



County of San Diego

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TO: Supervisor Dianne Jacob, Chairwoman
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FROM: Helen Robbins-Meyer
Chief Administrative Officer

HIGHLIGHTS OF THE ENACTED FY 2017-18 STATE BUDGET AND POTENTIAL COUNTY IMPACTS

On June 27, 2017 the FY 2017-18 California State Budget was signed by Governor Jerry Brown. The Enacted Budget includes a spending package of \$125 billion in State General Fund. In addition the Proposition 2 Budget Stabilization Account or "Rainy Day Fund" now totals \$8.5 billion for FY 17-18, or 66 percent of the constitutional target.

Included with the Governor's budget signing was the approval of more than a dozen budget trailer bills that accompanied the main budget bill. These trailer bills supplement the main budget document with policy changes needed to enact the budget allocations. They include items related to the In Home Support Services (IHSS) Maintenance of Effort (MOE), Cannabis regulations, Transportation and changes to the governance structure of the Board of Equalization. The Governor did not line item veto any portion of the FY 2017-18 State Budget.

In addition to items that effect County operations, the budget also expands the Earned Income Tax Credit to support self-employed parents, and expands the income range. This is expected to make more than one million more households eligible to claim the credit. Schools, both K-12 and Higher Education, received increases, and reforms were put into place for the cost structure of the University of California system. Also, the Proposition 2 Budget Stabilization Account will be used to pay down \$1.8 billion in past borrowing and state pension liabilities.

The attached document includes highlights of the FY 2017-18 State Budget as enacted and potential impacts on the County of San Diego.

Respectfully,

HELEN N. ROBBINS-MEYER
Chief Administrative Officer

**ENACTED FISCAL YEAR 2017-18 STATE BUDGET
POTENTIAL IMPACTS ON THE COUNTY OF SAN DIEGO**



MISCELLANEOUS BUDGET

The State Budget and Economic Conditions (*Governor's Enacted Budget Summary, Pages 1-5, 8-9*)

- The Governor's Enacted Budget is a \$125 billion spending plan that maintains a balanced budget while focusing state spending on the Governor's key priorities that include investing in K-12 and higher education, expanding the state's Earned Income Tax Credit, and improving the state's streets, roads and transportation infrastructure.
- In addition to a \$1.4 billion reserve in the Special Fund for Economic Uncertainties, the Enacted Budget includes a \$1.8 billion contribution to the Rainy Day Fund, bringing the balance to \$8.5 billion, or 66 percent of its constitutional goal.

Debts and Liabilities (*Governor's Enacted Budget Summary, Pages 2, 55-56*)

- The Enacted Budget remains dedicated to reducing debts and long-term liabilities, utilizing Proposition 2, the Rainy Day Budget Stabilization Fund Act, proceeds to pay down nearly \$1.8 billion in past budgetary borrowing and state employee pension liabilities.
- In addition, the Budget includes a one-time \$6 billion supplemental payment to California Public Employees' Retirement System (CALPERS), funded through a loan from the Surplus Money Investment Fund, that will reduce unfunded liabilities, stabilize state contribution rates, and save the State \$11 billion over the next 20 years.

State's Cash Flow (*CA Controller Reports Revenues \$2.68 Billion Short of 2016-17 Budget Act, July 10, 2017*)

- California's June revenues came in at \$16.63 billion, falling short of projections in the Governor's May Revision by 2.5 percent while total fiscal year-to-date revenues of \$121.91 billion were \$2.68 billion lower than anticipated in the Enacted FY 2016-17 State Budget Act.
- For June, personal income tax receipts, \$10.94 billion, were shy of May estimates by \$161 million, or 1.5 percent. Corporation tax receipts, \$2.42 billion, were \$344.4 million, or 12.5 percent, lower than anticipated in the May Revision while retail sales and use tax receipts, \$2.32 billion, were higher than projected in the May Revision by \$57.2 million, or 2.5 percent.

Suspended Mandates (*California State Association of Counties Budget Action Bulletin, Pages 12, 23-25*)

- The Enacted Budget, consistent with previous years, continues the suspension of dozens of state mandates. Local agencies that opt to carry out these programs are not eligible for reimbursement.

