housing (*Continued from the Governor's Proposed Budget Summary, Page 133; Governor's May Revision Budget Detail*)

- The January Proposed Budget included an increase of \$2.5 million and 21 positions to the California Department of Fair Employment and Housing to assist with its staffing and operational responsibility of protecting the citizens of California from employment, housing and public accommodations discrimination, and acts of hate violence. The May Revision includes an additional increase of \$3.4 million and 3 positions for the Department.

Unknown County Impact

- Should the State's Department of Fair Employment and Housing receive additional funding, it is possible resources could be allocated towards more investigative cases involving housing discrimination, which could impact County of San Diego Housing and Community Development (HCD) should the State request HCD's assistance in investigating and responding to potential allegations.

California Library Services Act (*Continued from the Governor's Proposed Budget Summary, Page 50*)

- The California Library Services Act is proposed to receive an increase of \$1.8 million ongoing funding and \$3 million one-time appropriations to strengthen statewide and regional services for public libraries.

County Impact

- The County Library may be eligible to receive \$25,000-\$50,000 of proposed funding, depending on the number and type of applications received from as many as 184 library systems throughout the State.

Dissolution of Redevelopment Agencies (*Governor's May Revision Budget Summary, Pages 46-49*)

- The January Proposed Budget continued carrying out the dissolution of redevelopment agencies following the passage of last year's budget trailer bill, State Senate Bill 107, which provided successor agencies an annual Recognized Obligation Payment Schedule (ROPS) and the ability to submit a Last and Final ROPS based on a finding of completion for payments.
- Counties, cities and other taxing entities continue to receive tax increment returns while the Governor's May Revision anticipates that counties will receive \$710 million in FY 2015-16 and FY 2016-17 in general purpose revenues.

Unknown County Impact

Motor Voter Program (*Continued from the Governor's Proposed Budget Summary, Page 91*)

- The Governor's Proposed Budget sought to appropriate \$3.9 million to bring online an automatic voter registration process that will be integrated with the California Department of Motor Vehicles' driver license application and renewal process as intended by the passage of last year's State Assembly Bill 1461, the "California New Motor Voter Program."

Unknown County Impact

- The "Motor Voter Program" will not be implemented until after VoteCal, a newly centralized voter registration database project currently underway, is successfully implemented. Due to the implementation of a new state program, there is the potential for a gradual increase in cost to the County's Registrar of Voters over several years, possibly beginning in FY 2017-18.

HEALTH AND HUMAN SERVICES

Medi-Cal Full Scope Coverage to Undocumented Children (*Governor's May Revision Budget Summary, Page 36*)

- State Senate Bill 75 (2015) authorized the expansion of full scope Medi-Cal to undocumented children under the age of 19. Benefits began May 1, 2016 to an estimated Statewide population of 185,000 children (up from 170,000 in January's Budget), for an estimated cost of \$188.2 million (an increase of \$45.4 million compared to January's Budget).

County Impact

- The County's caseload will increase with the expansion of full scope Medi-Cal to undocumented children under the age of 19. Of the 185,000 estimated children, 30,000 – 50,000 children are estimated for San Diego. The County share of funding for the workload impact is unknown at this time.

Medi-Cal 1115 Waiver Renewal ("Medi-Cal 2020") (*Governor's May Revision Budget Summary, Page 36*)

- California has renewed the 1115 Waiver from January 2016 through December 2020. The May Revision includes \$2.2 billion in federal funding. The waiver will continue delivery system transformation of public hospital systems, and implement new efforts to improve services across Medi-Cal programs, including dental services and treatment to high-risk, vulnerable populations (including a "Whole Person Care" pilot program to integrate care for a particularly vulnerable group of Medi-Cal beneficiaries who have been identified as high users of multiple systems and continue to have poor health outcomes).

County Impact

- Fiscal impact of the overarching Medi-Cal 1115 Waiver renewal to the County is unknown at this time.
- Discussions with stakeholder groups are ongoing related to the County's potential participation in the Drug Medi-Cal Organized Delivery System waiver and Whole Person Care Pilot.

