

CSAC Legislative Conference

Administration of Justice Policy Committee

Thursday, May 31, 2012 ■ 8:30 – 10:00 a.m.

Regency Ballroom A-B ■ Hyatt Regency Sacramento

1209 L Street ■ Sacramento, CA ■ 95814

Supervisor Federal Glover, Contra Costa County, Chair **Supervisor Merita Callaway, Calaveras County, Vice-Chair**

- 8:30 **I. Welcome and Introductions**
Supervisor Federal Glover, Contra Costa County
- 8:35 **II. Consideration of Support for Governor's Revised Ballot Initiative – ACTION ITEM**
Elizabeth Howard Espinosa, CSAC Senior Legislative Representative
- 8:45 **III. Potential Resources to Manage Realignment Risks and Responsibilities**
- Catastrophic Medical Insurance for Jail Inmates
Jessica Blushi, ARM-P, AIS, Underwriting Manager, CSAC Excess Insurance Authority; Kevin Bibler, ARM, Senior Vice President, Alliant Insurance Services
 - Public Community Correctional Facilities
Steve Miklos, Vice-Mayor of the City of Folsom and President, Association of California Cities Allied with Public Safety; John Mineau, Undersheriff, Lassen County Sheriff's Department
 - Alcohol and Drug Treatment Programs
Elizabeth Siggins, Director (A), Division of Rehabilitative Programs, California Department of Corrections and Rehabilitation
- 9:30 **IV. 2011 Criminal Justice Realignment Update**
Elizabeth Howard Espinosa and Rosemary L. McCool, CSAC Administration of Justice Staff
- Year 2 AB 109 Realignment Allocation Formula
 - Court Security, Local Law Enforcement Subventions, and other Trailer Bill Updates
 - Rural County Issues Update
 - Future Realignment Training Efforts
- 9:40 **V. Realignment Roundtable Discussion**
All Committee Members
- 9:50 **VI. 2012 Budget and Legislative Update**
Elizabeth Howard Espinosa and Rosemary L. McCool, CSAC Administration of Justice Staff
- Governor's 2012-13 May Revision
- 10:00 **VII. Closing Remarks and Adjournment**
Supervisor Federal Glover, Contra Costa County

ATTACHMENTS

Agenda Item II.....**Consideration of Support for Governor's Revised Ballot Initiative – ACTION ITEM**

Attorney General's Title and Summary (March 16, 2012)

Legislative Analyst's Office Letter on *The Schools and Local Public Safety Protection Act of 2012 Version 3* (March 16, 2012)

PPIC Statewide Survey (April 2012)

Article on USC Dornsife/Los Angeles Times Poll (March 25, 2012)

LA Times Editorial Supporting the Brown/CFT Measure (May 3, 2012)

Agenda Item III.....**Potential Resources to Manage Realignment Risks and Responsibilities**

Community Correctional Facilities

2011 CDCR Adult Institutions Outcome Evaluation Report (one page chart)

Agenda Item IV**2011 Criminal Justice Realignment Update**

Years 2 and 3 AB 109 and Public Defender/District Attorney Allocation Formula

February 8, 2012 Rural County Realignment Working Group Meeting Agenda

March 9, 2012 Rural County Realignment Working Group Meeting Agenda

Agenda Item VI**2012 Budget and Legislative Update**

May 14, 2012 CSAC Budget Action Bulletin

Attachment Two

Consideration of Support for Governor's Revised Ballot Initiative –
ACTION ITEM

May 21, 2012



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To: CSAC Administration of Justice Policy Committee
CSAC Government Finance and Operations Policy Committee
CSAC Health and Human Services Policy Committee

From: Elizabeth Howard Espinosa, CSAC Senior Legislative Representative
Eraina Ortega, CSAC Legislative Representative
Kelly Brooks-Lindsey, CSAC Senior Legislative Representative

Re: **Constitutional Protections for Realignment – ACTION ITEM**

Recommendation: Adopt and forward a SUPPORT position for *The Schools and Local Public Safety Protection Act Version 3* to the CSAC Board of Directors.

Overview. The CSAC Board of Directors has indicated that obtaining a constitutional guarantee of revenues to support the 2011 realigned programs, as well as protecting counties from costs associated with future changes to those programs, remains a top priority of the Association in 2012.

This memo is intended to provide the relevant information to the CSAC policy committees with jurisdiction over relevant policy areas to assist in considering a SUPPORT position for *The Schools and Local Public Safety Protection Act Version 3*, which contains the Constitutional protections sought by counties.

The Schools and Local Public Safety Protection Act Version 3 is the Governor's hybrid measure that is jointly sponsored by the California Federation of Teachers. Governor Brown has directly pledged to the CSAC Executive Committee that if the hybrid measure fails in November of this year, he will not hesitate to bring back another ballot measure to provide the 2011 Realignment funding guarantees and protections sought by California counties.

The Governor has also committed to an ongoing dialogue with counties regarding implementation issues for realigned programs, as well as other issues of statewide concern. We continue to have an active and constructive dialogue with Administration officials on the implementation of 2011 Realignment.

Process. Once the Governor announced his new hybrid measure on March 15, the CSAC Officers indicated that they required a thorough review of the new measure. In accordance with the State Ballot Proposition Policy found in the CSAC Policy and Procedures Manual (page 12), the officers subsequently referred the measure to three policy committees: Administration of Justice, Government Finance and Operations, and Health and Human Services.

Each policy committee is scheduled to review the Governor's measure, Version 3, on May 31 during the CSAC Legislative Conference in Sacramento. The policy committees will then forward their recommendations to the CSAC Executive Committee for a recommendation to the full CSAC Board of Directors. The Board of Directors will then consider the policy committee position recommendations and adopt a position on *The Schools and Local Public Safety Protection Act Version 3* at their regularly scheduled meeting on September 6. The state's General Election will be held two months later, on November 6, 2012.

Timeline. At a special Board of Directors meeting on January 5, Board members voted to suspend all efforts by CSAC to qualify an independent ballot measure seeking 2011 Realignment funding protections, leaving the measure filed by Governor Brown in December 2011 (*The Schools and Local Public Safety Protection Act of 2012*) as the only available vehicle to achieve those constitutional protections.

On January 19, the CSAC Executive Committee considered the Governor's proposed ballot measure and voted to recommend to the Board of Directors that CSAC take a SUPPORT position on the measure.

On February 23, the CSAC Board of Directors voted to adopt a SUPPORT position on *The Schools and Local Public Safety Protection Act of 2012*. The California State Sheriffs Association (CSSA) and the Chief Probation Officers of California (CPOC) had also voted to take a SUPPORT position on *The Schools and Local Public Safety Protection Act of 2012* prior to the CSAC Board of Directors meeting.

On March 15, the Governor announced that he was joining with the California Federation of Teachers (CFT) – which was also gathering signatures for their own tax measure to raise revenue for schools – to support a new measure, titled "*The Schools and Local Public Safety Protection Act Version 3*," also referred to as the "Millionaire's Tax Measure." The coalition backing the new hybrid measure is called Californians Working Together. A copy of the Attorney General's Title and Summary is attached. At the time of the compromise on the hybrid measure, CFT abandoned its original school tax measure.

When he formed the compromise with CFT, Governor Brown indicated that he would continue to circulate his original petition to ensure that at least one of the measures would qualify. Subsequent to that announcement, though, the Governor determined that the compromise measure had sufficient support to qualify for the ballot and he suspended signature gathering on his original measure. This development left the compromise measure as the only vehicle available to counties to obtain constitutional protections for 2011 Realignment.

On May 4, the Governor and CFT submitted signatures to registrars in counties across California to qualify the new hybrid measure for the November 6 ballot.

Comparing the Measures. While the Governor's new hybrid measure combines some language and policy from both his and the CFT's original initiatives, the new measure includes the same structure as the Governor's first initiative, including the following features:

1. Funds are dedicated to education.
2. Assists in balancing the state budget.
3. Offers critical 2011 Realignment protections for counties, including:
 - a. The identical Constitutional protections contained in the Governor's original measure (and those negotiated in the original SCA 1X).
 - b. Guaranteed funding for the realigned programs.
 - c. Protections from state and/or federal encroachment.

The bulk of the changes to the Governor's original measure are found in the tax rate structure¹. The new measure makes changes to the Personal Income Tax (PIT) rate and changes the length of time that the new PIT rates will remain in effect. Additionally, the new measure proposes a sales tax rate lower than the Governor's original ballot proposal. The following chart details the changes:

| | | Governor's Measure | March 15 Hybrid Measure |
|---------------------------------------|---------------------------------|---------------------------|--------------------------------|
| Personal Income Tax Provisions | INCOME FOR SINGLE (JOINT) FILER | | |
| | \$250,000 (\$500,000) | 1% | 1% |
| | \$300,000 (\$600,000) | 1.5% | 2% |
| | \$500,000 (\$1,000,000) | 2% | 3% |
| | LENGTH OF TAX | 5 years | 7 years |
| Sales Tax Provisions | | | |
| | RATE | ½ cent | ¼ cent |
| | LENGTH OF TAX | 4 years | 4 years |

¹ Please note that none of the tax changes affect the revenues dedicated to 2011 Realignment.

A copy of the Legislative Analyst's Office letter regarding the blended measure is attached.

Since virtually all of the income earners impacted by the proposed temporary increase in personal income taxes itemize their deductions on state and federal tax returns, a significant portion of the increase in state taxes paid through this provision would be offset by a reduced federal tax liability.

The revenues raised by the temporary taxes are in addition to the funding guarantee for the realigned programs, which comes from existing sales and use tax and Vehicle License Fee (VLF) fund sources. The revenues generated from these temporary taxes in the Governor's hybrid measure are exclusively dedicated to school entities (K-12 education and community colleges) and are subject to the Proposition 98 calculation. The revenues raised by the measure are deposited directly into a newly created fund and allocated to schools, bypassing the Legislature. This feature essentially means that these revenues are first to fill the "bucket" of the state's annual Proposition 98 calculation, thus saving the state about half of that amount **which can then be used for other state General Fund purposes.**

In addition to the temporary increase in taxes for education, the measure provides a constitutional guarantee of the funding dedicated to the 2011 realignment (an amount equal to 1.0625% of the state sales tax and certain vehicle license fees) as well as the protections of those programs sought in early 2011 in legislative measure SCA 1X.

Tax Increases and CSAC Policy. It has long been CSAC policy to support a balanced approach to resolving the chronic state budget deficit and under that policy CSAC has supported increased revenues in the past. For instance, in 2009 the CSAC board supported an increase in the gas tax when the Legislature proposed to permanently divert the entire local share of the Highway User Tax Account (HUTA) to fund debt service and provide \$1 billion a year in General Fund relief. This tax increase generated an additional \$750 million per year.

Governor Brown inherited a combined \$26.2 billion budget deficit when he took office in 2011 and recent projections indicate a \$15.7 billion state budget deficit for the next 18 month period, despite significant cost cutting in the 2011-12 state budget. The Governor's proposed 2012-13 budget is balanced through a combination of budget cuts and the proposed tax increases. If the tax increases are not supported, triggers cuts — primarily in education — would automatically kick in. The temporary taxes contained in the Governor's ballot measure are about half of the taxes that would have been extended by SCA 1X. CSAC voted 45-4 to support SCA 1X due primarily to the fact that it contained the constitutional protections sought as part of realignment, as does the Governor's proposed measure.

Through his proposed budget, the Governor projects that these taxes would be temporary and that growth in the state's economy would produce future tax revenues sufficient to offset the loss of the temporary taxes when they expire.

Beginning in 1991, the State of California has relied upon temporary tax increases to assist the state in recovering from severe recessions. In 1991, Governor Wilson proposed, and the Legislature enacted taxes by adding incremental tax rates of 10 and 11 percent on upper income levels. These rates expired after five years in 1996. In addition, a temporary ½ cent sales tax was imposed, set to expire in 1993. Even those increased tax revenues, though, did not prevent the state from diverting \$4.3 billion of local property taxes in 1992-93 and 1993-94 to a state Education Revenue Augmentation Fund (ERAF) to fund part of the state's obligation to K-14 education as the recession lingered. Those diversions are permanent and have grown to more than \$7.3 billion annually.

Also in 1991, CSAC supported an increase in the sales tax (½ cent) and an adjustment to the depreciation schedule of the Vehicle License Fee which generated \$1.98 billion that was then designated to the 1991 realignment programs. Both of those tax sources remain in effect today and generate approximately \$4 billion for California counties to use on those programs.

In part to offset the impacts of those tax diversions, in 1993 the Legislature placed Proposition 172 on the ballot. This measure offered voters the opportunity to continue the ½ cent sales tax that was to expire at the end of 1993 and dedicated the funding from the ½ cent sales tax to public safety. CSAC supported Proposition 172; it passed by a strong margin and remains in effect today.

In 2009, under Governor Schwarzenegger, the Legislature adopted temporary income tax rates at the higher level, a temporary 1 cent increase in the sales tax, and a temporary Vehicle License Fee rate increase, a portion of which was dedicated to local public safety. These temporary taxes were in place for two years and expired at the end of June 2011. These were the taxes that would have been extended for five years under last year's SCA 1X.

| SCA 1X of 2011 | | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 |
| General Fund <i>(in billions)</i> | \$102.137 | \$103.373 | \$91.547 | \$87.335 | \$91.48 | \$85.937 |

State Budget Cuts. There is no question that California and the rest of the nation have been wracked by one of the worst and most prolonged economic recessions since the Great Depression. The impact first hit California in 2008 and has been felt in every budget since.

In response, California has made significant cuts in state expenditures. It is difficult to make an apples-to-apples comparison of budget gaps and deficits as those figures change continuously. However, an analysis of the actual budget figures for the state's general fund in the last several fiscal years reveals that the State of California has made real reductions in spending, while demand for services has continued to climb.

The 2011-12 Budget cut General Fund spending as a share of the economy to its lowest level since 1972-73. State Supplementary Payment grants were reduced to the level in effect in 1983. CalWORKs grants were reduced to below the level in effect in 1987. State support for its universities and courts was cut by about 25 percent and 20 percent, respectively. The Adult Day Health Care program, redevelopment agencies, Williamson Act subventions, Home-to-School Transportation, and the refundable child care and dependent tax credit were all eliminated. The Department of Corrections and Rehabilitation's expenditures will be reduced by approximately 18 percent once realignment is fully implemented. K-14 education funding remains \$9 billion below the 2007-08 funding level.

The Governor has proposed further cuts to K-14 education should his measure fail in November. Furthermore, such a failure would exacerbate the structural deficit that has plagued the state since 2000.

The Governor's Campaign. The Governor and CFT were able to collect more than 1 million signatures in less than two months and submit them to county registrars of voters. Nearly 300,000 of the signatures gathered were through a grassroots volunteer process.

As of this writing, the Governor and the CFT have raised more than \$12 million in support of their new measure. We anticipate significant funding from business, labor and education groups in support of the Governor's efforts. The Governor has in fact indicated a broad range of supporters, from labor to business interests.

To date, the following groups, among others, have made financial contributions to the combined Governor/CFT campaign:

- The California Federation of Teachers
- American Federation of Teachers
- The California Teachers Association
- The California School Employees Association
- The California Medical Association
- Assembly Speaker John Perez's campaign committee
- Service Employees International Union Local 1000
- United Domestic Workers of America California Medical Association

Competing Campaigns. An important factor that will influence the Governor and CFT's success on the ballot will be the extent to which they can clear the field of other tax initiatives, most importantly the remaining measure to raise personal income tax rates.

Sponsored by the *Our Children, Our Future* coalition, the remaining tax measure campaign is funded almost entirely by Molly Munger, a civil rights attorney in Los Angeles and the daughter of Charles Munger, a partner of Warren Buffett's. Ms. Munger's proposal increases the PIT rates on all but the lowest income bracket, beginning in 2013 and ending in 2024. The additional marginal tax rates would be higher as taxable income increases. For income of PIT filers currently in the highest current tax bracket (9.3% marginal tax rate, excluding the mental health tax), additional marginal tax rates would rise as income increases. The current mental health tax (Proposition 63) would continue to be imposed.

In 2013-14 and 2014-15, all revenues raised by this measure (estimated to be between \$10 and \$11 billion per year) would be allocated for schools and Early Care and Education (ECE) programs (85 percent for schools, 15 percent for ECE). Beginning in 2015-16, total allocations to schools and ECE programs could not increase at a rate greater than the average growth in California personal income per capita in the previous five years. The measure also prohibits its revenue from replacing state, local, or federal funding that was in place prior to November 1, 2012. All revenue collected by the measure and allocations made to schools are excluded from the calculation of the Proposition 98 minimum guarantee. Ms. Munger has contributed \$8.7 million to this campaign as of this writing.

The *Our Children, Our Future* coalition began submitting signatures to the Registrars of Voters in counties on May 3.

Counties should note that Ms. Munger's measure does not contain the constitutional protections for counties for 2011 Realignment. Within the last week, Ms. Munger has indicated an interest joining with the Brown coalition to promote both measures under the shared goal of saving California's public schools.

Polling on the Governor/CFT measure. Recent polling (April 25) by the Public Policy Institute of California (PPIC) indicates that 54 percent of likely voters say they would vote for the Governor's new measure (39 percent would vote no) when they are read the new ballot title and a brief summary. A copy of the survey is attached.

However, the electorate appears divided on the method to raise revenue, with 65 percent of likely voters favor raising the top rate of state income tax paid by the wealthiest Californians, while only 46 percent support raising the state sales tax. Both tax increases are included in the new measure.

Please also note that a strong majority of likely voters (78 percent) oppose cuts to public schools, which Governor Brown has said would be the state's only choice should his initiative fail in November.

A USC Dornsife/Los Angeles Times poll on March 25 found that 64 percent of those surveyed said they supported the Governor's revised measure. An article about the survey is attached.