COMMUNITY SERVICES

Motor Voter Program (*Governor's Enacted Budget Summary, Page 43*)

- The Enacted Budget appropriates \$1.8 million from the State General Fund and \$5.2 million from the Motor Vehicle Account, in accordance with AB 1461 (2015), for the implementation of a single-step opt-out voter registration process.

County Impact

- 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.

State Recall Elections (*Urban Counties of California Summary, Page 12; Budget Trailer Bill SB 96*)

- State Budget Trailer Bill SB 96 amends the recall election process and appropriates \$5 million for reimbursement to affected county elections officials that includes expenses for verifying signatures, printing ballots and voter information guides, and operating polling places.

County Impact

- The County of San Diego Registrar of Voters could potentially receive reimbursement when a recall election is held.

Contract Labor Compliance (*Budget Trailer Bill SB 96*)

- State Budget Trailer Bill SB 96 includes provisions for labor compliance on contractors and subcontractors, modifies contractor Department of Industrial Relations (DIR) registration requirements, and imposes various civil penalties for violations.

Unknown County Impact

FINANCE AND GENERAL GOVERNMENT

State Payment In Lieu of Taxes (PILT) Funding (*Enacted Budget Detail - Department of Fish and Wildlife*)

- The Enacted Budget includes \$644,000 in funding for the State Department of Fish and Wildlife Payment In Lieu of Taxes (PILT) program for payments to counties for FY 2017-18, but does not include funding for past overdue State PILT payments. The State PILT program is designed to offset adverse impacts to county property tax revenues that result from State acquisition of private property for wildlife management areas. The FY 2016-17 Enacted Budget also included State PILT funding at \$644,000.

County Impact

- The County portion of the FY 2017-18 State PILT allocation is not yet known, but the County received \$46,529 for FY 2016-17, and anticipates a similar allocation for FY 2017-18.
- It is estimated that the overdue State PILT payments total nearly \$900,000 for qualifying parcels located in San Diego County.

New Employee Orientation and Employee Information Sharing (*Budget Trailer Bill AB 119*)

- The passage of State Budget Trailer Bill AB 119 requires the County to negotiate, upon request, with each of the nine employee organizations about the "structure, time and manner" of access to New Employee Orientation. Absent mutual agreement, the County is then required to enter into binding arbitration to determine these matters. The cost of the arbitration is split between the County and the exclusive employee representative.
- AB 119 also requires the County to provide the exclusive representative:
 - Notice of a New Employee Orientation session at least 10 days prior to the session;
 - The name, job title, department, work location, work-home & cellular phone number, personal email address (if on file with employer), and home address of any newly hired employee within 30 days of date of hire or by the first pay period of the month following the hire; and
 - This same information to the exclusive representative for all represented employees at least every 120 days.

County Impact

- The impacts of these agreements or arbitration decisions are unknown at this time and will vary depending on the number of representatives that invoke this process.

HEALTH AND HUMAN SERVICES

Coordinated Care Initiative (CCI) & In-Home Supportive Services (IHSS) Maintenance of Effort (MOE)

(*Governor's Enacted Budget Summary, Page 25*)

- The Department of Finance determined that CCI was not cost effective. The Enacted Budget discontinues CCI in FY 2017-18, while reinstating three key programmatic components: (1) the extension of the Cal MediConnect program, (2) mandatory enrollment of dual eligibles, and (3) long-term services and supports integration into managed care except IHSS. It also returns IHSS collective bargaining to counties and maintains the 35 percent county share of negotiated increases, with adjustments proposed to increase the current cap in State participation in wage increases.
- The Enacted Budget makes several changes to restructure the county IHSS maintenance of effort (MOE) to help mitigate the full impact of cost increases counties would have seen with the complete elimination of the MOE and reversion to pre-CCI cost sharing ratios. Changes to the MOE are as follows:

- Increases IHSS MOE base over four years as the State contribution decreases. There will not be an additional MOE inflator in FY 2017-18, but there will be a 5 percent MOE inflator in FY 2018-19 and a seven percent annual inflator starting in FY 2019-20 and moving forward. However, there are economic triggers that would drop the inflator by half when realignment revenues grow between zero and two percent, or down to zero if there is negative growth in realignment revenues.
- Redirects 1991 realignment revenues to help offset costs, including Vehicle License Fees (VLF) previously distributed to health and mental health programs for three years. The VLF growth redirection will be halved in years four and five. To help mitigate the impact to mental health, the Enacted Budget suspends the requirement to increase Institutions for Mental Disease (IMD) rates by 3.5 percent annually in any year in which growth is redirected.
- Includes a one-time increase of \$37 million for county IHSS Administrative costs in FY 2017-18. IHSS Administration remains as part of the MOE but with an annually adjusted cap based on a State budgeting methodology to be worked out with the County Welfare Directors Association of California (CWDA).
- Directs state funding to the IHSS program to help mitigate the increase in counties' costs for IHSS associated with the end of the CCI, phasing the contribution down over time as follows:
 - FY 2017-18: \$400 million
 - FY 2018-19: \$330 million
 - FY 2019-20: \$200 million
 - FY 2020-21 and every year after: \$150 million
- Statewide, these changes are anticipated to result in the following net amounts of county costs not covered:
 - FY 2017-18: \$141 million
 - FY 2018-19: \$129 million
 - FY 2019-20: \$230 million
 - FY 2020-21: \$251 million

County Impact

- In the January Proposed Budget, the County's local impact was estimated to be up to \$25 million in FY 2017-18 and growing thereafter if the MOE was eliminated altogether and costs were instead funded at the pre-CCI sharing ratios. Under the Enacted Budget, the local impact will be significantly reduced in the short-term. For FY 2017-18, it is estimated that the County will incur an additional \$6-\$7 million in costs, however, there is also estimated to be an increased amount of realignment made available, covering potentially most of the costs for the current year. In the coming weeks HHSA will be working with CSAC and the State to finalize the actual allocation of costs and distribution of revenue.
- Additionally, counties will benefit from the agreement in the Enacted Budget to forgive the Board of Equalization accounting errors through FY 2015-16 that would have negatively impacted our anticipated realignment revenue.
- As seen above, the amount to be paid by counties increases significantly in FY 2019-20.

Tobacco Tax Increase (*Governor's Enacted Budget Summary, Page 24*)

- Proposition 56 passed in November 2016, increasing the excise tax rate by \$2.00 on cigarettes and tobacco products, with a portion allocated to various programs, including Public Health and Medi-Cal. The Enacted Budget includes \$711.2 million to support new growth in Medi-Cal for expenditures as compared to the 2016-2017 Budget Act. Also included is \$546 million for supplemental provider payments subject to federal approval for physician services, dental services, women's health, Intermediate Care Facilities for the Developmentally Disabled, and HIV/AIDS waiver providers.

County Impact

- Based on the Enacted Budget, it is expected that \$2.5 million to \$3 million of Proposition 56 revenue will be available to the County to support tobacco control efforts. A portion of these funds are anticipated to roll into FY 2018-19.
- The County has submitted a Letter of Intent to apply for new funding for supplemental provider payments for oral health services for pregnant women and children as part of the available \$546 million stated in the Enacted Budget.

Restoration of Medi-Cal Dental Benefit (*Governor's Enacted Budget Summary, Page 24*)

- The Enacted Budget includes \$34.7 million in FY 2017-18 and \$72.9 million annually thereafter to restore full dental services for adult beneficiaries in the Medi-Cal program, effective January 1, 2018.
County Impact
 - The restoration of full Denti-Cal dental benefits will potentially reduce the costs to the Ryan White funded dental services program, which provides services to HIV-infected Denti-Cal patients not covered by Medi-Cal. Fiscal impact to the County is unknown at this time. Any savings would be redirected to other Ryan White services.