Continuum of Care Reform (*Governor's May Revision Budget Summary, Pages 37 & 39*)

- The Administration is proposing \$127.3 million (an increase of \$59.9 million over January's Budget) for county mental health, child welfare and probation departments to continue the implementation of the Continuum of Care Reform (CCR) brought forth in State Assembly Bill 403 (2015) designed to improve the foster care system. The funding will cover foster care grants to support the new rate structure as well as administrative activities.

County Impact

- The County Welfare Directors' Association (CWDA) is working with the State and counties on an allocation methodology. The County's estimated share is unknown at this time. The Chief

Probation Officers of California (CPOC) Budget Analysis Summary states that County Probation departments will receive \$18.6 million of which the Probation Department anticipates receiving a portion of these funds.

- The new mandates will require Polinsky Children's Center to become a 10 day assessment center and potentially impact the operations of the San Pasqual Academy. CCR will also convert group home facilities to treatment facilities which will limit stays for six months and increase the rates.

1991 Health Realignment redirection (AB 85) (Governor's May Revision Budget Summary, Pages 38)

- AB 85 (2013) modified the 1991 Realignment Local Revenue Fund (LRF) distributions to capture and redirect savings counties are experiencing from the implementation of federal health care reform. The net savings are redirected for county CalWORKs expenditures, which saves the State General Fund on the CalWORKs program.
- Actual county savings in FY 2013-14 were \$177.4 million lower than estimated and the Budget assumes reimbursement of this amount to counties in FY 2016-17.

County Impact

- The County's estimated share of reimbursed funds previously redirected is \$14.7 million.

Managed Care Organization (MCO) Financing and In Home Supportive Services (IHSS) (Governor's May Revision Budget Summary, Pages 38-40)

- The State has historically had a MCO tax for Medi-Cal managed care organizations which was deemed impermissible under federal guidelines as structured. A new tax on the enrollment of Medi-Cal managed care plans and commercial health plans was recently passed and will reduce spending by approximately \$1.1 billion in FY 2016-17.
- Among other items, the MCO tax will be used to cover the continuation of the IHSS restoration of a prior year 7 percent reduction in the IHSS service hours (\$265.8 million in FY 2016-17). In IHSS the administration also includes increased costs associated with implementing the Fair Labor Standards Act (FLSA) regulations including overtime and other compensation requirements effective February 1, 2016.

County Impact

- Under the terms of the IHSS Maintenance of Effort (MOE), there is no fiscal impact to the County associated with the 7 percent restoration and implementation of the FLSA, but there would be an expected workload impact.

CalWORKs (Governor's May Revision Budget Summary, Page 40)

- A 1.4 percent increase in CalWORKs grants effective October 1, 2016 is proposed for an estimated \$35.4 million.

County Impact

- There is no fiscal impact to the County tied to the CalWORKs grant increase; the grant increase is fully funded with Child Poverty and Family Supplemental Support Subaccount Realignment.
- When the State increases grants in CalWORKs, the County also applies the same increase in the General Relief program. The estimated County impact of the General Relief grant increase is \$0.1 million.

Minimum Wage (Governor's May Revision Budget Summary, Page 40)

- Beginning on January 1, 2017, the state minimum wage will increase to \$10.50 per hour. The May Revision reflects an increase \$18.4 million for the IHSS program and a decrease in CalWORKs of \$6.0 million in FY 2016-17.

County Impact

- Wages for IHSS Individual Providers will increase to \$10.50. Under the terms of the IHSS MOE, there is no fiscal impact to the County associated with the wage increase.