An earlier PPIC poll, held in January 2012 and measuring voter support for the Governor's original measure, found 72 percent of adults and 68 percent of likely voters favored the proposed temporary tax increases.

In December of 2011, CSAC conducted a poll of the Governor's original measure and found that 62 percent of those polled support a plain language description of the measure. The ongoing cuts to public education are the most persuasive arguments. In this same poll, a range of 65 percent to 71 percent of likely voters expressed concerned about funding for K-14 education.

Recommendation: *The Schools and Local Public Safety Protection Act of 2012 Version 3* remains the only viable vehicle for California Counties to obtain the constitutional protections and guaranteed funding for realigned programs, which remains the top priority of the Association. While the measure polls well as of this writing, competing measures could weaken its chances of passage. Association support of the measure is important to garner the votes necessary to pass the measure. Furthermore, Association support is very important should the measure fail and it becomes necessary for the Governor to follow through on his commitment to take a realignment protections measure to the electorate in a future election. For these reasons, it is recommended that the CSAC policy committees with relevant jurisdiction adopt and forward to the CSAC Executive Committee a **SUPPORT position** on *The Schools and Local Public Safety Protection Act of 2012 Version 3*.

Attachments

- I. Attorney General's Title and Summary (March 16, 2012)
- II. Legislative Analyst's Office Letter on *The Schools and Local Public Safety Protection Act of 2012 Version 3* (March 16, 2012)
- III. PPIC Statewide Survey (April 2012)
- IV. Article on USC Dornsife/Los Angeles Times Poll (March 25, 2012)
- V. LA Times Editorial Supporting the Brown/CFT Measure (May 3, 2012)

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

TEMPORARY TAXES TO FUND EDUCATION. GUARANTEED LOCAL PUBLIC

SAFETY FUNDING. INITIATIVE CONSTITUTIONAL AMENDMENT. Increases

personal income tax on annual earnings over \$250,000 for seven years. Increases sales and use tax by ¼ cent for four years. Allocates temporary tax revenues 89 percent to K-12 schools and 11 percent to community colleges. Bars use of funds for administrative costs, but provides local school governing boards discretion to decide, in open meetings and subject to annual audit, how funds are to be spent. Guarantees funding for public safety services realigned from state to local governments. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local government: **Increased state revenues over the next seven fiscal years. Estimates of the revenue increases vary—from \$6.8 billion to \$9 billion for 2012-13 and from \$5.4 billion to \$7.6 billion, on average, in the following five fiscal years, with lesser amounts in 2018-19. These revenues would be available to (1) pay for the state's school and community college funding requirements, as increased by this measure, and (2) address the state's budgetary problem by paying for other spending commitments. Limitation on the state's ability to make changes to the programs and revenues shifted to local governments in 2011, resulting in a more stable fiscal situation for local governments.**

(12-0009)

March 16, 2012

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed constitutional amendment related to the funding of local governments and schools and temporary taxes (A.G. File No. 12-0009).

BACKGROUND

State's Fiscal Situation

California's Recent Budget Problems. The General Fund is the state's core account that supports a variety of programs, including public schools, higher education, health, social services, and prisons. The General Fund has experienced chronic shortfalls in recent years due to trends in state spending and revenues. State budgetary problems since 2008-09 have been caused by a number of factors, including a severe economic recession that caused state revenues to decline sharply. To deal with the state's budgetary shortfalls, policymakers have reduced program expenditures, temporarily raised taxes, and taken a variety of other measures including various forms of borrowing from special funds and local governments.

Ongoing Budget Deficits Projected. The state's budget shortfalls are expected to continue over the next five years under current tax and expenditure policies. In November 2011, the Legislative Analyst's Office (LAO) estimated annual budget deficits of greater than \$5 billion through 2016-17, including a budget shortfall of roughly \$13 billion in 2012-13. In January 2012, the Department of Finance (DOF) estimated a budget shortfall of \$9.2 billion in 2012-13 and annual budget deficits of less than \$5 billion thereafter. These estimates will be updated in May 2012—based on updated information about state revenues and expenditures—when the Governor releases the May Revision to his proposed 2012-13 state budget.

Taxes and Revenues

The General Fund is supported primarily from income and sales taxes paid by individuals and businesses.

Income Tax. The personal income tax (PIT) is a tax on income earned in the state and is the state's largest revenue source. Tax rates range from 1 percent to 9.3 percent depending on a taxpayer's income. Higher tax rates are charged as income increases, such that the 1 percent of tax filers with the most income now pay around 40 percent of state income taxes. An additional 1 percent rate is levied on taxable incomes in excess of \$1 million with the proceeds dedicated to mental health services rather than the General Fund.

Sales Tax. California's sales and use tax (SUT) is levied on the final purchase price of tangible consumer goods, except for food and certain other items. The SUT rate consists of both a statewide rate and a local rate. The current statewide rate is 7.25 percent. Approximately half of the revenue derived from the statewide rate is deposited into the General Fund, while the remainder is allocated to local governments. Localities also have the option of imposing, with voter approval, add-on rates to raise revenues for cities, counties, or special districts. As a result, SUT rates in California differ by county and locality, with an average rate of about 8.1 percent.

State School Funding

In 1988, voters approved Proposition 98. Including later amendments, Proposition 98 establishes a guaranteed minimum annual funding level—commonly called the minimum guarantee—for K-14 education (consisting of K-12 schools and community colleges). The minimum guarantee is funded through a combination of state General Fund appropriations and local property tax revenues. With a two-thirds vote in any given year, the Legislature can suspend the Proposition 98 guarantee for one year and provide any level of K-14 funding it chooses.

Minimum Guarantee Often Affected by Changes in State Revenues. In many years, the calculation of the minimum guarantee is highly sensitive to changes in state General Fund revenues. In years when General Fund revenues grow by a large amount, the guarantee is likely to increase by a large amount. Conversely, in years when General Fund revenues decline by a large amount, the guarantee is likely to drop by a large amount. In these years, however, the state typically generates an associated "maintenance factor" obligation that requires the state to accelerate future growth in Proposition 98 funding when General Fund revenues revive. Another type of Proposition 98 obligation is known as "settle-up." A settle-up obligation is created when the state ends a fiscal year having appropriated less than the finalized calculation of the minimum guarantee. Typically, the state pays off settle-up obligations in installments over several years.

2011 Realignment Legislation

Shift of State Program Responsibilities. The state and local governments in California operate and fund various programs. These programs are funded through a combination of state, federal, and local funds. The specific responsibilities and costs assigned to state and local governments vary by program. As part of the 2011-12 state budget plan, the Legislature enacted a major shift—or "realignment"—of state program responsibilities and revenues to local governments. The realignment legislation shifts responsibility from the state to local governments (primarily counties) for several programs including court security, adult offenders and parolees, public safety grants, mental health services, substance abuse treatment, child welfare programs, and adult protective services. Implementation of this transfer began in 2011.

Dedication of Revenues to Cover Program Costs. To fund the realignment of these programs, the 2011-12 state budget dedicates a total of \$6.3 billion in revenues from three sources into a special fund for local governments. Specifically, the realignment plan directs 1.0625 cents of the statewide SUT rate to counties. Under prior law, equivalent revenues were deposited in the General Fund. In addition, the realignment plan redirects an estimated \$462 million from the 0.65 percent vehicle license fee (VLF) rate for local law enforcement programs. Under prior law, these VLF revenues were allocated to the Department of Motor Vehicles for administrative purposes and to cities and Orange County for general purposes. The budget also shifts \$763 million on a one-time basis in 2011-12 from the Mental Health Services Fund (established by Proposition 63 in November 2004) for support of the Early and Periodic Screening, Diagnosis, and Treatment Program and Mental Health Managed Care program.

Exclusion of Revenues From Proposition 98 Calculation. A budget-related law, Chapter 43, Statutes of 2011 (AB 114, Committee on Budget), stated that the 1.0625 cent SUT realignment revenues were to be excluded from the Proposition 98 calculation. This provision of Chapter 43, however, was made operative for 2011-12 and subsequent fiscal years contingent on the approval of a ballot measure by November 2012 that both (1) authorizes the exclusion of the 1.0625 cent sales tax revenues from the Proposition 98 calculation and (2) provides funding for school districts and community colleges in an amount equal to the reduction in the minimum guarantee due to the exclusion. If these conditions are not met, Chapter 43 creates a settle-up obligation for the lower Proposition 98 spending in 2011-12 to be paid over the next five fiscal years.

State-Reimbursable Mandates

State Required to Reimburse Local Governments for Certain Costs. The California Constitution generally requires the state to reimburse local governments when it “mandates” a new local program or higher level of service. In some cases, however, the state may impose requirements on local governments that increase local costs without being required to provide state reimbursements.

Open Meeting Act Mandate. The Ralph M. Brown Act (known as the Brown Act) requires all meetings of the legislative body of a local agency to be open and public. Certain provisions of the Brown Act—such as the requirement to prepare and post agendas for public meetings—are state-reimbursable mandates.

PROPOSAL

The measure amends the Constitution to permanently dedicate revenues to local governments to pay for the programs realigned in 2011 and temporarily increases state taxes.

2011 Realignment Legislation

Guarantees Ongoing Revenues to Local Governments for Realigned Programs. The measure requires the state to continue allocating SUT and VLF revenues to local governments to pay for the programs realigned in 2011. If portions of the SUT or VLF dedicated to realignment are reduced or eliminated, the state is required to provide alternative funding that is at least equal to the amount that would have been generated by the SUT and VLF for so long as the local governments are required to operate the realigned programs.

Constrains State's Ability to Impose Additional Requirements After 2012. Through September 2012, the measure allows the state to change the statutory or regulatory requirements related to the realigned programs. A local government would not be required to fulfill a statutory or regulatory requirement approved after September 2012 related to the realigned programs, however, unless the requirement (1) imposed no net additional costs to the local government or (2) the state provided additional funding sufficient to cover its costs.

Limits Local Governments From Seeking Additional Reimbursements. This measure specifies that the legislation creating 2011 realignment (as adopted through September 2012) would not be considered a state-reimbursable mandate. Therefore, local governments would not be eligible to seek reimbursement from the state for any costs related to implementing the legislation. Similarly, the measure specifies that any state regulation, executive order, or administrative directive necessary to implement realignment would not be a state-reimbursable mandate.

State and Local Governments Could Share Some Unanticipated Costs. The measure specifies that certain unanticipated costs related to realignment would be shared between the state and local governments. Specifically, the state would be required to fund at least half of any new local costs resulting from certain changes in federal statutes or regulations. The state also would be required to pay at least half of any new local costs resulting from federal court decisions or settlements related to realigned programs if (1) the state is a party in the proceeding, and (2) the state determines that the decision or settlement is not related to the failure of local agencies to perform their duties or obligations.

Open Meeting Act Mandate

The measure specifies that the Brown Act would no longer be considered a state-reimbursable mandate. Localities would still be required to follow the open meeting rules in the Brown Act but would not be eligible to seek reimbursement from the state for any associated costs.

Tax Rates

Increases Income Tax Rates on Higher Incomes for Seven Years. Under current law, the maximum marginal PIT rate is 9.3 percent, and it applies to taxable income in excess of \$48,209 for individuals; \$65,376 for heads of household; and \$96,058 for joint filers. This measure temporarily increases PIT rates for higher incomes by creating three additional tax brackets with rates above 9.3 percent. Specifically, this measure imposes:

- A 10.3 percent tax rate on income between \$250,000 and \$300,000 for individuals; \$340,000 and \$408,000 for heads of household; and \$500,000 and \$600,000 for joint filers.
- An 11.3 percent tax rate on income between \$300,000 and \$500,000 for individuals; \$408,000 and \$680,000 for heads of household; and \$600,000 and \$1 million for joint filers.
- A 12.3 percent tax rate on income in excess of \$500,000 for individuals; \$680,000 for heads of household; and \$1 million for joint filers.

These tax rates would affect roughly 1 percent of California PIT filers due to the high income threshold. The tax rates would be in effect for seven years—starting in the 2012 tax year and ending at the conclusion of the 2018 tax year. (The additional 1 percent rate for mental health services would still apply to income in excess of \$1 million.)

Increases SUT Rate for Four Years. This measure temporarily increases the state SUT rate by 0.25 percent. The higher tax rate would be in effect for four years—from January 1, 2013 through the end of 2016. Under the measure, the average SUT rate in the state would increase to around 8.4 percent.

State School Funding

Permanently Removes Realigned Sales Tax Revenues From Proposition 98 Calculation. The measure amends the Constitution to explicitly exclude the 1.0625 cent sales tax revenues directed to realignment programs from the Proposition 98 calculation.

New Tax Revenues Deposited Into New Account for Schools and Community Colleges. The measure requires that the additional tax revenues generated by the temporary increases in PIT and SUT rates be deposited into a newly created Education Protection Account (EPA). Appropriations from the account could be used for any educational purpose and would count towards meeting the Proposition 98 minimum guarantee. Of the monies deposited into the account, 89 percent would be provided to schools and 11 percent would be provided to community colleges. The EPA funds for schools would be distributed the same way as existing general purpose per-pupil funding, except that no school district is to receive less than \$200 in EPA funds per pupil. Similarly, the EPA funds for community colleges would be distributed the same way as existing general purpose per-student funding, except that no community college district is to receive less than \$100 in EPA funds per full-time equivalent student.

FISCAL EFFECTS

Realignment Programs

Provides More Certainty to Local Governments. This measure would change the state's authority over the 2011 realignment. After September 2012, the state could not impose new requirements to 2011 realignment resulting in increased costs without providing sufficient funding. Also, the state would share certain new costs related to federal law or court cases. Consequently, the measure reduces the financial uncertainty and risk for local governments under realignment. Any impact would depend on how the state would have acted in the future absent the measure, as well as what, if any, actions are taken by the federal government or courts.

Limits State's Ability to Change 2011 Realignment. With regard to the state, the measure would have the related impact of restricting the state's ability to make changes resulting in new costs to local governments in the 2011 realignment without providing additional funding to local governments. The state could also bear additional costs associated with new federal laws or court cases beyond the funds provided by 2011 realignment.

State Revenues

Significant Volatility of PIT Revenues Possible. Most of the income reported by California's upper-income filers is related in some way to their capital investments, rather than wages and salary-type income. In 2008, for example, only about 37 percent of the income reported by PIT filers reporting over \$500,000 of income consisted of wages and salaries. The rest consisted of capital gains (generated from sales of assets, such as stocks and homes), income from these filers' interests in partnerships and "S" corporations, dividends, interest, rent, and other capital income. While upper-income filers' wage and salary income is volatile to some extent (due to the cyclical nature of bonuses, among other things), their capital income is *highly* volatile from one year to the next. For example, the current mental health tax on income over \$1 million generated about \$734 million in 2009-10 but has raised as much as \$1.6 billion in previous years. Given this volatility, estimates of the revenues to be raised by this initiative will change between now and the November 2012 election, as well as in subsequent years.

Revenue Estimates. The volatility described above makes it difficult to forecast this measure's state revenue gains from high-income taxpayers. As a result, the estimates from our two offices of this measure's annual revenue increases vary. For the 2012-13 budget, the LAO currently forecasts this measure would generate \$6.8 billion of additional revenues, and DOF forecasts \$9 billion of additional revenues. (This essentially reflects six months of SUT receipts in 2013 and 18 months of PIT receipts from all of tax year 2012 and half of tax year 2013.) In the following five fiscal years, the LAO currently forecasts an average annual increase in state revenues of \$5.4 billion, and DOF currently forecasts an average annual increase in state revenues of \$7.6 billion. In 2018-19, the measure's PIT increase would be in effect for only six months of the fiscal year before expiring and generate lesser amounts of state revenue.

Proposition 98

The measure affects the Proposition 98 calculations. In the near term, the effect of the temporary tax increases would more than offset the state savings generated by the exclusion of the realignment SUT revenues. The change in the minimum guarantee, however, would depend on a number of factors, including the amount of revenue raised by the measure, year-to-year growth in General Fund revenues, and the way in which Proposition 98 maintenance factor obligations are paid. By excluding the realignment SUT revenues from the Proposition 98 calculations beginning in 2011-12, the state would no longer have a 2011-12 settle-up obligation. As a result, the state would not need to pay hundreds of millions of dollars annually from 2012-13 through 2016-17.

State Budget

Deposits New Revenues in the EPA. The new PIT and SUT revenues would be deposited in the EPA. The measure dedicates EPA funds for spending on schools and community colleges and counts them towards the Proposition 98 minimum guarantee.

New Revenues Available to Balance State Budget. As described above, the measure would increase the Proposition 98 minimum guarantee in the near term. At the same time, the measure would put new tax revenue into the EPA, which would be available for meeting the state's Proposition 98 obligation. The EPA funds would be sufficient to fund the increase in the

minimum guarantee as well as pay part of the minimum guarantee currently funded from the General Fund, thereby freeing up General Fund monies to help balance the state budget.

Long-Term Budget Effect Uncertain. The measure's tax increases are temporary. Depending on future budget decisions and the state of the economy, the loss of these additional tax revenues could create additional budget pressure when the proposed tax increases expire.