Mental Health Services Act Reversions (*Governor's Enacted Budget Summary, Page 24*)

- The Enacted Budget includes statutory changes to hold counties harmless for the reversion of unspent Mental Health Services Act funds prior to July 1, 2017. Going forward, statute also specifies the reversion timeline begins when a county's innovation program plan is approved and requires the Department of Health Care Services to annually report on the amount of unspent county Mental Health Service Act funds to be reverted.
County Impact
 - The County has not been subject to reversion of MHSA funds for innovation projects to date. Potential for reversion of innovation funds in the future is further reduced as a result of the statutory changes noted above.

CalWORKs (*Governor's Enacted Budget Summary, Page 25*)

- The overall CalWORKs caseload is estimated to continue to decrease which impacts the funding available to counties to administer the program. The Enacted Budget includes a one-time augmentation of \$108.9 million in 2017-18 to the single allocation to help mitigate this decrease. With the augmentation, the CalWORKs Single Allocation is estimated to be funded at an amount that is \$139 million or 7.5 percent lower than the FY 2016-17 allocation.
County Impact
 - The County Welfare Directors Association (CWDA) is working with the State and counties on an allocation methodology for the CalWORKs Single Allocation. The decrease in the County's allocation is unknown at this time.

Child Care Bridge for Youth in Foster Care (*Governor's Enacted Budget Summary, Page 26*)

- The Enacted Budget includes \$15.5 million in FY 2017-18 and \$31 million annually thereafter for participating counties for administering the program to assist foster care providers in securing short-term child care services.
County Impact
 - Based on the Enacted Budget, it is expected revenue will be available to the County to support childcare efforts for foster youth in FY 2017-18, and annually thereafter. Details of the allocation methodology are unknown at this time.

Community Infrastructure Grants (*Governor's Enacted Budget Summary, Page 27*)

- The Budget includes \$67.5 million for one-time community infrastructure grants to promote public safety diversion programs and services by increasing the number of mental health, substance use disorder, and trauma-related services facilities. Grants will be awarded by the California Health Facilities Financing Authority (CHFFA) on a competitive basis to cities and/or counties. The grants will aim to expand local resources for facility acquisition or renovation, equipment purchases, and applicable program startup or expansion costs to increase the availability of these programs.
County Impact
 - Fiscal impact to the County is unknown at this time. Grant opportunities will potentially be available to the County, but funding parameters are unknown at this time.

Children's Mental Health Crisis Services (*Governor's Enacted Budget Summary, Page 27*)

- The Enacted Budget includes one-time funding of \$16.7 million in Mental Health Services Fund for the Children's Mental Health Crisis Services grant program; intended to increase children's crisis capacity services and programs. Grants provided by the California Health Facilities Financing Authority (CHFFA) will go to local governments serving children and youth under the age of 21.

County Impact

- Fiscal impact to the County is unknown at this time. Grant opportunities will potentially be available to the County in the future, but funding parameters are unknown at this time.

LAND USE AND ENVIRONMENT

Transportation Funding (Governor's Enacted Budget Summary, Pages 37-42)

- The Enacted Budget reflects the implementation of State Senate Bill 1, the Road Repair and Accountability Act of 2017 (SB 1). The Governor anticipates that SB 1 will provide an average of \$5.4 billion per year in new revenues for state and local transportation infrastructure. Because not all of the new revenue sources under SB 1 will come online in FY 2017-18, the Enacted Budget includes an appropriation of \$2.8 billion in partial year revenues that will be distributed evenly between state and local transportation priorities. Of the \$2.8 billion, \$445.5 million is expected to be allocated to the new Road Maintenance and Rehabilitation Account (RMRA) to be distributed under existing road funding formulas for local road maintenance and repair. The new funding under RMRA includes additional reporting and eligibility requirements that were imposed as part of SB 1. In order to receive RMRA funding a county must submit to the California Transportation Commission (CTC) an annual list of projects proposed to be constructed with RMRA funding, and a similar report will be required after RMRA funding is expended. CTC is still in the process of developing the guidelines for these reporting requirements. The California State Association of Counties (CSAC) has noted that the initial list that must be provided to CTC will not limit a county in the flexible use of funding as long as the funds are only used on eligible projects. RMRA funding may be used for transportation projects that include but are not limited to:
 - Road maintenance and rehabilitation;
 - Safety projects;
 - Railroad grade separations;
 - Complete streets components, including active transportation, bicycle and pedestrian facilities, transit facilities, drainage and stormwater capture projects;
 - Traffic control devices;
 - As a local match for state/federal funds for eligible projects.