Supplemental Security Income / State Supplemental Payment (SSI/SSP) (Governor's May Revision Budget Summary, Page 41)

- The May Revision continues the Governor's January budget proposal of increasing the SSP portion of the grant to adjust for cost increase, based on the California Necessities Index (CNI), as well as passing through the annual federal cost-of-living adjustment (COLA) to the SSI portion of the grant. The estimated 2017 CNI is 2.76 percent. The SSI/SSP adjustments will implement on January 1, 2017.
- State only Cash Assistance Program for Immigrants CAPI provides monthly cash benefits to aged, blind, and disabled legal non-citizens who are ineligible to SSI/SSP due solely to their immigration status. CAPI benefits are equivalent to SSI/SSP benefits less \$10 per month for individuals and \$20 per month for couples.

County Impact

- No fiscal impact to the County.
- There are approximately 355 CAPI cases in San Diego.

Housing and Mental Health Services Act (MHSA) (*Governor's May Revision Budget Summary, Page 52*)

- The May Revision includes the Administration's endorsement of the State Senate's "No Place Like Home" proposal of a \$2 billion bond proposal, with debt financing support from MHSA funds, to enable the CA Department of Housing & Community Development to develop and administer affordable housing programs with a focus on chronic homelessness. The May Revision proposes first-year funding of \$267 million from the bond proceeds.

County Impact

- It is expected that the State will retain a portion of MHSA revenues that otherwise would have been allocated directly to counties. The County's impact is potentially more than \$10 million.
- The bond funding will be awarded to counties on a competitive basis to support housing for those who are mentally ill and chronically homeless.

Public Health Services (*Governor's May Revision Budget Summary, Pages 73-74*)

- The May Revision includes \$8.2 million for a Childhood Lead Poisoning Prevention Fund to extend services to children who have been exposed to lead, consistent with the guidance for treatment from the federal Centers for Disease Control and Prevention, and to upgrade an information technology system to handle these additional cases.

County Impact

- The County's estimated share is \$0.4 million.

LAND USE AND ENVIRONMENT

Tree Mortality (*Governor's May Revision Budget Summary, Pages 66 & 67*)

- The Governor's May Revision includes \$11 million in one-time funding to CAL FIRE to assist in the removal and disposal of trees in high fire hazard areas, of which \$6 million would be distributed as grants to local entities for removal of hazardous trees that pose a threat to public health and safety. The State has focused its efforts thus far in the southern Sierra region of California. Despite this funding not being earmarked for our region, throughout the County tens of thousands of trees have been lost as a result of the drought, the bark beetle, the gold spotted oak borer and the shot hole borer infestations.

County Impact

- It is unknown at this time if the County would qualify for a portion of the \$6 million in proposed grant funding for the removal of dead and hazardous trees.
- Dead trees are often disposed of in combustion devices, creating air pollution. The County Air Pollution Control District is working with other agencies to identify air pollution control and permitting requirements for these combustion devices, to minimize air pollution impacts.

Medical Marijuana Regulation and Safety Act Implementation (*CSAC Budget Action Bulletin, Page 10*)

- The Governor's May Revision proposes \$5.9 million for the Department of Consumer Affairs for eight positions and external contract costs for the development, implementation and maintenance of an IT solution that will support the Bureau of Medical Marijuana Regulation's licensing and enforcement functions.

Unknown County Impact**Affordable Housing** (*Governor's May Revision Budget Summary, Pages 51-52*)

- The Governor's May Revision includes several measures with the goal of reducing housing costs, particularly for affordable housing.
- The Governor proposed ministerial, "by-right" approval for attached multifamily housing projects. Under the proposal, a local government could not require discretionary review or approval for developments that meet the affordability criteria, are consistent with general plan and zoning standards, and are subject to mitigating measures to address potential environmental impacts. This proposal is further detailed in draft trailer bill language released by the Administration.
 - Attached housing development projects can include multifamily residential projects, vertical mixed use projects with neighborhood commercial on the first floor, or transitional and supportive housing.