Summary of Fiscal Effect

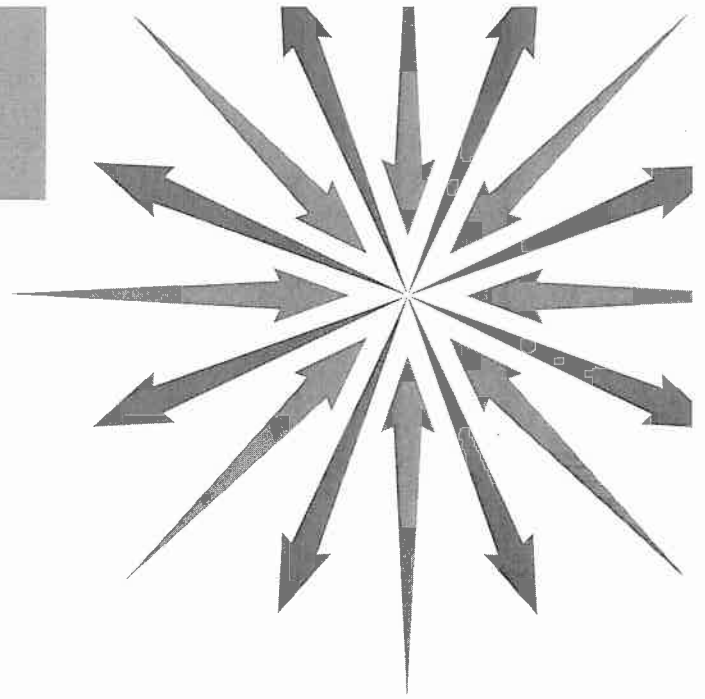
This measure would have the following major fiscal effects:

- Increased state revenues over the next seven fiscal years. Estimates of the revenue increases vary—from \$6.8 billion to \$9 billion for 2012-13 and from \$5.4 billion to \$7.6 billion, on average, in the following five fiscal years, with lesser amounts in 2018-19.
- These revenues would be available to (1) pay for the state's school and community college funding requirements, as increased by this measure, and (2) address the state's budgetary problem by paying for other spending commitments.
- Limitation on the state's ability to make changes to the programs and revenues shifted to local governments in 2011, resulting in a more stable fiscal situation for local governments.

Sincerely,

Mac Taylor
Legislative Analyst

Ana J. Matosantos
Director of Finance



APRIL 2012

Californians & education

Mark Baldassare

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in collaboration with
The Dirk and Charlene Kabcenell Foundation
and the Stuart Foundation

ABOUT THE SURVEY

The PPIC Statewide Survey provides policymakers, the media, and the public with objective, advocacy-free information on the perceptions, opinions, and public policy preferences of California residents. Inaugurated in April 1998, this is the 125th PPIC Statewide Survey in a series that has generated a database of responses from more than 264,000 Californians. This survey is conducted with funding from The Dirk and Charlene Kabcenell Foundation, the Stuart Foundation, and The Silver Giving Foundation. Its goal is to inform state policymakers, encourage discussion, and raise public awareness about K–12 public education issues. This is the eighth annual PPIC Statewide Survey since 2005 to focus on this topic.

California has the largest K–12 public education system in the nation. According to the California Department of Education and the Education Data Partnership (Ed-Data), the state served more than six million students in 1,050 school districts and about 9,900 public schools during the 2010–11 school year. California also has a highly diverse student population: More than half are economically disadvantaged (57%), a quarter are English learners (23%), and 10 percent have developmental, physical, emotional, or learning disabilities. Latinos (51%) make up the largest racial/ethnic group of students, followed by whites (27%), Asians (12%), and blacks (7%).

Governor Brown has placed K–12 public education at the center of his 2012–13 budget proposal. After several years of cutbacks, the governor would like to provide additional funding to the state's school districts by temporarily increasing the personal income tax on upper-income earners and by temporarily raising the state sales tax. He is seeking voter approval through a citizen's initiative on the November ballot. Should the initiative fail, the governor's budget proposal calls for automatic multibillion dollar cuts to K–12 education. Meanwhile, the governor has called for two key education reforms: increased flexibility at the local level on spending state funds and the targeting of resources to schools with the neediest students.

In this context, this survey report presents the responses of 2,005 California adult residents on:

- Fiscal attitudes and policy preferences, including priorities for state spending; preferences for the governor's tax initiative and automatic K–12 spending cuts, and for raising specific taxes to provide additional funding for schools; whether the state budget situation is a problem for schools; concerns about teacher layoffs and shortening the school year; preferences for raising revenues for local schools; and attitudes toward reforms—increasing local flexibility and targeting resources to schools with more low-income students and English learners.
- General perceptions, including approval ratings of the governor and legislature overall and of their handling of K–12 education; perceptions of California's ranking in per pupil spending and student test scores compared to other states; concerns about the teacher shortage in lower-income areas and about English learners' test scores; perceptions of their local public schools; and opinions of public school parents about their children's schools.
- Time trends, national comparisons, and the extent to which Californians may differ in their perceptions, attitudes, and preferences based on their political party affiliation, likelihood of voting, region of residence, race/ethnicity, whether they have children attending a California public school, and other demographics.

This report may be downloaded free of charge from our website (www.ppic.org). For more information about the survey, please contact survey@ppic.org. Try our PPIC Statewide Survey interactive tools online at <http://www.ppic.org/main/survAdvancedSearch.asp>.

NEWS RELEASE

EMBARGOED: Do not publish or broadcast until 9:00 p.m. PDT on Wednesday, April 25, 2012.

Para ver este comunicado de prensa en español, por favor visite nuestra página de internet:
<http://www.ppic.org/main/pressreleaseindex.asp>

PPIC STATEWIDE SURVEY: CALIFORNIANS AND EDUCATION

Worried About School Funding, Most Favor Tax Increase—For the Rich

LIKELY VOTERS RELUCTANT TO RAISE OWN TAXES, BUT 54 PERCENT SUPPORT BROWN INITIATIVE

SAN FRANCISCO, April 25, 2012—California's likely voters favor raising the state income taxes of the wealthiest state residents to provide more money for public schools, but most oppose increasing the state sales tax for this purpose. These are among the key findings of a statewide survey on K-12 education released today by the Public Policy Institute of California (PPIC).

The survey finds that 65 percent of likely voters favor raising the top rate of state income tax paid by the wealthiest Californians (34% oppose). By contrast, 46 percent support raising the state sales tax (52% oppose). Temporary increases in both of these taxes are components of Governor Jerry Brown's proposed November ballot initiative to deal with the state's multibillion-dollar budget gap.

Asked specifically about Brown's initiative, 54 percent of likely voters say they would vote for it (39% would vote no) when they are read the ballot title and a brief summary. Direct comparisons with earlier PPIC surveys on this question are not possible because the initiative has changed. However, likely voters' support was about the same in March when they were read the identical ballot title and a similar summary (52% yes, 40% no). Today, Democrats and Republicans are sharply divided on the measure (75% Democrats yes, 65% Republicans no), with independents more likely to say they would vote yes (53%) than no (43%). Public school parents support the measure by a wide margin (60% yes, 36% no).

If voters reject his initiative, Brown says there will be automatic cuts to public schools. A strong majority of likely voters (78%) oppose these cuts—a view held across parties.

The survey also asked about another idea being proposed to provide more money for education: an overall increase in state personal income taxes. The majority of likely voters (57%) oppose this tax increase (40% favor).

"Most likely voters favor the governor's tax initiative, although they express much stronger support for raising taxes on the wealthy than increasing their own taxes for public schools," says Mark Baldassare, PPIC president and CEO.

There is a strong partisan split among likely voters on the specific tax increases to provide more money for public schools. Most Democrats favor increasing the state income tax on high earners (89%), the state sales tax (64%), and personal income taxes overall (56%). Most independents favor raising income taxes on the wealthy (63%), but not the state sales tax (43% favor) or personal income tax (42% favor). Support is low among Republicans for raising any of these taxes to fund schools (36% support higher taxes on the wealthy, 25% support state sales tax increase, 21% support personal income tax increase).

DESPITE CONCERNS ABOUT FUNDING, MOST BALK AT RAISING LOCAL TAXES

An overwhelming majority of likely voters (72%) say the state budget situation is a big problem for public schools, and 67 percent say the quality of education is a big problem. When they are asked to choose among the four main areas of state spending, most (58%) say that K–12 education is the area they most want to protect from spending cuts (17% higher education, 15% health and human services, 7% prisons and corrections). And most (59%) say the current level of state funding for their local public schools is not adequate.

Likely voters are worried about steps that schools have taken to deal with decreased funding: 67 percent say they are very concerned about schools laying off teachers and 62 percent are very concerned about having fewer days of school instruction.

When public school parents are asked about the impact of budget cuts, a large majority (81%) report that their child’s public school has been affected a lot (36%) or somewhat (45%) by recent state budget cuts. Most (58%) say they are very concerned about teacher layoffs at their child’s school, with Latino parents (65%) much more likely than white parents (47%) to feel this way.

But just as most likely voters balk at raising their own state taxes to aid public schools, they are reluctant to increase their local taxes. Asked whether they would vote yes on a bond measure to pay for construction projects for their local school district, 53 percent say they would vote yes—but this is less than the 55 percent threshold needed to pass such a measure. If there were a local ballot measure that increased local parcel taxes to benefit schools, 51 percent would vote yes; this falls short of the two-thirds’ approval required for passage of a parcel tax.

FEW SAY THAT MONEY ALONE WILL SOLVE PROBLEMS

How can school quality be improved? Just 6 percent of likely voters say increased funding alone will lead to significant improvement. Forty-eight percent say that using funds more wisely will significantly improve schools, and a similar share (46%) say both are needed.

“While many Californians believe that the state’s budget situation is a big problem for public schools, few think that money alone is the answer,” Baldassare says. “Most continue to say that significant improvements in the quality of education will take place when we spend money more wisely.”

MOST PREFER LOCAL CONTROL OVER STATE FUNDS FOR SCHOOLS

The governor is proposing two other K–12 education reforms: giving school districts more flexibility in deciding how to spend state funds and giving districts with more low-income students or English learners more money than other schools.

Likely voters favor the idea of spending decisions made closer to home. Asked who should have the most control over spending decisions—local schools, local school districts, or state government—an overwhelming majority prefer local control (53% districts, 36% schools, 6% state). This majority holds across parties, regions, and demographic groups. But there are some differences: Los Angeles residents are less likely than others to choose local school districts (40% vs. about half in other regions) and more likely to choose state government (21% vs. about 10% in other regions). Among ethnic groups, Latinos (24%) are more likely than Asians (17%) or whites (7%) to favor state government control.

After being informed that some state funding provided to K–12 schools is earmarked for specific programs or goals, the vast majority of likely voters (81%) say they would favor giving local districts more flexibility over how that money is spent. How confident are they that school districts would spend the money wisely? Most (75%) are at least somewhat confident (18% very confident).

SUPPORT FOR DIRECTING MONEY TO NEEDIEST STUDENTS

Brown's proposal to target resources to low-income students and English learners has drawn support from many experts and school leaders, and generated controversy over its impact on districts with fewer of these students.

As they have in past PPIC surveys, most likely voters (79%) say that school districts in lower-income areas of the state have fewer resources—including good teachers and classroom materials—than those in wealthier areas. Fifty-four percent of likely voters say that if new funding were to become available, more of it should go to the districts with more low-income students. They are much less likely (40%) to support the idea of giving more funding to districts with more English learners.

Responses are the same when likely voters are asked to consider the possibility that giving more money to schools with more needy students means that other districts would get less: 53 percent would give more money to districts with more low-income students and 40 percent would give more money to districts with more English learners.

BROWN'S JOB APPROVAL RATING HOLDS STEADY

As the governor tries to build support for his tax initiative, 47 percent of likely voters approve of his job performance (40% disapprove, 12% don't know). This is similar to March (46% approve, 38% disapprove, 16% don't know) and April 2011 (46% approve, 32% disapprove, 21% don't know). Brown gets much lower marks for his handling of K–12 education: 23 percent approve, 54 percent disapprove, 23 percent don't know. The state legislature fares poorly on both measures: Just 15 percent of likely voters approve of the way the legislature is doing its job, and just 10 percent approve of its handling of K–12 education.

MORE KEY FINDINGS

- **One in four know how California ranks on spending, test scores**—page 18

Twenty-seven percent of likely voters correctly state that California is below average in its spending per pupil and in student test scores compared to other states.

- **Concerns about teacher shortage, English learners**—page 19

Most likely voters are very concerned that schools in lower-income areas have a shortage of good teachers compared to schools in wealthier areas (62%) and that English learners score lower on standardized tests than other students (53%).

- **Local public schools get good grades**—page 20

Half of Californians (52%) give a grade of A (17%) or B (35%) to their local public schools, similar to adults nationwide in a 2011 Phi Delta Kappa/Gallup poll. Public school parents are slightly more positive, with 24 percent giving A's and 36 percent giving B's to their schools.

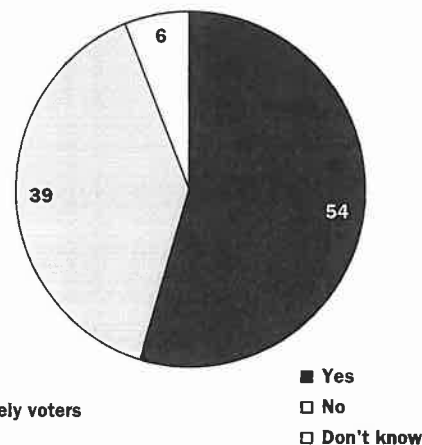
This PPIC survey is conducted with funding from The Dirk and Charlene Kabcenell Foundation, the Stuart Foundation, and The Silver Giving Foundation.

FISCAL ATTITUDES AND POLICY PREFERENCES

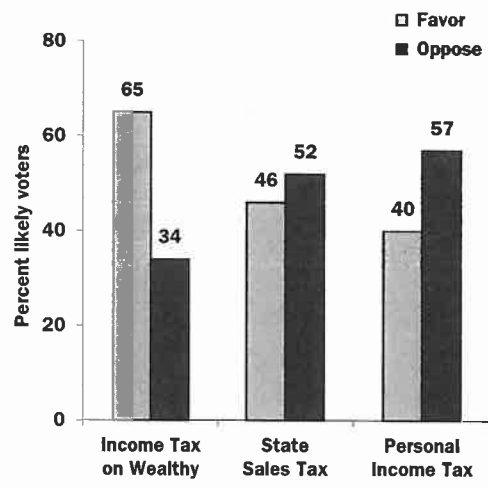
KEY FINDINGS

- Of California's largest areas of spending, K-12 education is the one that likely voters most want to protect from cuts. (page 7)
- Fifty-four percent of likely voters favor Governor Brown's proposed tax initiative that would provide additional funding for K-12 public schools. Strong majorities oppose the automatic cuts to education that could result from the measure's defeat. (page 8)
- The governor's initiative would temporarily raise income taxes on top earners—65 percent of likely voters favor this idea in general to provide additional K-12 funding. The initiative would also temporarily increase the sales tax, but 52 percent of likely voters oppose this idea in general. Forty percent favor raising state personal income taxes for K-12 education. (page 9)
- Two thirds of likely voters believe the state budget situation is a big problem for K-12 schools, but many believe that money also needs to be spent more wisely. (page 10)
- State residents are seriously concerned about schools laying off teachers or shortening the school year to deal with lower funding levels. (page 11)
- Six in 10 adults—but only about half of likely voters—would support bond measures or parcel taxes to raise revenues for their local public schools. (page 12)
- When asked about proposed school reforms, likely voters strongly support giving local school districts more flexibility over spending decisions, and just over half favor targeting funds to districts with more low-income students. Four in 10 support the idea of targeting funds to districts with more English learners. (pages 13-15)

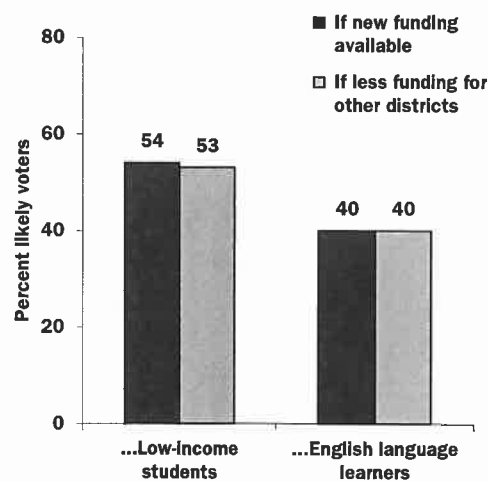
Vote on Governor Brown's Proposed Tax Initiative, with Ballot Title and a Summary



Raising Taxes to Provide Funding for K-12 Public Education



Support for Targeting Money to School Districts That Have More...



STATE BUDGET

As local public schools face funding uncertainties again this year, nearly all likely voters (96%) and all public school parents likely to vote (100%) believe the state budget is at least somewhat of a problem. Eighty percent of likely voters consider the budget situation a big problem, similar to our survey findings in March (78%), January (78%), and last December (83%). Sixty-four percent of likely voters and 70 percent of public school parents likely to vote say that local government services, such as those provided by city and county government and public schools, have been affected a lot by recent state budget cuts. At least six in 10 likely voters in March (66%), January (60%), and last December (65%) said their local services had been affected a lot by recent state budget cuts. Today, majorities of likely voters across political party groups, demographic groups, and state regions share the view that local governments have been affected a lot by recent state budget cuts.

“Would you say that your local government services—such as those provided by city and county governments and public schools—have or have not been affected by recent state budget cuts? (if they have: Have they been affected a lot or somewhat?)”

| <i>Likely voters only</i> | All Likely Voters | Party | | | Public School Parents |
|---------------------------|--------------------------|--------------|------------|------------|------------------------------|
| | | Dem | Rep | Ind | |
| Affected a lot | 64% | 67% | 61% | 64% | 70% |
| Affected somewhat | 26 | 24 | 26 | 28 | 23 |
| Not affected | 6 | 5 | 8 | 6 | 6 |
| Don't know | 5 | 5 | 5 | 3 | 1 |

When read the four major areas of state spending—K–12 public education, health and human services, higher education, and prisons and corrections—58 percent of likely voters and 64 percent of public school parents say K–12 public education is the area they would most like to protect from spending cuts. Since this question was first asked in June 2003, a majority of likely voters have always said K–12 education is the area they would most like to protect. Most likely voters across regions and party, age, education, and income groups say K–12 education is the area they would most like to protect from cuts.