County Impact

- Distribution of new funds to the County of San Diego will be based on statutory formulas, and the most recent estimate from the California State Association of Counties was that the County will receive about \$18 million in additional funding for FY 2017-18.

Drought Response and Tree Mortality (Governor's Enacted Budget Summary, Pages 45-48)

- Due to plentiful rain and snowfall, the Governor ended the drought state of emergency in most of California in April 2017. The Enacted Budget allocates \$84.9 million to continue to address the impacts and legacy of the drought, including some allocations that could be of interest to the County:
 - **Water Supply and Conservation:** The Enacted Budget includes \$1 million to the California Department of Water Resources (DWR) for the Save Our Water Campaign. The Enacted Budget does not include the higher level of funding to DWR suggested in the Governor's January Proposed Budget for Drought Management and Response.

County Impact

- **Unknown.** County staff will monitor these allocations for potential funding opportunities.
- **Tree Mortality and Emergency Water Tank Program:** The Enacted Budget includes \$8.5 million to the California Office of Emergency Services to provide financial assistance to counties through the California Disaster Assistance Act. Of this, \$2 million is designated to provide financial assistance to counties for the removal of dead and dying trees and \$6.5 million for emergency water tanks and related functions in nine counties that continue to experience impacts from the drought.

County Impact

- In recent years the State Budget has included funding for tree mortality, but it has largely been concentrated on the counties in the lower Sierra region due to the unprecedented scope of the problem in that area. This focus is expected to carry over into FY 2017-18. In addition, in order to access funding from the \$8.5 million allocation to the California Office of Emergency Services a local agency must declare a disaster.
- The County previously launched a state-funded water tank program which provides potable water to residents with dry wells due to drought. However, since the launch of the program on

October 14, 2016, the County found no qualifying residents for the program. Therefore, the anticipated impact is minimal to the County and region.

Cannabis Regulation (*Governor's Enacted Budget Summary, Pages 58-59; CSAC Budget Action Bulletin, Page 7*)

- The Enacted Budget includes \$94.6 million for FY 2017-18 for the regulation of medical and recreational cannabis.
- The Governor also signed a comprehensive trailer bill, State Senate Bill 94 (SB 94), which consolidates the medical and adult-use cannabis regulatory frameworks. The bill combined the medical and recreational cannabis frameworks established by the Medical Cannabis Regulation Safety Act (MCRSA) in 2015 and Proposition 64, the Adult Use of Marijuana Act (AUMA) in 2016. The unification of the medical and the recreational cannabis frameworks under SB 94 may result in the Department of Consumer Affairs (Bureau of Medical Cannabis Regulation), California Department of Food and Agriculture and the California Department of Public Health reworking portions of their draft medical cannabis regulations to reflect the new combined framework.

County Impact

- No immediate impact. County staff will continue to monitor regulatory developments from state agencies including: State Bureau of Medical Cannabis Regulation, State Department of Public Health, State Department of Food and Agriculture and State Board of Equalization.
- \$1.3 million is designated for updating guidelines for pesticide use on cannabis. The Governor's May Revision noted that for FY 2018-19 and FY 2019-20 the allocation will increase by \$1 million annually for County Agricultural Commissioners to provide training, outreach and education to the cannabis industry regarding proper and safe use, handling and disposal of pesticides at cultivation sites.

County Impact

- Should these increases be included in future year budgets, the County anticipates that this could be an increase of \$15,000 to \$20,000 in FY 2018-19 and FY 2019-20.
- The California State Association of Counties (CSAC) noted that the Cannabis trailer bill, SB 94, requires the California Department of Food and Agriculture to develop an organic designation for cannabis by 2021. The bill gives authority to the State to be the sole determiner of the organic designation and would prohibit anyone from representing cannabis/cannabis products as organic unless they had the designation.