- o Local government discretionary review or approval would include a conditional use permit, planned unit development permit or other discretionary local government review or approval that would constitute a project for the purposes of the California Environmental Quality Act (CEQA). The proposal allows for design review to the extent that it does not constitute a discretionary project for the purposes of CEQA.
- o The affordability requirements in the proposal vary. In transit priority areas the development must include either ten percent of units affordable to low income households or five percent of units for very-low income households in order to be eligible for by-right approval. Outside of transit priority areas, a project must include at least twenty percent of the units affordable for households making eighty percent or less of the median area income. The affordability provisions must be recorded against the development's property for a term of 30 years or more and be enforceable by a public agency or any member of the public.

County Impact

- The Governor's May Revision by-right proposal would result in an initial undetermined County cost to establish permitting/planning process. It is unknown how many projects would be brought forward in the unincorporated area that would be eligible under this proposal.
- Should a project meet the above requirements in an area of the unincorporated County, this proposal would result in a significant loss of local authority. Currently, at a minimum, these projects would require a discretionary permit, which in addition to design review components would require CEQA review to address impacts. The by-right process would require the County to either include this by-right provision in the zoning ordinance or require the creation of a County process to ensure that the criteria included in the proposal, including conformance to zoning standards, has been met. Amendments may be necessary to the County Department of Planning and Development Services Fee Ordinance to address this change, the cost for which would represent an unfunded local mandate.
- The proposal would require that by-right projects conform to a number of conditions (not located in a flood way, earthquake fault zone, or is not a hazardous waste site), and requires acknowledgement of conformance to these requirements by the applicant or development proponent. This process may not ensure that these potential hazards are entirely mitigated. Additionally, without a discretionary permit, enforcement authority ensuring compliance with the requirements of the proposal would be difficult.
- The proposal includes time restrictions (90-days) to complete project reviews that may impact staff's review of other County projects thereby delaying the timely completion of other County projects.
- According to County Housing and Community Development, a reduction in the amount of time related to permitting and easing of regulatory restrictions may serve to encourage the development of more affordable housing.
- The Governor's May Revision embraced several ideas from bills that are currently under consideration by the State Legislature in regard to policies and rules for second dwelling units, which are additional living quarters on single-family lots that are independent of the primary dwelling unit. The Governor asserts that certain policy changes can increase the availability of accessory dwelling units, such as expanded ministerial approval, shortened permitting timelines, reduced duplicative fees, and relaxed parking requirements. These changes are consistent with language in current State Senate Bill 1069 (SB 1069). The Governor also indicated support for provisions in current State Assembly Bill 2299 (AB 2299), which seeks to eliminate additional requirements for accessory dwelling units that the May Revision identifies as overly burdensome, including requirements for passageways to public streets and setbacks of five feet from lot lines.

County Impact

- The County currently has a Second Dwelling Unit Ordinance consistent with state law and recently amended the Zoning Ordinance to lessen the entitlement requirements for second dwelling units. SB 1069 and AB 2299 would require additional minor amendments to the Zoning Ordinance to address development standards for second dwelling units, and could result in some loss of local authority.
- According to County Housing and Community Development, easing the regulatory restrictions for second dwelling units may increase the supply of alternative housing options, which would help to alleviate the affordable housing shortage in the region.
- The Governor's May Revision also addresses density bonus law, which requires local governments to allow more total units in a project than otherwise permitted by existing zoning in exchange for including units affordable to

lower-income households within the development. The May Revision specifically references current State Assembly Bill 2501 (AB 2501), but does not discuss the bill or provisions in detail. Some of the provisions of the bill include:

- o States that the definition of a "housing development" eligible for density bonus can include a mixed-use development.
- o Requires that a local government could only refuse an incentive if it finds, based on substantial evidence, that it "does not reduce the cost of development." Density bonus allows for reductions in site development standards, modification of zoning code requirements or architectural design requirements, or other regulatory incentives or concessions under certain circumstances to realize cost reductions, and this would make it more difficult for a local government to deny such concessions. The bill also specifies that a city or county shall bear the burden of proof for the denial of a requested concession or incentive.
- o Restricts local government from conditioning the submission, review, or approval of an application for a density bonus on the preparation of an additional report or study that is not explicitly described in the law.
- o Requires procedures and timelines for processing density bonus applications, including lists of all documents and information required for a complete application.