“Some of the largest areas for state spending are K–12 public education, higher education, health and human services, and prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.”

| <i>Likely voters only</i> | All Likely Voters | Party | | | Public School Parents |
|----------------------------------|--------------------------|--------------|------------|------------|------------------------------|
| | | Dem | Rep | Ind | |
| K–12 public education | 58% | 66% | 51% | 48% | 64% |
| Higher education | 17 | 13 | 18 | 26 | 15 |
| Health and human services | 15 | 16 | 13 | 15 | 11 |
| Prisons and corrections | 7 | 3 | 13 | 7 | 10 |
| Don't know | 4 | 2 | 5 | 4 | – |

How would Californians prefer to deal with the state's multibillion dollar gap between spending and revenues? Majorities of likely voters (58%) and public school parents (57%) would include taxes in the solution, with most preferring a mix of spending cuts and tax increases. Fewer than four in 10 likely voters (36%) and public school parents (39%) prefer to deal with the state's budget gap mostly through spending cuts. Most Democrats prefer a solution that includes tax increases (58% mix of cuts and taxes, 22% mostly tax increases), while most Republicans prefer mostly spending cuts (62%).

GOVERNOR’S PROPOSED TAX INITIATIVE

Governor Brown and others have proposed a tax initiative to deal with the state’s multibillion dollar budget gap. The initiative calls for a temporary increase in both the state sales tax and the state personal income tax on wealthy Californians. When read the ballot title and a brief summary, 54 percent of likely voters say they would vote yes on the initiative, 39 percent say no, and 6 percent say they are undecided. While direct comparisons are not possible, likely voters’ support for an earlier version of the governor’s proposed tax initiative was about the same when read the identical ballot title and a similar ballot summary in March (52% yes, 40% no). Likely voter support was higher in questions that predated the ballot title in our December 2011 survey (60% in favor) and January 2012 survey (68% in favor). Today, while 75 percent of Democrats would vote yes, 65 percent of Republicans would vote no. Independents are more likely to say they would vote yes (53%) than no (43%). At least half of men (51%) and women (57%) support the proposed tax initiative. Support is similar across income groups but far higher among Latinos (70%) than whites (49%). Public school parents support the tax initiative by a wide margin (60% yes, 36% no).

“Governor Brown and others have proposed a tax initiative for the November ballot titled the ‘Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.’ ...If the election were held today, would you vote yes or no on the proposed tax initiative?” *

| Likely voters only | | Yes | No | Don’t know |
|------------------------------|-----------------------------------|-----|-----|------------|
| All Likely Voters | | 54% | 39% | 6% |
| Public School Parents | | 60 | 36 | 4 |
| Party | Democrats | 75 | 16 | 9 |
| | Republicans | 31 | 65 | 4 |
| | Independents | 53 | 43 | 4 |
| Gender | Men | 51 | 44 | 5 |
| | Women | 57 | 36 | 7 |
| Race/Ethnicity | Latinos** | 70 | 25 | 5 |
| | Whites | 49 | 43 | 8 |
| Household Income | Under \$40,000 | 57 | 36 | 7 |
| | \$40,000 to under \$80,000 | 56 | 38 | 6 |
| | \$80,000 or more | 54 | 41 | 5 |

*For complete text of question, see page 26.

**Small sample size for Latino likely voters.

Governor Brown’s budget proposes automatic spending cuts to K–12 public schools if the tax initiative is rejected. Seventy-eight percent of likely voters, 77 percent of public school parents, and strong majorities across parties are opposed to the automatic spending cuts. Among those who would vote yes on the proposed tax initiative, 84 percent oppose the automatic spending cuts.

“If voters reject the proposed tax initiative on the November ballot, Governor Brown’s budget proposes that automatic spending cuts be made to K–12 public schools. Do you favor or oppose these automatic spending cuts to K–12 public schools?”

| Likely voters only | All Likely Voters | Party | | | Vote on Governor’s Proposed Tax Initiative | |
|--------------------|-------------------|-------|-----|-----|--|-----|
| | | Dem | Rep | Ind | Yes | No |
| Favor | 19% | 12% | 23% | 29% | 14% | 28% |
| Oppose | 78 | 85 | 75 | 69 | 84 | 70 |
| Don’t know | 3 | 3 | 2 | 3 | 2 | 2 |

RAISING STATE TAXES TO SUPPORT K–12 EDUCATION

Support varies among California’s likely voters when it comes to the specific tax increases that some are proposing to provide additional funding for K–12 education: raising the top rate of the state income tax paid by the wealthiest Californians (65% favor, 34% oppose), raising the state sales tax (46% favor, 52% oppose), and raising personal income taxes (40% favor, 57% oppose).

Majorities of Democrats are in favor of raising the state income tax on the wealthiest Californians (89%), increasing the state sales tax (64%), and raising state personal income taxes (56%) to provide additional funding for K–12 education. A majority of independent likely voters favor raising the state income tax on the wealthiest Californians (63%), but only about four in 10 are in favor of increasing the state sales tax (43%) or the state personal income tax (42%). In contrast, Republican likely voters express little support for raising income tax rates among the wealthy (36%), raising the state sales tax (25%), or raising state personal income taxes (21%).

Majorities of men and women, Latinos and whites, and likely voters in all income groups favor—although to varying degrees—raising taxes on the wealthiest Californians to provide funding for K–12 education. Responses are more variable when it comes to the other two tax proposals. Latinos are much more likely than whites to favor raising the state sales tax (59% to 42%) and state personal income taxes (51% to 34%). Across income groups, both proposals (sales tax, personal income tax) lack majority support—with one exception: 52 percent of middle-income families (between \$40,000 and \$80,000) support raising the state sales tax.

Strong majorities of likely voters who say they would vote yes on the governor’s tax initiative say they are in favor of raising taxes on the wealthiest Californians (88%), raising the state sales tax (69%), and raising state personal income taxes (65%) to provide additional funding for K–12 education. There is little support for any of these proposals among those who would vote no on the governor’s tax initiative.

| <i>Likely voters only: Percent saying "favor"</i> | | Raising the top rate of the state income tax paid by the wealthiest Californians | Raising the state sales tax | Raising state personal income taxes |
|---|-----------------------------------|---|--|--|
| All Likely Voters | | 65% | 46% | 40% |
| Public School Parents | | 64 | 53 | 37 |
| Party | Democrats | 89 | 64 | 56 |
| | Republicans | 36 | 25 | 21 |
| | Independents | 63 | 43 | 42 |
| Gender | Men | 56 | 43 | 41 |
| | Women | 72 | 48 | 39 |
| Race/Ethnicity | Latinos | 81 | 59 | 51 |
| | Whites | 59 | 42 | 34 |
| Household Income | Under \$40,000 | 74 | 44 | 45 |
| | \$40,000 to under \$80,000 | 64 | 52 | 40 |
| | \$80,000 or more | 61 | 43 | 39 |
| Vote on Governor's Proposed Tax Initiative | Yes | 88 | 69 | 65 |
| | No | 32 | 13 | 9 |

STATE FUNDING AND EDUCATIONAL QUALITY

Consistent with their concern about the state budget, 90 percent of Californians say that the state’s fiscal situation is at least somewhat of a problem for California’s K–12 public schools; and 65 percent of all adults and 72 percent of likely voters consider it a big problem. Strong majorities across political groups; majorities across age, education, income, and regional groups; and 62 percent of public school parents say that the budget situation is a big problem for California’s K–12 public schools.

“How much of a problem is the overall state budget situation for California’s K–12 public schools today? Is it a big problem, somewhat of a problem, or not much of a problem?”

| | All Adults | Party | | | Likely Voters |
|------------------------------|------------|-------|-----|-----|---------------|
| | | Dem | Rep | Ind | |
| Big problem | 65% | 70% | 65% | 70% | 72% |
| Somewhat of a problem | 25 | 24 | 23 | 21 | 20 |
| Not a problem | 6 | 3 | 5 | 6 | 5 |
| Don’t know | 4 | 3 | 7 | 2 | 4 |

Most Californians (87%) believe that the quality of education in California’s K–12 public schools is at least somewhat of a problem, and over half (58%) consider it a big problem. Nor is this something new: For the last seven years (since April 2005), at least half of Californians have said the quality of K–12 education is a big problem. Likely voters (67%) are more likely than residents in general (58%) and public school parents (53%) to say that quality is a big problem. More than six in 10 across parties say that the quality of education is a big problem in California’s K–12 public schools.

So how do Californians think funding should be altered to significantly improve the quality of education in public schools? About four in 10 adults (44%) say that existing funds need to be used more wisely, while the same percentage (44%) support a dual approach: using funds more wisely and increasing the funding for K–12 public schools. Only 9 percent believe that simply increasing state funding would significantly improve educational quality. Findings have been similar since April 2008. (For example, last April, 43 percent said use funds more wisely, 41 percent favored the dual approach, and 13 percent believed that simply increasing the funding would be sufficient.) The preferences of likely voters are similar to those of all adults: 48 percent say funds should be used more efficiently, 46 percent say increase the funding and use it more wisely, and 6 percent say that simply increasing the funding would be sufficient. A majority of Democrats (56%) believe a dual approach is needed, while a majority of Republicans (59%) think that using existing funds more wisely is sufficient. Independents are divided (49% do both, 46% use funds more wisely). As for public school parents, 45 percent say use funding more wisely, 11 percent say increase funding, and 39 percent say do both to improve quality.

“To significantly improve the quality of California’s K–12 public schools, which of the following statements do you agree with the most? We need to use existing state funds more wisely, we need to increase the amount of state funding, or we need to use existing state funds more wisely and increase the amount of state funding.”

| | All Adults | Party | | | Likely Voters |
|--------------------------------|------------|-------|-----|-----|---------------|
| | | Dem | Rep | Ind | |
| Use funding more wisely | 44% | 34% | 59% | 46% | 48% |
| Increase funding | 9 | 8 | 5 | 4 | 6 |
| Do both | 44 | 56 | 35 | 49 | 46 |
| Don’t know | 3 | 2 | 1 | 1 | 1 |

SPECIFIC SPENDING CUTS IN SCHOOLS

California’s public schools have taken numerous steps in recent years to cope with their declining funding, including laying off teachers and providing fewer school days. A majority of adults are very concerned about public schools laying off teachers and offering fewer days of classroom instruction (66% and 54%, respectively). Concern was similar last year—laying off teachers (68%), fewer days of instruction (56%). Concern about laying off teachers was somewhat higher in 2010 (73%).

“There are a number of ways for the state’s K–12 public schools to cut spending to deal with decreased state and local funding. For each of the following, please tell me if you are very concerned, somewhat concerned, not too concerned, or not at all concerned. How about ...?”

| | Laying off teachers | Having fewer days of school instruction |
|-----------------------------|---------------------|---|
| Very concerned | 66% | 54% |
| Somewhat concerned | 25 | 31 |
| Not too concerned | 5 | 9 |
| Not at all concerned | 3 | 5 |
| Don’t know | 1 | 1 |

Across parties, demographic groups, and regions and among public school parents, there is more concern about teacher layoffs than fewer days of classroom instruction. Concern about laying off teachers is higher among Democrats (75%) than independents (66%) or Republicans (58%), and concern about fewer days of instruction is also higher among Democrats (63%) than independents (54%) or Republicans (53%). Women are more likely than men to be very concerned about both teacher layoffs (72% to 60%) and a shorter school year (59% to 50%). Whites (67%), Latinos (64%), and Asians (59%) are all very concerned about teacher layoffs; fewer are very concerned about shortening the school year—whites and Latinos (55% each), Asians (47%). At least half of residents across the state’s major regions say they are very concerned about schools laying off teachers and having fewer days of classroom instruction.

| <i>Percent saying “very concerned”</i> | | Laying off teachers | Having fewer days of school instruction |
|--|----------------------------------|---------------------|---|
| All Adults | | 66% | 54% |
| Likely Voters | | 67 | 62 |
| Public School Parents | | 69 | 57 |
| Party | Democrats | 75 | 63 |
| | Republicans | 58 | 53 |
| | Independents | 66 | 54 |
| Gender | Men | 60 | 50 |
| | Women | 72 | 59 |
| Race/Ethnicity | Asians | 59 | 47 |
| | Latinos | 64 | 55 |
| | Whites | 67 | 55 |
| Region | Central Valley | 67 | 50 |
| | San Francisco Bay Area | 67 | 61 |
| | Los Angeles | 68 | 55 |
| | Other Southern California | 62 | 55 |

RAISING LOCAL REVENUES FOR SCHOOLS

Given the state’s recent budget cuts, some school districts may be looking for ways to raise revenue at the local level in this year’s elections. Two of the ways districts can raise local revenue are through bond measures to pay for school construction projects and through local parcel taxes. School bond measures require approval by 55 percent of voters; parcel taxes require approval by two-thirds of the voters.

Six in 10 state residents (62%) and just over half of likely voters (53%) say they would vote yes if their local school district had a bond measure on the ballot. Potential “yes” votes were similar in 2011 (60% all adults, 53% likely voters), in 2010 (63% all adults, 54% likely voters), and in 2009 (60% all adults, 54% likely voters).

Two in three Democrats (67%) say they would vote yes, as would 51 percent of independents. Republicans are divided (45% yes, 48% no). Support is highest among Los Angeles residents (65%), followed by those in the Other Southern California region (61%), the Central Valley (59%), and the San Francisco Bay Area (57%). Support is the same among men and women (62% each), but much higher among Latinos (80%) than among Asians (59%) or whites (49%). Support declines as age, education, and income increase, and support for such a bond measure is higher among renters (69%) than homeowners (55%). Two in three public school parents (68%) say they would support a bond measure for school construction projects.

“If your local school district had a bond measure on the ballot to pay for school construction projects, would you vote yes or no?”

| | All Adults | Party | | | Likely Voters |
|-------------------|------------|-------|-----|-----|---------------|
| | | Dem | Rep | Ind | |
| Yes | 62% | 67% | 45% | 51% | 53% |
| No | 32 | 28 | 48 | 41 | 40 |
| Don't know | 6 | 5 | 8 | 7 | 6 |

Sixty percent of Californians and 51 percent of likely voters say they would support a measure on their local ballot that would increase parcel taxes to provide more funding for local public schools. Support was similar in 2011 (59% all adults, 54% likely voters) and in 2010 (57% all adults, 52% likely voters) but slightly lower in 2009 (54% all adults, 49% likely voters).

Support for local parcel taxes differs across parties: 69 percent of Democrats and 56 percent of independents say they would vote yes, 40 percent of Republicans say they would vote no. Support is similar across regions, with about six in 10 residents saying they would vote yes (63% San Francisco Bay Area, 61% Central Valley, 61% Los Angeles, 59% Other Southern California region). Latinos (72%) and Asians (65%) are much more likely than whites (51%) to support a local parcel tax. Support is higher among younger age groups, among those with a high school diploma or less, and among those with household incomes of less than \$40,000 compared to others, as well as among parents of public school children (65%). Renters (75%) are far more likely than homeowners (48%) to support such a parcel tax.

“What if there was a measure on your local ballot to increase local parcel taxes to provide more funds for the local public schools? Would you vote yes or no?”

| | All Adults | Party | | | Likely Voters |
|-------------------|------------|-------|-----|-----|---------------|
| | | Dem | Rep | Ind | |
| Yes | 60% | 69% | 40% | 56% | 51% |
| No | 34 | 24 | 57 | 38 | 44 |
| Don't know | 6 | 7 | 3 | 7 | 6 |

LOCAL FLEXIBILITY

In accord with the goal of realigning certain responsibilities from the state to the local level, the governor has proposed eliminating most categorical funding programs, thus increasing the flexibility of local school districts in deciding how to use state funds.

Most Californians (82%) want control over school spending decisions to reside at the local level, either within school districts (48%) or within the schools themselves (34%). Since we first began asking this question in 2008, very few residents have said they believe that the state government should control school spending decisions (15% or less since 2008, 14% today). Among likely voters, preference for local control is even higher (53% districts, 36% schools, 6% state government). Three in four public school parents prefer local control (47% districts, 29% schools, 18% state government).

Overwhelming majorities across parties, regions, and demographic groups prefer that school districts or local schools have the most control in deciding how state funding is spent in local public schools. Still, there are some differences between groups. For example, although more than seven in 10 residents across regions want some form of local control, Los Angeles residents are less likely than others to prefer local school districts (40% vs. about 50% in other regions) and more likely to select state government (21% vs. about 10% in other regions). Similarly, despite a strong preference among racial/ethnic groups for local control, Latinos (24%) are more likely than Asians (17%) or whites (7%) to choose state government.

“Who do you think should have the most control in deciding how the money from state government is spent in local public schools—the local schools, the local school districts, or the state government?”

| | All Adults | Region | | | Public School Parents | |
|------------------------|------------|----------------|------------------------|-------------|-----------------------|---------------------------|
| | | Central Valley | San Francisco Bay Area | Los Angeles | | Other Southern California |
| Local schools | 34% | 33% | 33% | 33% | 37% | 29% |
| Local school districts | 48 | 53 | 52 | 40 | 49 | 47 |
| State government | 14 | 12 | 12 | 21 | 10 | 18 |
| Other/Don't know | 4 | 3 | 3 | 5 | 5 | 6 |

After being informed that some of the funding the state provides to K–12 public school districts is earmarked for specific programs and goals, the vast majority of Californians (79%), likely voters (81%), and public school parents (83%) say that they would favor giving local school districts more flexibility in deciding how this funding is spent. Support for such flexibility is widespread across parties (80% Republicans, 77% both Democrats and independents) and widespread across regions and demographic groups as well, especially among white residents (83% whites, 74% Latinos, 72% Asians).