County Impact

- No immediate impact until designation program is implemented in 2021 when the County would potentially regulate the program at a local level.

California Water Action Plan (*Enacted Budget Detail – Natural Resources, Page 224*)

- The Enacted Budget continues to build on the California Water Action Plan, as released in 2014. The Water Action Plan includes priorities that support the Sustainable Groundwater Management Act (SGMA) program, since it prioritizes actions that may be included as part of the Groundwater Sustainability Plans required by SGMA.
 - Groundwater Management: The Enacted Budget includes \$15 million to the California Department of Water Resources for implementation of the Sustainable Groundwater Management Act.
 - San Diego County contains four of the basins that are mandated to be sustainably managed under SGMA: Borrego Valley, San Luis Rey Valley, San Pasqual Valley and the San Diego River Valley.

County Impact

- The Governor did not specifically allocate funding for local agencies to develop Groundwater Sustainability Plans. Should a portion of the funding be available to local agencies to prepare Groundwater Sustainability Plans, it may support the County's ongoing work towards ensuring groundwater sustainability for the four County basins.

Beverage Container Recycling Program Reform (*CSAC Budget Action Bulletin, Pages 8-9*)

- The Enacted Budget did not include reforms for the California Beverage Container Recycling Program. Previously the Governor's January Proposed Budget noted the need for reform of the Program, but the Legislature has not been able to reach agreement on a specific reform proposal.
 - The Beverage Container Recycling Program, administered by CalRecycle, provides payments for recycled beverage containers from the California Beverage Container Recycling Fund. The Program also provides \$10 million to cities and counties for beverage container recycling and litter clean-up activities and \$15 million for curbside supplemental payments annually. In recent years the Fund has been running at a structural deficit due to changes in recycling systems and consumer behavior, and is expected to further reduce its reserves by \$23 million in FY 2017-18.

County Impact

- The County Department of Public Works Solid Waste Planning and Recycling Section receives annual payments from this fund in the amount of \$127,000 per year. CalRecycle has stated in its latest quarterly "State of the Beverage Container Recycling Fund" that the fund will fall below its "prudent reserve" of \$59 million in the Spring of FY 2017-18 which will trigger proportional reductions in payments of approximately 20 percent. Because the County is paid in advance, the effects of a potential reduction would not be felt until FY 2018-19.

Cap and Trade Expenditure Plan (CSAC Budget Action Bulletin, Page 8)

- The Enacted Budget did not include an Expenditure Plan for Cap and Trade carbon emissions auction revenues. Conversations between the Governor and the members of the Legislature are ongoing, and there could still be action on Cap and Trade legislation later this year.
- 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. As part of this program, the California Air Resources Board holds auctions to allow market participants to buy emissions allowances directly, but proceeds from this auction have been lower than expected due to questions raised regarding the validity of the Cap and Trade program and its future status.
 - Earlier this year, the Governor's Proposed Budget included a draft \$2.2 billion Cap and Trade Expenditure Plan, contingent on the passage of legislation confirming the Air Board's authority to administer the Cap and Trade Program beyond 2020 by the State Legislature, but this proposal did not advance.
 - The Governor's January proposed Cap and Trade Expenditure Plan would have provided the same continuous appropriation that was previously approved by the State Legislature of 60 percent of the projected auction proceeds to support transit, high-speed rail and the Affordable Housing and Sustainable Communities Program. The Expenditure Plan would have allocated the remaining funds to a number of programs, including the following:
 - \$95 million to CalRecycle, the California Air Resources Board and the California Department of Food and Agriculture to support efforts to combat short lived climate pollutants, including waste diversion.
 - \$500 million to the California Transportation Agency and Caltrans for inclusion in the Governor's transportation funding package.
 - \$127.5 million to CAL FIRE, the California Department of Food and Agriculture and the California Natural Resources Agency for carbon sequestration, including funding for healthy forests and healthy soils related projects.

County Impact

- Should the Governor and the Legislature reach an agreement based on the Governor's previous proposed Expenditure Plan, local governments may be eligible for funding under several programs. The Governor's proposed Expenditure Plan did 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 ongoing allocation discussions in Sacramento.