County Impact

- AB 2501 proposes increased use of the Density Bonus Law and would require the County to update its Zoning Ordinance, which would have an estimated one time cost of \$50,000.
- This bill is not expected to have significant impact on the County. Over the past three years, the County processed only one project application pursuing a density bonus and this application was ultimately withdrawn.

Sustainable Groundwater Management Act (*Governor's May Revision Budget Summary, pages 70-71*)

- The Governor's May Revision provides an increase of \$1 million to the State Department of Water Resources to support local public agencies (water districts, counties, cities, and other local groups) with the formation of groundwater sustainability agencies to comply with the new requirements of the Sustainable Groundwater Management Act (SGMA). San Diego County contains four of the basins mandated to be sustainably managed under SGMA: Borrego Valley, San Luis Rey Valley, San Pasqual Valley and the San Diego River Valley.

County Impact

- Unknown potential positive fiscal impact.
- Planning and Development Services will apply for \$60,000 in facilitation services to create Groundwater Sustainability Agencies for the four basins within San Diego County.

Cap and Trade Expenditure Plan (*Governor's May Revision Budget Summary, Page 12*)

- The Cap and Trade program was established to address climate change by capping greenhouse gas emissions from the largest sources and establishing a market mechanism under which those businesses that invest in green technology and reduce their emissions under the cap can trade their remaining allowance. The Governor's May Revision does not propose any changes to the cap and trade allocation plan, which includes \$3.1 billion in funding for programs that reduce GHG emissions, including a new local climate program for disadvantaged communities, increased spending for investments in waste management, and funding to CAL FIRE to support forest health programs.

County Impact Unknown

- The May Revision did not make any changes to the Governor's January Proposal on Cap and Trade spending. As noted in January, although local governments are eligible under several of the programs that would be funded in the Cap and Trade Expenditure Plan, the Expenditure Plan does not specifically allocate any funding to projects within San Diego County, and in many of the proposals the funding is targeted toward disadvantaged communities, which may limit the various programs' applicability to some areas of the County. County staff will monitor the available programs for any related funding opportunities.

Emergency Medical Services Authority (*Governor's May Revision Budget Summary, Page 44*)

- The Emergency Medical Services Authority administers a system of coordinated emergency medical and disaster medical response. The Governor's May Revision includes \$36.1 million for the Authority.

County Impact

- Possible positive fiscal impact. May result in some funding for the County's Hazardous Incident Response Team/Department of Environmental Health activities for emergency response to disasters.

Transportation (*Governor's May Revision Budget Summary, Pages 61-64*)

- The Governor's May Revision reiterated his January Budget proposal for transportation, which emphasized the need for funding for highway and local street and road maintenance and repairs. Consistent with the January proposal, the May Revision continues to base the Transportation funding levels on the assumed passage of the Governor's 2015 transportation funding and reform proposal.

County Impact

- Highway User Tax Account (HUTA) funding is one of the current primary funding sources for local streets and roads. HUTA revenue comes from an excise tax on gasoline that is calculated by the Board of Equalization each year based on gasoline prices. Due to low gasoline prices, the Governor's Proposed Budget projected that the gasoline excise tax will be reduced 2.2 cents in July. This decrease in the gasoline excise tax is anticipated to result in a negative impact of approximately \$4 million, which is in addition to the loss of \$7 million in HUTA funding due to the current year 6.5 cent drop in the gasoline excise tax. In the absence of further state action to identify a new funding source for transportation infrastructure, local street and road maintenance may continue to be underfunded.
- The Governor's May Revision notes that the new federal Fixing America's Surface Transportation (FAST) Act allocates \$582 million over five years to California through the new National Highway Freight Program funding formula, and that California is additionally eligible to receive a portion of \$900 million annually for Fostering Advancements in Shipping and Transportation of the Long-term Achievement of National Efficiencies (FASTLANE) competitive grants. FASTLANE grants can be applied to up to 60 percent of Nationally Significant Freight and Highway Projects program costs, with the remaining funds from state, local, or other federal funding sources. The May Revision would make other state and federal funding available as a match for the remaining 40 percent.