“As you may know, some of the funding the state provides to K–12 public school districts is earmarked for specific programs and goals. Would you favor or oppose giving local school districts more flexibility over how state funding is spent?”

| | All Adults | Region | | | Public School Parents | |
|------------|------------|----------------|------------------------|-------------|-----------------------|---------------------------|
| | | Central Valley | San Francisco Bay Area | Los Angeles | | Other Southern California |
| Favor | 79% | 80% | 79% | 79% | 76% | 83% |
| Oppose | 15 | 16 | 14 | 17 | 16 | 13 |
| Don't know | 6 | 4 | 7 | 5 | 8 | 4 |

LOCAL FLEXIBILITY (CONTINUED)

If the state were to give local school districts more flexibility over how state monies are spent, a majority of Californians (68%) are at least somewhat confident that the districts would spend this money wisely. However, about one-third of those polled are less confident (22% not too confident, 9% not at all confident). Solid majorities of likely voters, public school parents, and Californians across parties, regions, and demographic groups are at least somewhat confident that school districts would use the money wisely, although fewer than one in five in any group are very confident. Confidence is higher among residents in the Central Valley (75%) and the Other Southern California region (73%) than in the San Francisco Bay Area (66%) and Los Angeles (61%). Whites (72%) and Asians (78%) are more likely than Latinos (60%) to express at least some confidence. Confidence is higher among college graduates (78%) than among residents with less education (67% some college, 63% high school or less), and higher among upper-income residents (80%) than among those in the middle- (68%) and lower- (62%) income brackets. Among those who prefer that school districts have the most control over how state funding is spent in local schools, 73 percent are confident (13% very confident, 60% somewhat confident) that districts would spend the state money wisely.

“If the state were to give local school districts more flexibility over how state funding is spent, how confident are you that local school districts would use this money wisely? Are you very confident, somewhat confident, not too confident, or not at all confident?”

| | All Adults | Region | | | Public School Parents | |
|----------------------|------------|----------------|------------------------|-------------|-----------------------|---------------------------|
| | | Central Valley | San Francisco Bay Area | Los Angeles | | Other Southern California |
| Very confident | 14% | 17% | 11% | 10% | 18% | 14% |
| Somewhat confident | 54 | 58 | 55 | 51 | 55 | 54 |
| Not too confident | 22 | 20 | 21 | 26 | 19 | 25 |
| Not at all confident | 9 | 4 | 11 | 11 | 7 | 7 |
| Don't know | 1 | 1 | 2 | 1 | 1 | 1 |

RESOURCE EQUITY

The governor is also proposing that school districts with more low-income students or English language learners receive more funding than other schools. Although many researchers and school leaders support this idea, there is some controversy over the baseline amount of funding per student and how this reallocation of funding would affect districts with fewer low-income students or English learners.

Most Californians (82%) believe that school districts in lower-income areas of the state have fewer resources than school districts in wealthier areas. At least 75 percent of Californians have held this view since this question was first asked in April 2005. Eight in 10 likely voters (79%) and public school parents (80%) believe resource differences between districts exist. More than two in three Californians across parties, regions, and demographic groups express this view.

“Do you think that school districts in lower-income areas of the state have the same amount of resources, including good teachers and classroom materials, as school districts in wealthier areas, or not?”

| | All Adults | Race/Ethnicity | | | Public School Parents |
|------------|------------|----------------|---------|--------|-----------------------|
| | | Asians | Latinos | Whites | |
| Yes | 13% | 11% | 11% | 15% | 14% |
| No | 82 | 76 | 85 | 79 | 80 |
| Don't know | 6 | 13 | 4 | 5 | 6 |

RESOURCE EQUITY (CONTINUED)

Democrats and independents (87% each) are more likely than Republicans (68%)—and Latinos (85%) are slightly more likely than whites (79%) or Asians (76%)—to say that resources are not equal across districts. At least eight in 10 residents across all income and education groups say that resources are not equal between districts in lower-income areas and those in wealthier areas.

If the state were to have new money available for school districts, a strong majority of Californians (68%) say that districts with more low-income students should get more of the new funding. Fewer (52%) say that more funding should be given to districts with more English learners. Among likely voters, support is much lower for giving more money to districts with either type of student (low-income 54%, English learners 40%). More Democrats (72%) and independents (65%) than Republicans (42%) say that the additional funds should go to schools with more low-income students. Similarly, more Democrats (50%) and independents (49%) than Republicans (38%) say that the additional funding should go to schools with more English learners. Solid majorities of Latinos and Asians support targeting funds to both low-income students and English learners; among whites, a slim majority support the idea for low-income students, and a slim majority oppose it for English learners.

“If new state funding becomes available, do you think school districts that have more ... should or should not get more of this new funding than other school districts?”

| | | All Adults | Race/Ethnicity | | | Public School Parents |
|----------------------------------|-------------------|------------|----------------|---------|--------|-----------------------|
| | | | Asians | Latinos | Whites | |
| <i>Low-income students</i> | Should | 68% | 75% | 85% | 53% | 73% |
| | Should not | 27 | 18 | 12 | 41 | 24 |
| | Don't know | 5 | 6 | 3 | 6 | 3 |
| <i>English language learners</i> | Should | 52 | 62 | 73 | 35 | 59 |
| | Should not | 41 | 35 | 24 | 54 | 36 |
| | Don't know | 7 | 3 | 4 | 11 | 5 |

Even if the redistribution of funding meant less funding for other school districts, support for needier districts is nearly identical to the support expressed if only new state funds were available, both among Californians (67% for low-income, 51% for English learners) and among likely voters (53% for low-income, 40% for English learners). Across parties and racial/ethnic groups, support for targeting funds, even in the case of less funding for other districts, is similar to support in the case of new funding, except that there is lower support among Asians for targeting funds to English learners.

“If it means less funding for other school districts, do you think school districts that have more ... should or should not get more funding from the state?”

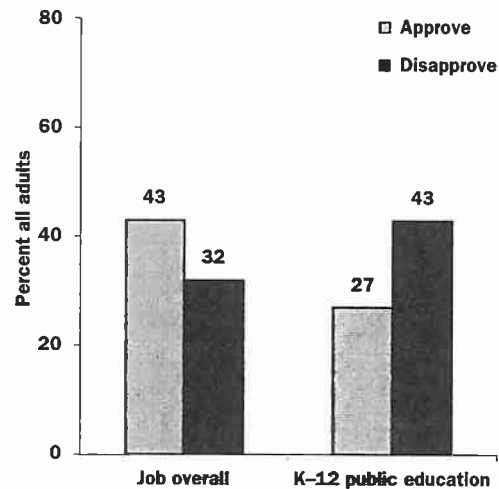
| | | All Adults | Race/Ethnicity | | | Public School Parents |
|----------------------------------|-------------------|------------|----------------|---------|--------|-----------------------|
| | | | Asians | Latinos | Whites | |
| <i>Low-income students</i> | Should | 67% | 74% | 82% | 53% | 66% |
| | Should not | 28 | 24 | 14 | 40 | 29 |
| | Don't know | 5 | 2 | 4 | 7 | 4 |
| <i>English language learners</i> | Should | 51 | 52 | 74 | 35 | 57 |
| | Should not | 42 | 40 | 22 | 56 | 36 |
| | Don't know | 7 | 8 | 4 | 9 | 7 |

GENERAL PERCEPTIONS

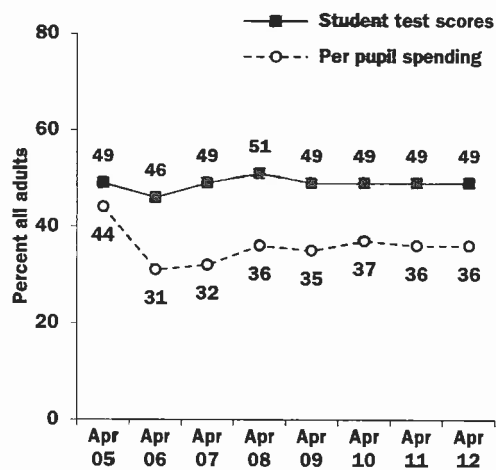
KEY FINDINGS

- Just over four in 10 Californians continue to express approval of Governor Brown's overall job performance; positive ratings drop considerably for his handling of the K-12 public education system. Majorities disapprove of the legislature overall and on education. (page 17)
- Many Californians are unaware that California is below average in per pupil spending compared to other states. Half say that California's student test scores are lower than those in other states, and indeed California ranks near the bottom. (page 18)
- Majorities of Californians across regions and demographic groups are very concerned about the shortage of good teachers in lower-income areas. To a lesser degree, Californians are also very concerned about the state's English learners scoring lower than others on standardized tests. (page 19)
- Similar to past years, half of Californians give positive grades of "A" or "B" to the quality of their local public schools. Still, only 17 percent say "A" and 63 percent say state funding for their local public schools is not enough. (page 20)
- Eight in 10 public school parents say their child's public school has been affected by state budget cuts (36% a lot, 45% somewhat). But levels of concern about teacher layoffs at their child's school vary considerably across income levels and between Latino and white parents. (page 21)

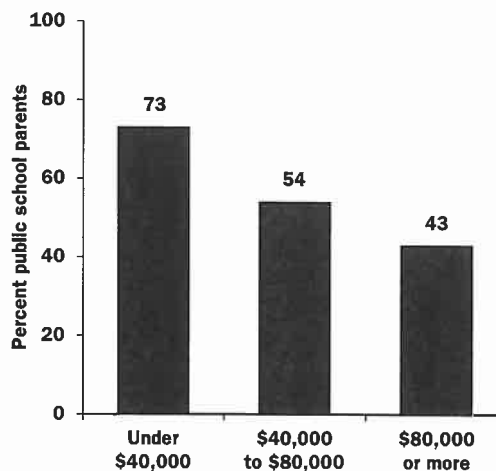
Approval Ratings of Governor Brown



Percentages Saying California Ranks Below Average Compared to Other States



Percent Very Concerned about Teacher Layoffs at Child's Public School, by Income Level



APPROVAL RATINGS OF STATE ELECTED OFFICIALS

As Governor Brown attempts to collect signatures and build support for a tax initiative on the November ballot, 43 percent of adults and 47 percent of likely voters approve of his overall job performance. Approval among both groups is similar to last month (40% adults, 46% likely voters) and to last April (40% adults, 46% likely voters). Two in three Democrats (65%) approve, while nearly six in 10 Republicans (58%) disapprove. Independents are more likely to approve (45%) than disapprove (32%). Approval is highest in the San Francisco Bay Area (55%) and lowest in the Other Southern California region (33%).

When it comes to Governor Brown's handling of K-12 education, 27 percent of adults and 23 percent of likely voters approve of his job performance. His approval on this issue was similar last year (24% adults, 25% likely voters). Approval is low across parties (36% Democrats, 10% Republicans, and 21% independents). Fewer than one in three across regions and across age, education, and income groups approve of his handling of K-12 education. Latinos (36%) are more approving than Asians (27%) or whites (21%), and three in 10 public school parents (31%) approve of the governor's handling of K-12 education.

"Overall, do you approve or disapprove of the way that Jerry Brown is handling...?"

| | | All Adults | Party | | | Likely Voters |
|--|------------|------------|-------|-----|-----|---------------|
| | | | Dem | Rep | Ind | |
| <i>His job as governor of California</i> | Approve | 43% | 65% | 24% | 45% | 47% |
| | Disapprove | 32 | 20 | 58 | 32 | 40 |
| | Don't know | 25 | 15 | 18 | 23 | 12 |
| <i>The state's kindergarten through 12th grade public education system</i> | Approve | 27 | 36 | 10 | 21 | 23 |
| | Disapprove | 43 | 38 | 61 | 47 | 54 |
| | Don't know | 30 | 26 | 29 | 32 | 23 |

Twenty-five percent of adults and 15 percent of likely voters approve of the way that the California Legislature is handling its job. Approval among adults is similar to March (25%) and to last April (21%).

On the issue of the state's K-12 education system, 22 percent of adults and 10 percent of likely voters approve of the California Legislature. Approval of the legislature's handling of K-12 education was similar last April (18% adults, 9% likely voters). At most, one in four across parties and regions approve. Latinos (43%) are far more likely than Asians (16%) or whites (9%) to approve of the legislature on K-12 education.

"Overall, do you approve or disapprove of the way that the California Legislature is handling...?"

| | | All Adults | Party | | | Likely Voters |
|--|------------|------------|-------|-----|-----|---------------|
| | | | Dem | Rep | Ind | |
| <i>Its job</i> | Approve | 25% | 26% | 11% | 21% | 15% |
| | Disapprove | 58 | 56 | 80 | 66 | 73 |
| | Don't know | 16 | 18 | 10 | 12 | 12 |
| <i>The state's kindergarten through 12th grade public education system</i> | Approve | 22 | 17 | 8 | 14 | 10 |
| | Disapprove | 56 | 59 | 69 | 64 | 69 |
| | Don't know | 22 | 24 | 23 | 21 | 21 |

PERCEPTIONS OF CALIFORNIA’S RELATIVE EDUCATION RANKINGS

Thirty-six percent of Californians think that the state’s per pupil spending for K–12 public education is below average compared to other states, while one in four say the state’s spending is average and 27 percent say it is near the top or above average. According to the National Education Association’s *Rankings and Estimates* report (December 2011), California ranked below average—37th among the 50 states and the District of Columbia—in per pupil spending in the 2010–11 school year. Californians’ views on per pupil spending have been similar since 2008; more Californians said it was below average in April 1998 (47%) and February 2000 (51%). Democrats (42%) are more likely than independents (35%) and Republicans (31%) to say spending is below average. Across racial/ethnic groups, the belief that per pupil spending is below average is most widely held among whites (38%), followed by Latinos (33%) and Asians (27%). Fewer than four in 10 adults across regions think per pupil spending is below average (38% Los Angeles, 38% San Francisco Bay Area, 36% Central Valley, and 31% Other Southern California region). Among public school parents, 43 percent say state spending is below average, as do 41 percent of those who consider the state budget situation to be a big problem for K–12 education.

“Where do you think California currently ranks in per pupil spending for K–12 public schools? Compared to other states, is California’s spending near the top, above average, average, below average, or near the bottom?”

| | All Adults | Race/Ethnicity | | | Public School Parents |
|-------------------------------|------------|----------------|---------|--------|-----------------------|
| | | Asians | Latinos | Whites | |
| Near the top/Above average | 27% | 26% | 23% | 29% | 20% |
| Average | 25 | 31 | 32 | 20 | 27 |
| Below average/Near the bottom | 36 | 27 | 33 | 38 | 43 |
| Don’t know | 12 | 17 | 12 | 12 | 10 |

More Californians know how the state actually ranks in student test scores. Half of Californians (49%) say scores are below average compared to other states, while 31 percent say they are average and 12 percent say they are near the top or above average. According to 2011 test scores compiled by the U.S. Department of Education’s National Center for Education Statistics, California ranked near the bottom in both math and reading scores for fourth- and eighth-graders. Californians’ perceptions of student test scores have been fairly similar since we first asked this question in 1998. Across parties, at least half of voters think test scores are below average (51% Democrats, 55% independents, 59% Republicans). Across regions, about half of residents think test scores are below average. Whites (59%) are much more likely than Latinos (40%) and Asians (35%) to say scores are below average.

One in four Californians (24%), likely voters (27%), and public school parents (24%) correctly state that both per pupil spending and test scores in California are below average compared to other states.

“Where do you think California currently ranks in student test scores for K–12 public schools? Compared to other states, are California’s student test scores near the top, above average, average, below average, or near the bottom?”

| | All Adults | Race/Ethnicity | | | Public School Parents |
|-------------------------------|------------|----------------|---------|--------|-----------------------|
| | | Asians | Latinos | Whites | |
| Near the top/Above average | 12% | 17% | 13% | 10% | 10% |
| Average | 31 | 39 | 41 | 24 | 39 |
| Below average/Near the bottom | 49 | 35 | 40 | 59 | 42 |
| Don’t know | 8 | 8 | 6 | 8 | 8 |

TEACHER SHORTAGE AND ENGLISH LANGUAGE LEARNERS

Most Californians (87%) are concerned (64% very, 23% somewhat) that schools in lower-income areas have a shortage of good teachers compared to schools in wealthier areas. Only 12 percent say they are not concerned (8% not too, 4% not at all). Six in 10 public school parents (60%) and likely voters (62%) say they are very concerned. The percentage saying very concerned was similar in April 2011 (65%) and April 2010 (60%), and lower in earlier years (54% in 2008 and 2007, 57% in 2006).

About seven in 10 Democrats (71%) and independents (67%) say they are very concerned about this issue, while less than half of Republicans (48%) say so. Majorities across income groups are very concerned; those earning under \$40,000 (67%) and \$40,000 to under \$80,000 (68%) are more likely to be very concerned than those with incomes of \$80,000 or more (58%). Among racial/ethnic groups, Latinos (73%) are most likely to say they are very concerned, compared to 61 percent of Asians and 56 percent of whites. Renters (71%) are more likely than homeowners (59%) to express concern. At least six in 10 across regions, age groups, and education levels say they are very concerned that schools in lower-income areas have a shortage of good teachers compared to schools in wealthier areas.

“How concerned are you that schools in lower-income areas have a shortage of good teachers compared to schools in wealthier areas?”

| | All Adults | Household Income | | | Public School Parents |
|----------------------|------------|------------------|----------------------------|------------------|-----------------------|
| | | Under \$40,000 | \$40,000 to under \$80,000 | \$80,000 or more | |
| Very concerned | 64% | 67% | 68% | 58% | 60% |
| Somewhat concerned | 23 | 22 | 20 | 28 | 28 |
| Not too concerned | 8 | 7 | 8 | 8 | 7 |
| Not at all concerned | 4 | 3 | 4 | 5 | 3 |
| Don't know | 1 | 1 | 1 | 1 | 1 |

When asked about English language learners scoring lower on standardized tests compared to other students, 56 percent of Californians say they are very concerned and 27 percent say they are somewhat concerned. Only 16 percent are not concerned about this issue. Concern among public school parents (56% very, 27% somewhat) and likely voters (53% very, 25% somewhat) is similar to that among all adults. Latinos (64%) are more likely than Asians (55%) and whites (50%) to be very concerned. About six in 10 of those earning less than \$80,000 say they are very concerned, compared to 48 percent of those earning \$80,000 or more. The percentage saying they are very concerned is similar across parties. But 25 percent of Republicans say they are not too or not at all concerned, compared to 19 percent of independents and 12 percent of Democrats. The share saying they are very concerned today was the same last year (56%) but much lower in earlier years (42% in 2008, 44% in 2007, 43% in 2006).