PUBLIC SAFETY

2011 Realignment (Enacted Budget Detail 5196 State-Local Realignment 2011)

- The Enacted Budget changed slightly from the May Revised Budget for 2011 Realignment programs. The FY 2016-17 statewide bases for the Community Corrections Subaccount (AB 109) remains \$1.161 billion, the estimated growth funds that counties will receive is estimated at \$24.7 million. This may change before finalization for the growth amount in the fall of 2017.
- The Enhancing Law Enforcement Activities Subaccount which funds a variety of local assistance programs including Citizens' Option for Public Safety and the Juvenile Justice Crime Prevention Act among others should achieve its guaranteed funding level of \$489.9 million with Vehicle License Fees (VLF) with healthy growth available in FY 2016-17 (an estimated \$164.8 million compared to \$170.5 million in the May Revision) and FY 2017-18 (an estimated \$179.6 million compared to \$202.9 million in the May Revision).

- The proposal contains additional elements to lessen the impact on counties, including holding counties harmless from the Board of Equalization's (BOE) misallocation through FY 2015-16 in allocating Proposition 172, 1991 Realignment, and 2011 realignment revenues to counties. The estimates range from \$100 to \$300 million and would protect each county's realignment base revenues.

County Impact

- Continues the anticipated allocation of funds to the County to support law enforcement activities, juvenile justice programs and court security responsibilities.

Trial Court Security - Court Construction Local Assistance (*CSAC Budget Action Bulletin, Page 4*)

- The Enacted Budget includes \$7.3 million to fund enhanced court security needs created by the opening of newly constructed courthouses scheduled to come online in the budget year. This is ongoing funding that addresses court security needs created by capital court projects.

County Impact

- On May 18, 2017, the County of San Diego received a letter from the Department of Finance regarding the County's request for supplemental funding for security costs associated with the occupancy of the new San Diego Central Courthouse, indicating that the County's supplemental allocation for 2017-18 is \$1.4 million.

Repeal of Driver's License Suspension (*Governor's Enacted Budget Summary, Page 35*)

- One of the collection methods that courts can use to collect outstanding debt is to suspend driver's licenses for failure to pay. Often, the primary consequence of a driver's license suspension is the inability to legally drive to work or take one's children to school. Therefore, the Budget eliminates the statutory provisions related to suspending driver's licenses for failure to pay fines and penalties.

County Impact

- Unknown County impact; potential loss of revenue in collections may negatively impact Court operations.

Proposition 57 – Public Safety and Rehabilitation Act of 2016 (*Governor's Enacted Budget Summary, Page 30*)

- The Enacted Budget is the same as the May Revised Budget at \$6.7 million for the Department of Corrections and Rehabilitation (CDCR) to implement Proposition 57. Specifically, it includes resources for additional CDCR staff. The Enacted Budget estimates that Proposition 57 will result in net savings for the State of \$38.8 million in FY 2017-18 and growing to \$186 million in FY 2020-21, but will be updated in next year's budget based on the final regulations.

County Impact

- The Probation Department continues to pay the State \$24,000 per year, per juvenile, for any juvenile court commitments that are sent to the Department of Juvenile Justice units. Since juvenile offenders may be held in juvenile hall for a shorter period of time, there will be offsetting savings to partially offset the costs. County probation departments receive funds for supervising juveniles released from the Department of Juvenile Justice through the Juvenile Reentry Grant within 2011 Public Safety Realignment.

Community Corrections Performance Incentive Grant (*Governor's Enacted Budget Summary, Page 33*)

- The Community Corrections Performance Incentive Grant, Chapter 608, Statutes of 2009 (SB 678), was created to provide incentives for counties to reduce the number of felony probationers sent to state prison. The budget includes \$114.6 million to continue this program.

County Impact

- The Probation Department anticipates receiving \$982,396 of these funds.