County Impact

- One County project, the Bradley/SR67 Interchange, may qualify for FASTLANE competitive grants, but staff noted that the likelihood of the County receiving this grant is low. If the Bradley/SR67 Interchange project was to qualify and the County received a grant for the project, the 40 percent match proposed by the May Revision would be helpful.

PUBLIC SAFETY

Incompetent to Stand Trial Admissions (*Governor's May Revision Budget Summary, Page 41*)

- Proposes further expansion of both inpatient and jail-based beds, but the expansion will exhaust current capacity within state hospital and cannot satisfy demand if referrals continue to grow. The Administration will continue to work with county partners, the Judicial Council, and stakeholders to find approaches to ameliorate the growth in referrals, explore additional ways to make this Incompetent to Stand Trial process more efficient, and examine opportunities for additional bed capacity through partnerships with counties.
 - Includes \$2.7 million to expand the jail-based competency treatment program by 25 beds and provide additional oversight of the restoration of competency program.

County Impact

- The Sheriff's Department is currently working with the Department of State Hospitals to bring the jail based competency treatment program in San Diego which includes possibly funding 30 beds for Incompetent to Stand Trial inmates.

Community-Based Transitional Housing Program (*Governor's May Revision Budget Summary, Page 53*)

- The Governor's Budget proposed a \$25 million siting grant program to encourage local communities to support housing that provides treatment and reentry programming to offenders from the criminal justice system. Local governments, which have primary control over land use, zoning and permitting, may be understandably reluctant to expand housing for ex-offenders, yet it is in everyone's interest to help this population transition into productive roles in their communities. The Administration convened a series of meetings in recent months with stakeholders to develop a framework for rewarding communities that agree to issue new, long-term permits for hard-to-site

facilities. The May Revision includes statutory language to implement this grant program. Significant components of the Community-Based Transitional Housing Program include:

- o Additional funds to local communities that site, for a minimum of 10 years, new transitional housing and supportive services for offenders released from state prison or county jail.
- o A requirement that a portion of the funds be used by the city or county to increase public safety around the facility and improve communication with neighbors.
- o A requirement that grant funding be shared with non-profit facility operators to support rehabilitative services, security, and community outreach.
- o A competitive application process that will protect existing permitted facilities, examine the current concentration of permitted facilities in the community, review the past performance of the facility operator, and give priority to cities and counties that leverage or provide other funding for the facility.

County Impact

- The Zoning Ordinance currently permits transitional housing as small family care homes and large group care facilities. The proposal does not provide new siting criteria for transitional housing. Potential grant funding could be awarded should the County choose to apply.

Proposition 47 (*Governor's May Revision Budget Summary, Pages 59 and 60*)

- The Department of Finance currently estimates net savings of \$39.4 million from Proposition 47, which is an increase of \$10.2 million compared to the estimate in the Governor's January Proposed Budget. The estimate assumes savings from the reduction in the State's adult inmate population, and increased costs due to a temporary increase in the parole population and trial court workload associated with fewer felony filings and more misdemeanor filings, and the number of offenders resentenced and released from the Department of State Hospitals. Proposition 47 calls for 65 percent of the savings to be allocated to the Board of State and Community Corrections (BSCC) for purposes of mental health, substance abuse disorder treatment and diversion programs; 25 percent to the Department of Education to administer a grant program to public agencies to reduce truancy and support students who are at risk or dropping out or are crime victims; and 10 percent to the Victims Compensation and Government Claims Board to make grants to trauma recovery centers. Funds are allocated as follows:

Board of State and Community Corrections	\$ 26.642 million
State Department of Education	\$ 9.862 million
CA Victim Compensation & Government Claims Board	<u>\$ 3.945 million</u>
TOTAL	\$ 39.449 million

- Ongoing savings are now expected to be approximately \$62.2 million.