“How concerned are you that English language learners in California’s schools today score lower on standardized tests than other students?”

| | All Adults | Race/Ethnicity | | | Public School Parents |
|----------------------|------------|----------------|---------|--------|-----------------------|
| | | Asians | Latinos | Whites | |
| Very concerned | 56% | 55% | 64% | 50% | 56% |
| Somewhat concerned | 27 | 34 | 28 | 26 | 27 |
| Not too concerned | 9 | 4 | 4 | 13 | 6 |
| Not at all concerned | 7 | 5 | 3 | 9 | 8 |
| Don't know | 2 | 2 | 1 | 2 | 2 |

RATING LOCAL PUBLIC SCHOOLS

Most Californians continue to give positive ratings to their local public schools. Half of Californians (52%) give their local public schools a grade of A (17%) or B (35%). Twenty-seven percent give a grade of C, 12 percent a D, and 4 percent an F. Similar shares of adults nationwide gave A's (14%) or B's (37%) to their local public schools in a June 2011 Phi Delta Kappa/Gallup poll. At least half of Californians have given an A or B grade for the quality of their local public schools each year since April 2005.

Public school parents are slightly more positive, with 24 percent giving a grade of A compared to 17 percent of all adults. Across regions, at least 49 percent give high grades to local public schools, with residents in the Other Southern California region (59%) giving more positive ratings than others. Among racial/ethnic groups, Asians (63%) are more likely than Latinos (53%) and whites (51%) to give a grade of A or B to their local public schools. Among those saying the quality of K–12 education in California's public schools is a big problem, 42 percent give their local public schools a grade of A or B.

“Overall, how would you rate the quality of public schools in your neighborhood today? If you had to give your local public schools a grade, would it be A, B, C, D, or F?”

| | All Adults | Region | | | | Public School Parents |
|-------------------|------------|----------------|------------------------|-------------|---------------------------|-----------------------|
| | | Central Valley | San Francisco Bay Area | Los Angeles | Other Southern California | |
| A | 17% | 15% | 21% | 16% | 17% | 24% |
| B | 35 | 35 | 29 | 33 | 42 | 36 |
| C | 27 | 31 | 29 | 28 | 23 | 23 |
| D | 12 | 9 | 11 | 15 | 10 | 10 |
| F | 4 | 5 | 4 | 3 | 2 | 4 |
| Don't know | 5 | 3 | 6 | 4 | 6 | 3 |

Solid majorities of Californians (63%) and California's public school parents (66%) think that the current level of state funding for their local public schools is not enough. One in four adults say state funding is just enough (26%) and only 7 percent say it is more than enough. Fifty-nine percent of likely voters say that state funding is not enough. The share of adults saying state funding is inadequate is slightly higher today than it was last April (56%), and similar to April 2010 (62%). About half of Californians held this view from 2005 to 2009. Across regions, San Francisco Bay Area residents (67%) are the most likely, and those in the Other Southern California region (59%) the least likely, to say state funding for their local public schools is inadequate. At least six in 10 across racial/ethnic groups say funding is inadequate, with Latinos (67%) most likely to express this view. Across parties, seven in 10 Democrats (71%) say funding is not enough, compared to fewer independents (55%) and Republicans (48%). Renters (69%) are more likely than homeowners (59%) to say state funding is inadequate. Among those giving grades of A or B to their local public schools, 56 percent say funding is not enough.

“Do you think the current level of state funding for your local public schools is more than enough, just enough, or not enough?”

| | All Adults | Region | | | | Public School Parents |
|-------------------------|------------|----------------|------------------------|-------------|---------------------------|-----------------------|
| | | Central Valley | San Francisco Bay Area | Los Angeles | Other Southern California | |
| More than enough | 7% | 6% | 7% | 6% | 9% | 5% |
| Just enough | 26 | 24 | 22 | 30 | 29 | 26 |
| Not enough | 63 | 64 | 67 | 62 | 59 | 66 |
| Don't know | 4 | 5 | 4 | 2 | 4 | 4 |

PARENTS' PERSPECTIVES

The vast majority of parents of public school students report that their child's public school has been affected a lot (36%) or somewhat (45%) by recent state budget cuts. Just 16 percent say their child's school has not been affected and 3 percent are unsure if there has been an effect. Public school parents likely to vote express similar views (39% a lot, 47% somewhat). The share saying their child's school has been affected a lot was similar last year (35%), slightly higher in 2010 (43%), and lowest in 2009 (28%).

Similar shares of Latino (37% a lot, 46% somewhat) and white public school parents (35% a lot, 47% somewhat) say their child's school has been affected by recent state budget cuts. (The sample size for Asian public school parents is not large enough for separate analysis.) More than one in three parents across income groups say their child's public school has been affected a lot by state budget cuts. Parents with a college degree (35%) and those without one (37%) are similarly likely to say their child's school has been affected a lot. Women (42%) are more likely than men (30%) to express this view.

“Would you say your child’s public school has or has not been affected by recent state budget cuts? (if it has: Has it been affected a lot or somewhat?)”

| <i>Public school parents only</i> | All Public School Parents | Household Income | | | Race/Ethnicity | |
|-----------------------------------|----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------|---------------|
| | | Under \$40,000 | \$40,000 to under \$80,000 | \$80,000 or more | Latinos | Whites |
| A lot | 36% | 37% | 42% | 34% | 37% | 35% |
| Somewhat | 45 | 49 | 44 | 43 | 46 | 47 |
| Not affected | 16 | 10 | 13 | 20 | 14 | 16 |
| Don't know | 3 | 3 | – | 3 | 3 | 3 |

Teacher layoffs have been discussed as an effect of further cuts to state funding for K–12 education. When asked about concern over teacher layoffs in their child's public school, nearly all public school parents (87%) express concern. Fifty-eight percent say they are very concerned and 29 percent are somewhat concerned; only 13 percent say they are not too or not at all concerned.

Differences emerge between parents in various demographic groups. Sixty-two percent of public school parents who did not complete college say they are very concerned about teacher layoffs, compared to 44 percent of parents with a college degree. Among racial/ethnic groups, Latino public school parents (65%) are much more likely than white parents (47%) to say they are very concerned. Public school parents earning less than \$40,000 (73%) are much more likely than middle-income parents (54%)—and far more likely than upper-income parents (43%)—to say they are very concerned. Public school parents who are under 45 years old (62%) are more likely than older parents (50%) to say they are very concerned about teacher layoffs at their child's public school.

“How concerned are you about teacher layoffs at your child’s public school—very concerned, somewhat concerned, not too concerned, or not at all concerned?”

| <i>Public school parents only</i> | All Public School Parents | Education | | Race/Ethnicity | |
|-----------------------------------|----------------------------------|-------------------------------|-------------------------|-----------------------|---------------|
| | | Not a College Graduate | College Graduate | Latinos | Whites |
| Very concerned | 58% | 62% | 44% | 65% | 47% |
| Somewhat concerned | 29 | 26 | 36 | 29 | 31 |
| Not too concerned | 8 | 8 | 10 | 4 | 13 |
| Not at all concerned | 5 | 4 | 10 | 2 | 9 |

REGIONAL MAP



METHODOLOGY

The PPIC Statewide Survey is directed by Mark Baldassare, president and CEO and survey director at the Public Policy Institute of California, with assistance from Sonja Petek, project manager for this survey, and survey research associates Dean Bonner and Jui Shrestha. This survey on *Californians and Education* is supported with funding from The Dirk and Charlene Kabcenell Foundation, the Stuart Foundation, and The Silver Giving Foundation. We benefit from discussions with PPIC staff, foundation staff, and other policy experts, but the methods, questions, and content of this report were determined solely by Mark Baldassare and the survey staff.

Findings in this report are based on a survey of 2,005 California adult residents, including 1,603 interviewed on landline telephones and 402 interviewed on cell phones. Interviews took an average of 18 minutes to complete. Interviewing took place on weekday nights and weekend days from April 3 to 10, 2012.

Landline interviews were conducted using a computer-generated random sample of telephone numbers that ensured that both listed and unlisted numbers were called. All landline telephone exchanges in California were eligible for selection, and the sample telephone numbers were called as many as six times to increase the likelihood of reaching eligible households. Once a household was reached, an adult respondent (age 18 or older) was randomly chosen for interviewing using the “last birthday method” to avoid biases in age and gender.

Cell phones were included in this survey to account for the growing number of Californians who use them. These interviews were conducted using a computer-generated random sample of cell phone numbers. All cell phone numbers with California area codes were eligible for selection, and the sample telephone numbers were called as many as eight times to increase the likelihood of reaching an eligible respondent. Once a cell phone user was reached, it was verified that this person was age 18 or older, a resident of California, and in a safe place to continue the survey (e.g., not driving).

Cell phone respondents were offered a small reimbursement to help defray the cost of the call. Cell phone interviews were conducted with adults who have cell phone service only and with those who have both cell phone and landline service in the household.

Live landline and cell phone interviews were conducted by Abt SRBI, Inc. in English and Spanish according to respondents’ preferences. Accent on Languages, Inc. translated the survey into Spanish, with assistance from Renatta DeFever.

With assistance from Abt SRBI, we used recent data from the U.S. Census Bureau’s 2007–2009 American Community Survey (ACS) through the University of Minnesota’s Integrated Public Use Microdata Series for California to compare certain demographic characteristics of the survey sample—region, age, gender, race/ethnicity, and education—with the characteristics of California’s adult population. The survey sample was closely comparable to the ACS figures. Abt SRBI used data from the 2008 National Health Interview Survey and data from the 2007–2009 ACS for California both to estimate landline and cell phone service in California and to compare the data against landline and cell phone service reported in this survey. We also used voter registration data from the California Secretary of State to compare the party registration of registered voters in our sample to party registration statewide. The landline and cell phone samples were then integrated using a frame integration weight, while sample balancing adjusted for any differences across regional, age, gender, race/ethnicity, education, telephone service, and party registration groups.

The sampling error, taking design effects from weighting into consideration, is ± 3.4 percent at the 95 percent confidence level for the total sample of 2,005 adults. This means that 95 times out of 100, the results will be within 3.4 percentage points of what they would be if all adults in California were interviewed. The sampling error for subgroups is larger: For the 1,310 registered voters, it is ± 3.7 percent; for the 823 likely voters, it is ± 4.3 percent; for the 620 public school parents, it is ± 6.2 percent. Sampling error is only one type of error to which surveys are subject. Results may also be affected by factors such as question wording, question order, and survey timing.

We present results for four geographic regions, accounting for approximately 90 percent of the state population. “Central Valley” includes Butte, Colusa, El Dorado, Fresno, Glenn, Kern, Kings, Madera, Merced, Placer, Sacramento, San Joaquin, Shasta, Stanislaus, Sutter, Tehama, Tulare, Yolo, and Yuba Counties. “San Francisco Bay Area” includes Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma Counties. “Los Angeles” refers to Los Angeles County, and “Other Southern California” includes Orange, Riverside, San Bernardino, and San Diego Counties. Residents from other geographic areas are included in the results reported for all adults, registered voters, and likely voters; but sample sizes for these less populated areas are not large enough to report separately.

We present specific results for non-Hispanic whites and for Latinos, who account for about a third of the state's adult population, constitute one of the fastest-growing voter groups, and whose children comprise about half of California's public school students. We also present results for non-Hispanic Asians, who make up about 14 percent of the state's adult population. Results for other racial/ethnic groups—such as non-Hispanic blacks and Native Americans—are included in the results reported for all adults, registered voters, and likely voters; but sample sizes are not large enough for separate analysis. We compare the opinions of those who report they are registered Democrats, registered Republicans, and decline-to-state or independent voters; the results for those who say they are registered to vote in another party are not large enough for separate analysis. We also analyze the responses of likely voters—so designated by their responses to voter registration survey questions, previous election participation, intentions to vote in the June primary, and current interest in politics.

The percentages presented in the report tables and in the questionnaire may not add to 100 due to rounding.

We compare current PPIC Statewide Survey results to those in our earlier surveys and to those in a national survey by Phi Delta Kappa/Gallup. Additional details about our methodology can be found at <http://www.ppic.org/content/other/SurveyMethodology.pdf> and are available upon request through surveys@ppic.org.

QUESTIONNAIRE AND RESULTS

CALIFORNIANS AND EDUCATION

April 3–10, 2012

2,005 California Adult Residents:
English, Spanish

MARGIN OF ERROR $\pm 3.4\%$ AT 95% CONFIDENCE LEVEL FOR TOTAL SAMPLE
PERCENTAGES MAY NOT ADD TO 100 DUE TO ROUNDING

1. First, overall, do you approve or disapprove of the way that Jerry Brown is handling his job as governor of California?
43% approve
32% disapprove
25% don't know
2. Do you approve or disapprove of the way that Governor Brown is handling the state's kindergarten through 12th grade public education system?
27% approve
43% disapprove
30% don't know
3. Overall, do you approve or disapprove of the way that the California Legislature is handling its job?
25% approve
58% disapprove
16% don't know
4. Do you approve or disapprove of the way that the California Legislature is handling the state's kindergarten through 12th grade public education system?
22% approve
56% disapprove
22% don't know
5. *[likely voters only]* Next, some of the largest areas for state spending are: *[rotate]* (1) K–12 public education, (2) higher education, (3) health and human services, *[and]* (4) prisons and corrections. Thinking about these four areas of state spending, I'd like you to name the one you most want to protect from spending cuts.
58% K–12 public education
17% higher education
15% health and human services
7% prisons and corrections
4% don't know
6. *[likely voters only]* Do you think the state budget situation in California—that is, the balance between government spending and revenues—is a big problem, somewhat of a problem, or not a problem for the people of California today?
80% big problem
16% somewhat of a problem
2% not a problem
1% don't know
7. *[likely voters only]* Would you say that your local government services—such as those provided by city and county governments and public schools—have or have not been affected by recent state budget cuts? (*if they have*: Have they been affected a lot or somewhat?)
64% affected a lot
26% affected somewhat
6% not affected
5% don't know

8. **[likely voters only]** As you may know, the state government currently has an annual general fund budget of around \$85 billion and faces a multibillion dollar gap between spending and revenues. How would you prefer to deal with the state's budget gap—mostly through spending cuts, mostly through tax increases, through a mix of spending cuts and tax increases, or do you think that it is okay for the state to borrow money and run a budget deficit?

- 36% mostly through spending cuts
- 12 mostly through tax increases
- 46 through a mix of spending cuts and tax increases
- 2 okay to borrow money and run a budget deficit
- 2 other (*specify*)
- 2 don't know

9. **[likely voters only]** Governor Brown and others have proposed a tax initiative for the November ballot titled the “Temporary Taxes to Fund Education. Guaranteed Local Public Safety Funding. Initiative Constitutional Amendment.” It increases the personal income tax on annual earnings over \$250,000 for seven years and increases the sales and use tax by a quarter cent for four years. It allocates temporary tax revenues, 89 percent to K–12 schools, and 11 percent to community colleges. It guarantees funding for public safety services realigned from state to local governments. Increased state revenues of about \$5.4 to \$9 billion annually would be available to pay for the state's school and community college funding requirements, as increased by this measure, and to address the state's budgetary problem by paying for other spending commitments. If the election were held today, would you vote yes or no on the proposed tax initiative?

- 54% yes
- 39 no
- 6 don't know

10. **[likely voters only]** If voters reject the proposed tax initiative on the November ballot, Governor Brown's budget proposes that automatic spending cuts be made to K–12 public schools. Do you favor or oppose these automatic spending cuts to K–12 public schools?

- 19% favor
- 78 oppose
- 3 don't know

Next,

[rotate questions 11 and 12]

11. How much of a problem is the quality of education in California's K–12 public schools today? Is it a big problem, somewhat of a problem, or not much of a problem?

- 58% big problem
- 29 somewhat of a problem
- 9 not much of a problem
- 4 don't know

12. How much of a problem is the overall state budget situation for California's K–12 public schools today? Is it a big problem, somewhat of a problem, or not much of a problem?

- 65% big problem
- 25 somewhat of a problem
- 6 not much of a problem
- 4 don't know

13. To significantly improve the quality of California's K–12 public schools, which of the following statements do you agree with the most? **[rotate responses 1 and 2]** (1) We need to use existing state funds more wisely, **[or]** (2) We need to increase the amount of state funding, **[or]** (3) We need to use existing state funds more wisely and increase the amount of state funding.

- 44% use funds more wisely
- 9 increase state funding
- 44 use funds more wisely and increase funding
- 3 don't know

There are a number of ways for the state’s K–12 public schools to cut spending to deal with decreased state and local funding. For each of the following, please tell me if you are very concerned, somewhat concerned, not too concerned, or not at all concerned.

[rotate questions 14 and 15]

14. How about laying off teachers as a way to deal with decreased funding?

- 66% very concerned
- 25 somewhat concerned
- 5 not too concerned
- 3 not at all concerned
- 1 don’t know

15. How about having fewer days of school instruction as a way to deal with decreased funding?

- 54% very concerned
- 31 somewhat concerned
- 9 not too concerned
- 5 not at all concerned
- 1 don’t know

Changing topics,

[rotate questions 16 and 17]

16. How concerned are you that schools in lower-income areas have a shortage of good teachers compared to schools in wealthier areas? Are you very concerned, somewhat concerned, not too concerned, or not at all concerned about this issue?

- 64% very concerned
- 23 somewhat concerned
- 8 not too concerned
- 4 not at all concerned
- 1 don’t know

17. How concerned are you that English language learners in California’s schools today score lower on standardized tests than other students? Are you very concerned, somewhat concerned, not too concerned, or not at all concerned about this issue?