Post Release Community Supervision (*Governor's Enacted Budget Summary Page 33*)

- The budget includes \$15.4 million (compared to \$11 million in the January Proposed Budget, unchanged from the May Revised Budget) for county probation departments to supervise the temporary increase in the average daily population of offenders on Post Release Community Supervision as a result of the implementation of court-ordered measures and Proposition 57.

County Impact

- The County anticipates receiving \$358,750 of these funds.

Department of Forestry and Fire Protection (*Governor's Enacted Budget Summary, Page 47, 50*)

- The budget includes \$38.7 million State General Fund and \$3 million State Responsibility Area Fund for expanded fire protection in the 2017 fire season in recognition of continuing tree mortality. These funds will support the continuation of firefighter surge capacity, California Conservation Corps fire crews, and exclusive use of one large air tanker. \$10 million of the State Responsibility Area Fire Prevention Fund is available for grants to support local fire prevention activities.
- The Budget also includes \$42 million State General Fund and \$309,000 various special funds and reimbursements to expand the state's firefighting capabilities and extend the fire season. This proposal will (1) add 42 year-round engines, (2) staff CAL FIRE engines and helitack bases one month earlier in spring, and (3) extend peak staffing in fall by approximately two weeks.

County Impact

- Potential increase to local CAL FIRE resources in support of the County Fire Authority.
- Potential grant funds to County Fire Authority to reduce dead, dying and diseased trees.

State Penalty Fund (*Governor's Enacted Budget Summary, Page 33*)

- The Budget addresses the decline in State Penalty Fund revenues and the insolvency of various funds. The Budget makes various changes; including removing the existing statutory formula and making direct appropriations from the Fund for various departments. State Penalty Fund expenditures were prioritized for law enforcement training and victim services programs.

County Impact

- There is potential for impact to the following programs, but the direct impacts are not yet known:
- The Victim Witness and Assistance Programs, Governor's Office of Emergency Services
 - Victim Witness and Assistance Programs (VWAP)
 - Peace Officer Standards and Training Program (POST) – annual funding \$76,400
- Department of Justice-
 - California Witness Relocation and Protection Program – annual reimbursement is \$450,000
- The estimated combined annual funding for the County Victim Services programs is currently \$2.9 million

Office of Emergency Services (*Enacted Budget Detail*)

- The budget includes \$500,000 from the Antiterrorism Fund for the California Nonprofit Security Grant Program which provides support for target hardening and other physical security enhancements to nonprofit organizations that are at high risk of terrorist attack. The program promotes coordination and collaboration in emergency preparedness activities among public and private community representatives, and nonprofit organizations, as well as state and local government agencies.

County Impact

- This may provide potential grant funds to enhance the County's security.

AB 103, Public Safety Trailer Bill (*CSAC Budget Action Bulletin, Page 4-5*)

- This bill contains necessary statutory and technical changes to implement the Budget Act of 2017 related to Public Safety.
 - Probation: This bill revises the requirements for the appointment of a Chief Probation Officer, and establishes the duties and obligations of that office. This bill also defines "residence" for the purpose of Post Release Community Supervision.
 - Jail Visitation: Local detention facilities that provide in-person visiting as of January 1, 2017, must continue to provide in-person visiting; counties that only provided video visitation prior to January 1, 2017, are grandfathered in and are not required to provide in-person visiting; and local detention facilities that only provide video visitation are required to provide one hour of free video visitation if they offer remote video visiting.
 - Board of State and Community Corrections (BSCC): required to inspect local detention facilities, at a minimum biennially, for components relating to the availability of visitation and relating to the receipt of state funds for jail construction.
 - Immigration Detention: provides that the Attorney General will have oversight of state, local, and private facilities holding immigrants on civil holds. This includes county jails. Furthermore, the Budget enacts a moratorium that will prohibit counties from entering into new contracts with the federal government to detain individuals on civil immigration holds.

- o Jail Funding: restores the \$250 million for competitive jail construction grants via a lease-revenue bond financing arrangement. Additionally, the Budget includes \$67.5 million for community infrastructure grants to cities and/or counties to promote public safety diversion programs and services by increasing the number of treatment facilities for mental health, substance use disorder, and trauma-related services.

County Impact

- Unknown County impact