County Impact

- The County anticipates receiving a portion of these funds. The BSCC has established an Executive Steering Committee to develop a request for proposal on how these funds will be allocated.

Emergency Drought Response (*Governor's May Revision Budget Summary, Pages 65 – 69 and 83*)

- Office of Emergency Services (page 83)
 - o An increase of \$30 million to support local jurisdiction using the California Disaster Act program for recovery from disasters such as tree mortality, wildfires, earthquakes, floods and droughts.
 - o An increase of \$10 million to support the implementation of the California Earthquake Early Warning System and Program for a comprehensive and reliable earthquake early warning system statewide. The proposed funding will be used to perform research on necessary technology, and other technical aspects which will integrate public and provide infrastructure, provide public education, and conduct training.
- Local Assistance for Small Communities - An increase of \$5 million for the Department of Water Resources to provide emergency drinking water support for small communities, including addressing private wells. Combined with the \$5 million already included in the Governor's Budget, a total of \$10 million will be available for this purpose.
- Department of Forestry and Fire Protection (CAL FIRE)
 - o Tree Removal - detailed in the Land Use and Environment section of this document.
 - o Enhanced Fire Protection - An increase of 10.4 million to contract for additional helicopters and seasonal helicopter crews during peak fire season.

County Impact

- This proposal may increase available local resources to support efforts related to the drought, fire protection and tree mortality.

Trial Court Security Court Construction (*Governor's May Revision Detailed Budget Document*)

- This budget establishes a process and mechanism for counties to request funding if court construction projects, occupied on or after October 9, 2011, modify or create building features that increase overall trial court security costs. Trial Court Security was realigned from the state to counties through 2011 Public Safety Realignment. Proposition 30, passed by the voters in 2012, requires the state to provide annual funding for newly required activities that have an overall effect of increasing county costs in this realigned program.
- An increase of \$2 million from the January Proposed Budget for increased court security costs related to new court construction, bringing the total allocation to \$7 million.

County Impact

- San Diego County submitted a proposal to the Department of Finance for Trial Court Security in January 2016. It is unknown if the County will receive a portion of these funds.

2011 Realignment (*Governor's May Revision Detailed Budget Document*)

- The May Revision updates the revenue assumptions for 2011 Realignment programs from the Governor's January Proposed Budget. The May Revision estimates that the Law Enforcement Services Accounts will be \$2.4 billion. The estimates for the growth in these accounts, to be allocated in September, is \$270 million,

County Impact

- Continues the allocation of sales tax and vehicle license fees funds to the County to support law enforcement activities, juvenile justice programs and court security responsibilities.

Community Corrections Performance Incentive Grant (*Chief Probation Officers of California Budget Analysis Summary*)

- The Community Corrections Performance Incentive Grant was created in 2009 to provide incentive for counties to reduce the number of felony probationers sent to state prison.
- The May Revision includes a total allocation of \$125.3 million compared to the \$129.7 million in the Governor's January Proposed Budget.

County Impact

- The Probation Department anticipates receiving \$4 million of these funds.

Post Release Community Supervision Second Striker Mitigation Funding (*Chief Probation Officers of California Budget Analysis Summary*)

- The Governor's January budget proposed \$15.5 million to be appropriated directly to probation departments to address accelerated release of some Post Release Community Supervision offenders as a result of the Three Judge Panel orders. The funding to Probation is intended to mitigate these impacts. The May Revision proposes an additional \$4.2 million in FY 2016-17 reflect changes in numbers of offenders.

County Impact

- Increase in supplemental funding in FY 2016-17 due to the change in number of offenders. The Probation Department anticipates receiving \$328,000 of these funds.