- 56% very concerned
- 27 somewhat concerned
- 9 not too concerned
- 7 not at all concerned
- 2 don’t know

On another topic,

[rotate questions 18 and 19]

18. Where do you think California currently ranks in per pupil spending for K–12 public schools? Compared to other states, is California’s spending near the top, above average, average, below average, or near the bottom?

- 13% near the top
- 14 above average
- 25 average
- 20 below average
- 16 near the bottom
- 12 don’t know

19. Where do you think California currently ranks in student test scores for K–12 public schools? Compared to other states, are California’s student test scores near the top, above average, average, below average, or near the bottom?

- 2% near the top
- 10 above average
- 31 average
- 30 below average
- 19 near the bottom
- 8 don’t know

20. Next, overall, how would you rate the quality of public schools in your neighborhood today? If you had to give your local public schools a grade, would it be A, B, C, D, or F?

- 17% A
- 35 B
- 27 C
- 12 D
- 4 F
- 5 don't know

21. Do you think the current level of state funding for your local public schools is more than enough, just enough, or not enough?

- 7% more than enough
- 26 just enough
- 63 not enough
- 4 don't know

[rotate questions 22 and 23]

22. If your local school district had a bond measure on the ballot to pay for school construction projects, would you vote yes or no?

- 62% yes
- 32 no
- 6 don't know

23. What if there was a measure on your local ballot to increase local parcel taxes to provide more funds for the local public schools? Would you vote yes or no?

- 60% yes
- 34 no
- 6 don't know

24. Who do you think should have the most control in deciding how the money from state government is spent in local public schools—**[rotate order]** (1) the local schools, (2) the local school districts, **[or]** (3) the state government?

- 34% the local schools
- 48 the local school districts
- 14 the state government
- 2 other (specify)
- 2 don't know

25. As you may know, some of the funding the state provides to K–12 public school districts is earmarked for specific programs and goals. Would you favor or oppose giving local school districts more flexibility over how state funding is spent?

- 79% favor
- 15 oppose
- 6 don't know

26. If the state were to give local school districts more flexibility over how state funding is spent, how confident are you that local school districts would use this money wisely? Are you very confident, somewhat confident, not too confident, or not at all confident?

- 14% very confident
- 54 somewhat confident
- 22 not too confident
- 9 not at all confident
- 1 don't know

27. Changing topics, do you think that school districts in lower-income areas of the state have the same amount of resources—including good teachers and classroom materials—as school districts in wealthier areas, or not?

- 13% yes, same amount of resources
- 82 no, not same amount of resources
- 6 don't know

[rotate blocks: questions 28, 29 and questions 30, 31]

[rotate questions 28 and 29]

28. If new state funding becomes available, do you think school districts that have more low-income students should or should not get more of this new funding than other school districts?

- 68% should
- 27 should not
- 5 don't know

29. If new state funding becomes available, do you think school districts that have more English language learners should or should not get more of this new funding than other school districts?

- 52% should
- 41 should not
- 7 don't know

[rotate questions 30 and 31]

30. If it means less funding for other school districts, do you think school districts that have more low-income students should or should not get more funding from the state?

- 67% should
- 28 should not
- 5 don't know

31. If it means less funding for other school districts, do you think school districts that have more English language learners should or should not get more funding from the state?

- 51% should
- 42 should not
- 7 don't know

[questions 32–34 reported for likely voters only]

Next, here are some ideas that have been suggested to raise state revenues to provide additional funding for K–12 public education. For each of the following, please say if you favor or oppose the proposal.

[rotate questions 32 to 34]

32. How about raising state personal income taxes to provide additional funding for K–12 public education?

- 40% favor
- 57 oppose
- 3 don't know

33. How about raising the state sales tax to provide additional funding for K–12 public education?

- 46% favor
- 52 oppose
- 2 don't know

34. How about raising the top rate of the state income tax paid by the wealthiest Californians to provide additional funding for K–12 public education?

- 65% favor
- 34 oppose
- 1 don't know

35. Next, some people are registered to vote and others are not. Are you absolutely certain that you are registered to vote in California?

- 67% yes [ask q35a]
- 33 no [skip to q36b]

35a. Are you registered as a Democrat, a Republican, another party, or are you registered as a decline-to-state or independent voter?

- 45% Democrat [ask q36]
- 31 Republican [skip to q36a]
- 3 another party (specify) [skip to q37]
- 21 independent [skip to q36b]

36. Would you call yourself a strong Democrat or not a very strong Democrat?

- 54% strong
- 43 not very strong
- 3 don't know

[skip to question 37]

36a. Would you call yourself a strong Republican or not a very strong Republican?

- 51% strong
- 45 not very strong
- 3 don't know

[skip to question 37]

36b. Do you think of yourself as closer to the Republican Party or Democratic Party?

- 22% Republican Party
- 50 Democratic Party
- 20 neither (volunteered)
- 8 don't know

37. How closely are you following news about candidates for the 2012 presidential election—very closely, fairly closely, not too closely, or not at all closely?

- 26% very closely
- 37 fairly closely
- 24 not too closely
- 13 not at all closely
- don't know

38. Would you consider yourself to be politically:

[read list, rotate order top to bottom]

- 10% very liberal
- 20 somewhat liberal
- 32 middle-of-the-road
- 21 somewhat conservative
- 13 very conservative
- 3 don't know

39. Generally speaking, how much interest would you say you have in politics—a great deal, a fair amount, only a little, or none?

- 22% great deal
- 38 fair amount
- 31 only a little
- 8 none
- 1 don't know

[D1–D4a: demographic questions]

D4b. **[public school parents only]** Would you say your child's public school has or has not been affected by recent state budget cuts? **(if it has: Has it been affected a lot or somewhat?)**

- 36% affected a lot
- 45 affected somewhat
- 16 not affected
- 3 don't know

D4c. **[public school parents only]** How concerned are you about teacher layoffs at your child's public school—very concerned, somewhat concerned, not too concerned, or not at all concerned?

- 58% very concerned
- 29 somewhat concerned
- 8 not too concerned
- 5 not at all concerned
- don't know

[D5–D17: demographic questions]

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Mark Baldassare is President and CEO of PPIC.

Gary K. Hart is Chair of the Board of Directors.

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USC DORNSIFE/TIMES POLL

Strong majority backs Jerry Brown's tax-hike initiative

Sixty-four percent of those surveyed said they supported the measure that the governor hopes to place on the November ballot. It would hike the sales tax and levies on upper incomes to help raise money for schools and balance the state's budget.

By Anthony York, Los Angeles Times

7:11 PM PDT, March 25, 2012

Reporting from Sacramento

California voters strongly support Gov. Jerry Brown's new proposal to increase the sales tax and raise levies on upper incomes to help raise money for schools and balance the state's budget, according to a new USC Dornsife/Los Angeles Times [poll](#).

Sixty-four percent of those surveyed said they supported the governor's measure, which he hopes to place on the November ballot. It would hike the state sales tax by a quarter-cent per dollar for the next four years and create a graduated surcharge on incomes of more than \$250,000 that would last seven years. A third of respondents opposed the measure.

Brown's new plan, rewritten recently amid pressure from liberal activist and union groups that had a competing proposal, relies on a larger share of revenue from upper-income earners than his original measure. Correspondingly, it leans less upon sales taxes, which are paid by all California consumers. The poll shows that taxing high earners is overwhelmingly popular.

"These poll results illustrate that Brown was very smart to put together this initiative the way he did," said Dan Schnur, director of the Jesse M. Unruh Institute of Politics at USC.

Shirley Karns, 74, an independent voter from the Northern California town of Lakeport who backs the governor's new plan, said the wealthy should pay more.

"Those who have an unbelievable amount more than those who do not should contribute more," she said. "And on the sales tax, the more you buy, the more you pay. It's pretty tough on low-income people who have to pay an extra nickel here and there,

but we've got to get the money from somewhere."

Brown reached a deal with a coalition led by the California Federation of Teachers to tweak his tax measure. In exchange, the group dropped its rival proposal — also aimed at the November ballot — which would have increased levies exclusively on incomes of more than \$1 million.

The poll found that the now-defunct plan remains more popular than the governor's tax mix. And the findings carry other warning signs for Brown's campaign. Less than half — 49% — of those surveyed said California's books should be balanced by a combination of cuts and tax hikes. Nearly as many — 45% — said the state's taxes are already too high and the estimated \$9-billion budget gap should be closed with cuts in government services.

"It shows this is a tough environment to pass tax increases," said Stan Greenberg of the Democratic polling firm Greenberg Quinlan Rosner, which conducted the survey in conjunction with the Republican company American Viewpoint.

Views of the governor's initiative are split along party lines. Eighty percent of Democrats approved of it, while just 38% of Republicans expressed support. The measure also has the firm backing of independents — voters who state no party preference, who are more than 20% of the California electorate and whose support Brown will likely need to pass his measure. Three-quarters of independents said they liked Brown's idea.

Voters are unenthusiastic about a separate revenue proposal that would hike income levies on most California taxpayers to raise money for schools and early childhood education programs and help pay down the state debt. The measure, backed by Pasadena attorney Molly Munger and the California State PTA, was supported by just 32% of those surveyed; 64% opposed it.

"Whenever people feel they may have to pay the taxes themselves, there's a clear move against it," said pollster Linda DiVall of American Viewpoint.

Jennifer Tran, a 25-year-old community college student and waitress from Chino Hills who is a registered Republican, says she has seen the impact of state budget cuts. Classes are harder to get into, and the price for courses has increased. But she is opposed to any new tax proposal because she doesn't trust Sacramento lawmakers to spend the money wisely.

"Are they going to do what they promise or just come up with different programs and laws we don't need and more unnecessary spending?" she said.

About half of respondents approve of the job Brown is doing as governor. He received positive reviews from 49%, while 35% said they disapproved of his performance and 15% had no opinion. Asked for a more general impression, 51% said they regarded Brown favorably and 35% did not.

The poll also measured support for two initiatives on the June ballot: a cigarette tax hike of \$1 per pack that would raise an estimated \$850 million annually for cancer research, and a proposal to change the state's term limits law.

Sixty-eight percent said they favored Proposition 29, the tobacco tax, compared to 29% who opposed it.

Support is more tenuous for an adjustment of the term limits that voters imposed on state legislators in 1990. Proposition 28 would reduce the overall amount of time a lawmaker can serve in Sacramento from 14 years to 12, but would allow all 12 years to be spent in one legislative house. Current law limits Assembly members to three two-year terms and state senators to two four-year terms.

A bare majority, 51% of those surveyed, said they would like such a change. Thirty-two percent opposed it. The proposal has stronger support from Republicans — 58% were in favor — while just 48% of Democrats liked the idea.

Voters narrowly rejected a similar proposal in 2004 that was backed by Democratic lawmakers and Gov. Arnold Schwarzenegger.

The USC Dornsife College of Letters, Arts and Sciences/Los Angeles Times poll surveyed 1,500 registered California voters from March 14 through 19. The sampling error is 2.9 percentage points.

latimes.com/news/local/la-me-state-poll-20120326,0,7626225.story

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May 3, 2012

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Editorial

California's dueling tax plans

If both Jerry Brown's and Molly Munger's tax hike proposals appear on the November ballot, it's likely neither will pass — meaning even deeper education and services cuts in the future.

Gov. Jerry Brown has been arguing almost since the day he took office in 2011 that voters should approve a tax increase to help the state solve its long-running fiscal problems. But to Brown's dismay, the November ballot may ask voters to choose between two tax hikes — one that he has proposed, and one that wealthy civil-rights attorney Molly Munger and the California PTA are backing. Such a clash would make it less likely that voters would approve either one. That might delight anti-tax activists, but it's a worst-case scenario for public schools, universities, courts and the state's tattered safety net.

Both proposals have their pros and cons, but only one would significantly improve the state's fiscal situation for years to come. That's Brown's, which combines a four-year, quarter-cent-on-the-dollar increase in the state sales tax with a seven-year surtax of 1% to 3% on Californians with taxable incomes over \$250,000. Although the money from Brown's proposal would flow into a new fund for public schools and community colleges, it would free up more than \$3 billion a year to help close the persistent gap in the state's budget.

Munger's proposal, dubbed the "Our Children, Our Future" initiative, would raise income taxes on most Californians for 12 years, ranging from 0.4% at the low end of the income scale to 2.2% for single taxpayers with more than \$2.5 million in taxable income. For the first four years, 70% of the money would go to public schools and preschool programs, and 30% would be dedicated to paying down bond debt for schools, children's hospitals and other general obligations. After that, all of the money would be dedicated to schools and early childhood care and education programs.

Supporters of Munger's plan argue that it's the more honest of the two initiatives. In her proposal, all of the revenue sent to schools would be in addition to the amounts they're guaranteed from the general fund. Although Brown's proposal would significantly increase school and higher-education budgets, it would allow the state to put less money from the general fund into schools and more into other programs.

Brown has acknowledged as much, but the initiative itself isn't so clear. Its title is "The Schools and Public Safety Protection Act of 2012," and it states: "The new tax revenue is guaranteed in the Constitution to go directly to local school districts and community

colleges." But it also notes, "State money is freed up to help balance the budget and prevent even more devastating cuts to services for seniors, working families and small businesses."

The governor also emphasizes that his proposal is important to public safety, and it is — indirectly. At Brown's urging, the Legislature agreed last year to shift responsibility for certain types of felons from the state to county criminal justice systems. The initiative would amend the state Constitution to guarantee that local governments receive funding from state sales, use and vehicle taxes for those new duties, rather than leaving it up to the annual budget process. Without that kind of assurance, counties could find themselves with a diminishing amount of state aid to handle the felons left on their doorstep, increasing the risk of earlier releases from custody with less supervision.

Polls show that the voters are more likely to support a tax increase if the money goes to schools and public safety than to other state services, which explains why the governor's initiative is being sold the way it is. Yet as important as those priorities are, they are not the only obligations the state must meet. The belt-tightening in recent years has moved well past the stage of trimming the easy targets of "waste, fraud and abuse." Instead, lawmakers have been slashing medical care for the poor and the elderly, diminishing support for state colleges and universities, shutting parks and cutting early childhood programs and welfare benefits.

By offering temporary help on bond payments, the "Our Children, Our Future" plan would ease the budget problems for a few years, albeit to a lesser extent than Brown's would. After that, however, it would lock away the additional tax revenue for the sole purposes of public schools and preschool programs. As much as schools could use the money, that sort of ballot-box budgeting is one reason the state is in the fiscal mess it's in today.

Munger is poised at the point of no return. On Wednesday the "Our Children, Our Future" campaign filed its first set of petitions with election officials in Los Angeles County; it expects to have enough signatures gathered by next week to qualify for the November ballot. Already the group has been running advertisements that implicitly criticize Brown's proposal, and a spokesman said he expects the campaign to continue trying to convince voters that its plan is the better one for education.

It's conceivable that having two tax initiatives on the ballot will help persuade voters that Sacramento really does need more revenue after years of budget cuts, and a majority of them will rally behind one or the other. But it's far more likely that the dueling campaigns will split support for a tax increase, sending both to defeat and causing more deep cuts to the very schools Munger aims to protect. Brown's proposal is a better fit for the state's needs today. Munger should stand down.

latimes.com/news/opinion/editorials/la-ed-tax-ballot-measures-20120503,0,1751108.story

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Attachment Three

Potential Resources to Manage Realignment Risks and
Responsibilities



May 17, 2012

TO: CSAC Administration of Justice Policy Committee

FROM: Elizabeth Howard Espinosa and Rosemary L. McCool
CSAC Administration of Justice StaffRE: **Potential Resources to Manage Realignment Risks and Responsibilities**1100 K Street
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As counties work tirelessly to implement the 2011 criminal justice realignment that transferred responsibility — beginning October 1, 2011 — for various adult offender populations, CSAC continues our work to support counties' success in carrying out perhaps the most far-reaching correctional policy change in three decades. As part of this effort, we have assembled a panel presentation for our May 2012 meeting on various resources available to counties as they revisit and revise their realignment implementation plans. It is the hope of the policy committee leadership that we share information and bring forward resources as we learn of tools and strategies that may assist counties in their realignment efforts. Committee members will hear presentations addressing three specific areas, detailed below.

▪ **Catastrophic Medical Insurance for Jail Inmates**

The first presentation will offer information on catastrophic inmate medical insurance plans that are available to counties. Speakers will address key features of the insurance program. There may also be other opportunities for counties to partner together to address the challenges that rising inmate medical costs are presenting to counties. We are pleased to have Jessica Blushi, Underwriting Manager with the CSAC-Excess Insurance Authority and Kevin Bibler, Senior Vice-President with Alliant Insurance Services present on this topic.

▪ **Public Community Correctional Facilities**

The second presentation will cover public community correctional facilities (CCFs). These facilities, generally owned and operated by a city – except in Lassen, which operates a county-run CCF — are designed to house lower-level offenders. Prior to realignment, public CCFs contracted with the California Department of Corrections and Rehabilitation (CDCR) to house state prison inmates. As CDCR's population has decreased as a result of realignment, the state has begun terminating contracts with the CCFs. CDCR's termination of contracts for CCF bed space presents an opportunity for counties to contract with the public CCFs for their available bed space, which may assist in addressing jail overcrowding issues a county may be experiencing.

Attached to this memo is a listing of all public and private – counties currently only have the authority to contract with public CCFs – CCFs and their total bed

space. Steve Miklos, current Vice-President of the Association of California Cities Allied for Public Safety and Vice-Mayor of the City of Folsom, and Undersheriff John Mineau of the Lassen County Sheriff's Department, will discuss with our policy committee public CCFs housing opportunities and what they have to offer counties.

▪ **Alcohol and Drug Treatment Programs**

Lastly, Elizabeth Siggins, Acting Director of the Division of Rehabilitative Programs for CDCR, will provide policy committee members with information on current alcohol and drug treatment providers under contract with CDCR. Again, given the diminution of the state parole population resulting from realignment implementation, CDCR is phasing out many of those contracts. These providers offer programs tailored to the offender population and will have space available to treat offenders under county supervision if a county should wish to consider establishing a contract with these providers. Attached to this memo is a slide depicting offender success when they follow-up with treatment after their release from detention facilities. Committee members will also be provided a current list of community alcohol and drug treatment providers at our policy committee meeting. Ms. Siggins will discuss these documents in further detail during her presentation.

As mentioned earlier, the AOJ policy committee Chair and Vice-Chair as well as CSAC staff intend to bring similar panels before this policy committee as we learn of new resources and tools that might assist counties with the many challenges and opportunities presented by realignment. If a policy committee member knows of a useful tool to highlight at a future meeting, please send the information to staff (Elizabeth Howard Espinosa: eespinosa@counties.org or Rosie McCool: rmccool@counties.org).

Attachments:

- List of Community Correctional Facilities
- 2011 CDCR Adult Institutions Outcome Evaluation Report

**COMMUNITY CORRECTIONAL FACILITIES (CCFs)
POTENTIAL BED SPACE FOR LOW LEVEL / NON-VIOLENT OFFENDERS¹**

| # | County | City | Facility | Capacity | Contact Information |
|-----|----------------|-------------|--|----------|---|
| 1. | Fresno | Coalinga | Claremont Community Correctional Facility | 514 | Jim Applegate, Facility Director, (559) 935-0851 ext. 203 |
| 2. | Kern | Bakersfield | Casa Aurora, Female Rehabilitative Community Correctional Center | 75 | Wendy Broughton, Vice President, (858) 573-2600 |
| 3. | Kern | Bakersfield | Mesa Verde Community Correctional Facility | 400 | James Black, Vice President, GEO (310) 348-3000 |
| 4. | Kern | Bakersfield | Turning Point, Community Prisoner Mother Program | 24 | Kathleen Richards, Facility Director, (661) 342-9929 |
| 5. | Kern | Delano | Delano Community Correctional Facility | 579 | George Galaza, Chief, (661) 721-3270 ext. 101 |
| 6. | Kern | McFarland | Central Valley Modified Community Correctional Facility | 600 | James Black, Vice President, GEO (310) 348-3000 |
| 7. | Kern | McFarland | Golden State Modified Community Correctional Facility | 600 | James Black, Vice President, GEO (310) 348-3000 |
| 8. | Kern | McFarland | McFarland Community Correctional Facility | 250 | James Black, Vice President, GEO (310) 348-3000 |
| 9. | Kern | Shafter | Shafter Community Correctional Facility | 548 | Paul Lozano, Chief, (661) 746-8900 ext. 5109 |
| 10. | Kern | Taft | Taft Community Correctional Facility | 526 | Kenneth McMinn, Chief, (661) 765-2840 ext 140 |
| 11. | Lassen | Susanville | Lassen Community Correctional Facility | 155 | John Mineau, Undersheriff, (530) 251-5245 |
| 12. | Los Angeles | Pomona | Prototypes, Community Prisoner Mother Program | 24 | Judy Stallings, Facility Director, (909) 240-5611 |
| 13. | San Bernardino | Adelanto | Desert View Community Correctional Facility | 625 | James Black, Vice President, GEO (310) 348-3000 |
| 14. | Sutter | Live Oak | Leo Female Community Correctional Facility | 305 | James Black, Vice President, GEO (310) 348-3000 |

| |
|---------------------|
| Legend |
| Blue: Public CCF |
| Yellow: Private CCF |

¹Bed space shown above depicts number of beds CDCR has contracted for and does not necessarily reflect the total number of CCF beds available in each facility.

SOURCE: California Department of Corrections and Rehabilitation

The combination of in-prison SAP and aftercare results in the best outcome: a recidivism rate that is much lower than those who did not participate in in-prison SAP (with or without aftercare).

Figure 22. Three-Year Recidivism Rates by Substance Abuse Treatment Program Involvement

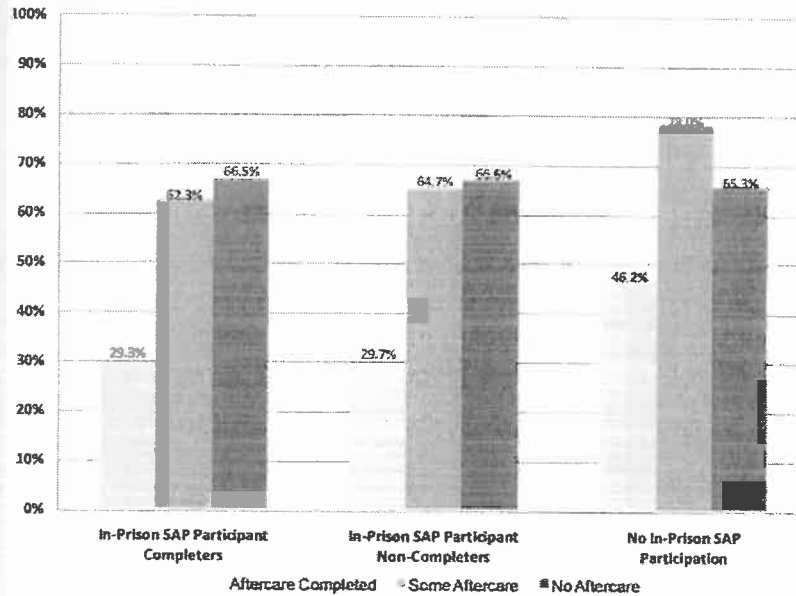


Figure 22 and Table 24 depict recidivism rates by Substance Abuse Program (SAP) involvement during and after incarceration. Individuals who completed²³ an in-prison SAP recidivated at rates that were almost identical to those who did not complete an in-prison SAP, with those completing community-based aftercare recidivating at the lowest rate (approximately 30 percent).

Given this finding, at first blush it would appear there is little value offered by the in-prison SAP; however, further examination revealed higher recidivism rates for those who had no in-prison SAP and either completed or received some aftercare. Specifically, the no in-prison SAP group who completed aftercare still had a recidivism rate that was approximately 16 percentage points higher than those who were involved in in-prison SAP. Furthermore, those who did not receive in-prison SAP and only received aftercare had the highest recidivism rate (79 percent).

The implication of this finding suggests that the combination of in-prison SAP and aftercare results in the best outcome: a recidivism rate that is much lower than those who did not participate in in-prison SAP (with or without aftercare). These

²³ "Completers" are identified based on clinical judgment that the participant has successfully met the SAP treatment goals.

Attachment Four
2011 Criminal Justice Realignment Update



May 18, 2012

TO: CSAC Administration of Justice Policy Committee

FROM: Elizabeth Howard Espinosa and Rosemary L. McCool
CSAC Administration of Justice Staff

RE: **2011 Criminal Justice Realignment Update**

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Just now finishing the seventh month of implementation, the underlying policy changes behind 2011 criminal justice realignment are still relatively new. With a shift of this breadth and scope and, given the prospective nature of implementation, counties will be adapting and evolving their plans, strategies and approaches to managing new offender population for many months if not years. This reform effort will continue to evolve and will need to rely on continued partnership and cooperation between the state and counties.

In our attempt to keep counties apprised of significant developments in implementation, staff will provide an update on a variety of realignment issues during our policy committee meeting. Information on these items is highlighted below for members.

Years 2 and 3 AB 109 Allocation Formula. As counties will recall, last year the Brown Administration tasked CSAC with the responsibility of determining the county-by-county allocation formula to support the transfer of responsibility for various adult offender populations under AB 109. At CSAC's request, the County Administrative Officers Association of California (CAOAC) assembled a CAO Realignment Allocation Committee, consisting of nine CAOs — with three representatives from each of the urban, suburban rural caucuses — to undertake this task. For 2011-12, the committee determined that a one-year formula was appropriate, given the newness of the responsibility shift and the relative lack of information and data. The committee — as well as the realignment fiscal structure legislation in 2011 (AB 118) — made clear that more time, data, and programmatic experience was needed before settling on longer-term allocation methodology.

To begin its evaluation of a Year 2 (2012-13) formula, the group began its organizational work last fall, with more frequent weekly or biweekly meetings beginning in January. After six months of work, the committee rolled out its recommended approach — effective for two years — last week; the resulting county-by-county allocation shares are contained in the realignment fiscal structure bill made public as part of the Governor's May Revision.

The Realignment Allocation Committee determined that the agreed-upon formula — detailed in accompanying attachments — would apply to Years 2 and 3 (2012-13 and 2013-14), with the understanding that more time was needed to develop

and identify reliable data and comparable experience across counties that would inform a permanent formula for Years 4 and beyond. The working group also felt strongly that counties needed stability and certainty in funding, and deemed it too difficult and disruptive to change the formula annually during the early years of implementation. Further, the committee provided information to counties during its deliberations that each jurisdiction would be guaranteed a funding level in 2012-13 of two times its expected monetary allocation for Year 1.

The final formula for Years 2 and 3 resulted from each county receiving its best outcome from among the following three scenarios:

1. County population (adults ages 18 to 64)
2. Status quo (60% ADP or caseload / 30% population / 10%SB 678 success) formula used in Year 1
3. Adjusted average daily population (ADP) also referred to as caseload

If any of those scenarios produced less than the pre-determined minimum base (Year 1 funding level doubled), then the county instead received the minimum base allocation. In addition, Los Angeles County received its status quo share of the overall allocation in recognition of its size and the fact that the county has a caseload of more than three times the next most impacted county.

Members can see the results from “best-of” scenarios by county and the resulting county-by-county percentage share of the 2012-13 estimated funding in the attached document. Staff will discuss the recommended approach during our policy committee meeting. There also are additional background/briefing materials available on our 2011 Realignment website¹ under the “CSAC Documentation” category.

Trailer Bill Updates: Court Security, Local Law Enforcement Subventions and Others.

Other realignment-related topics that are addressed in trailer bill language include trial court security and local law enforcement subventions. (Language is available on the Department of Finance’s website²; the relevant trailer bills would be found in the “Corrections and General Government category.)

CSAC has offered technical input into revising and recasting the underlying statutory structure in two key areas:

- **Court security.** Although the service delivery model for court security did not change under realignment – the function continues to reside with the sheriff, except in two counties still providing marshal services – the change in funding source necessitated a revisiting of the underlying statute governing court security (primarily Government Code Section

¹ <http://www.csac.counties.org/default.asp?id=3202>

² http://www.dof.ca.gov/budgeting/trailer_bill_language/documents/

69920-66927). CSAC worked with a small group of seven counties to review and respond to proposed changes to court security language. That effort produced a consensus agreement among counties, sheriffs, and the courts. It is our view that the revised language appropriately balances and articulates the roles and responsibilities of the three parties in the context of court security services now funded through realignment.

- **Local law enforcement subventions.** The dozen or so subvention programs – including Citizens’ Options for Public Safety, Juvenile Justice Crime Prevention Act, replacement booking fee revenue, juvenile probation and camps/ranches funds, and rural and small county sheriffs’ assistance, among others – will, pursuant to the proposed realignment fiscal structure, be funded out of the Enhancing Law Enforcement Activities Subaccount. At the request of the Department of Finance, CSAC reviewed and, where appropriate, offered proposed amendments to the underlying statutory structure for the various programs, with an eye toward: 1. Minimizing reporting or administrative duties and 2. Eliminating unnecessary oversight or state intervention. The trailer bill language has been public for more than a month, and counties and various public safety affiliates have reviewed and continue to offer suggest improvements and amendments.

Counties are encouraged to review the relevant trailer bills and contact CSAC with any questions or suggested improvements. In addition to the budget trailer bills discussed above, we also anticipate ongoing efforts to make technical changes and adjustments to AB 109. One such aspect that will be addressed is a provision that revises current law to permit two consenting counties to enter into a contract for transfer of jail inmates. It is our understanding that the inmate transfer authority would be in place for three years to allow for review and evaluation of frequency and usage.

Rural County Issues Update. At our 2011 annual meeting in San Francisco, the AOJ policy committee agreed to convene a working group to discuss and brainstorm potential solutions to challenges experienced by small and rural counties as they implement realignment. The working group was assembled in a joint collaboration with the Regional Council of Rural Counties (RCRC) and was comprised of supervisors from the following counties: Calaveras, Sierra, Mariposa, Modoc, Lassen, Mono, Trinity and Glenn. The working group convened two meetings via conference call on February 8 and March 9 (agendas attached) to discuss issues specific to rural counties although some of these issues also resonate with larger counties as well.

The issues raised during these two working group meetings related to the following:

1. Potential for high inmate medical costs that may result from an inmate(s) remaining in a jail for a lengthy sentence and experiencing serious medical problems requiring immediate and potential ongoing medical care.
2. Jail capacity/overcrowding

3. Contracting back options for medically fragile inmates with the California Department of Corrections and Rehabilitation (CDCR)

Our realignment panel to be held during our policy committee meeting reflects some of the resources identified during these two meetings, which undoubtedly could benefit counties regardless of size. Further, the CSAC Excess Insurance Authority (EIA) presented to the rural county working group at its March meeting on its Catastrophic Inmate Medical Insurance Program, which may represent a viable option to qualifying counties to address potential costs for medically fragile inmates. However, there are some limitations to and, certainly, costs associated with to this program that each county will need to evaluate. Representatives from the CSAC-EIA are scheduled to present to our policy committee on May 31 (see Agenda Item III).

There was a general understanding that many of the challenges presented by realignment will take time and ingenuity to resolve and/or mitigate. CSAC will continue to work on these issues with RCRC and explore further options to addressing the needs of rural counties and counties overall.

Future Realignment Training Efforts. As counties will recall, the three foundations of CSAC, the Chief Probation Officers of California (CPOC) and the California State Sheriffs Association (CSSA) shared equally in a 2011-12 state general fund appropriation of \$1 million to support statewide training efforts related to public safety realignment. The three foundations opted to pool their funds in order to maximize resources. A Governing Board was established to guide staff from the three foundations on developing their training efforts.

To date, a number of trainings have been offered that focus largely on the technical aspects of realignment as counties implement realignment. Some of these trainings have been offered by the associations to their direct membership (jointly and individually) and some of the trainings have been offered to a broader audience through CSAC's Institute for Excellence in County Government. Moreover, the trainings have been offered in a variety of formats including in-person, conference calls, webinars and videos. Future trainings will focus on broader realignment themes such as evidenced-based programs, application of split sentences, public engagement, jail population management and alternative custody programs, confidentiality and information-sharing as well as data collection and funding structures. Lastly, the three associations are working to organize another fall conference on realignment similar to the one offered in September 2011 in Sacramento that many CSAC members attended.

It should also be noted that the Governor's 2012-13 Proposed Budget provided for another million dollars to be provided to the three foundations as well as training funds to each county's Community Corrections Partnership (CCP). These two budget items have been approved by both the Assembly and Senate's budget subcommittees; their ultimate inclusion in the state's spending plan remains dependent on the final state budget outcome.

Attachments:

- Years 2 and 3 AB 109 and Public Defender/District Attorney Allocation Formula
- February 8 Rural Counties Working Group Meeting Agenda
- March 9 Rural Counties Working Group Meeting Agenda (e-mail)

| COUNTY | Double Year 1 base | ADJUSTED \$ on population (82.5%) | Status Quo @ 82.5% | \$ on revised weighted ADP | BEST OF Pop, SQ or weighted ADP (with Yr1x2 as min base) | High ADP adjustment | ESTIMATED ALLOCATION based on recommended formula (Years 2 and 3) | % share recommended approach Yrs 2 and 3 |
|-----------------|-----------------------------------|-----------------------------------|--------------------|----------------------------|--|---------------------|---|--|
| ALAMEDA | 18,442,024 | 29,223,042 | 18,665,652 | 15,185,092 | 29,223,042 | | 29,223,042 | 3.47% |
| ALPINE | 153,766 | 21,726 | 35,674 | 25,448 | 153,766 | | 153,766 | 0.02% |
| AMADOR | 1,086,992 | 699,133 | 1,107,945 | 1,063,942 | 1,107,945 | 22,507 | 1,130,452 | 0.13% |
| BUTTE | 5,471,809 | 4,132,693 | 5,558,537 | 5,557,099 | 5,558,537 | 43,294 | 5,601,830 | 0.66% |
| CALAVERAS | 701,514 | 794,509 | 690,975 | 616,882 | 794,509 | | 794,509 | 0.09% |
| COLUSA | 428,703 | 371,293 | 432,059 | 397,961 | 432,059 | | 432,059 | 0.05% |
| CONTRA COSTA | 9,145,900 | 19,285,330 | 9,358,645 | 5,808,197 | 19,285,330 | | 19,285,330 | 2.29% |
| DEL NORTE | 442,875 | 544,959 | 447,492 | 446,653 | 544,959 | | 544,959 | 0.06% |
| EL DORADO | 2,421,286 | 3,329,308 | 2,397,956 | 1,936,776 | 3,329,308 | | 3,329,308 | 0.39% |
| FRESNO | 17,676,736 | 16,532,657 | 17,938,453 | 20,784,011 | 20,784,011 | | 20,784,011 | 2.47% |
| GLENN | 662,541 | 488,598 | 646,754 | 605,612 | 662,541 | | 662,541 | 0.08% |
| HUMBOLDT | 3,053,357 | 2,615,990 | 3,164,852 | 3,336,289 | 3,336,289 | 5,171 | 3,341,460 | 0.40% |
| IMPERIAL | 2,592,767 | 3,126,692 | 2,704,919 | 2,537,246 | 3,126,692 | | 3,126,692 | 0.37% |
| INYO | 381,935 | 324,185 | 390,185 | 395,041 | 395,041 | | 395,041 | 0.05% |
| KERN | 21,668,279 | 15,069,531 | 22,655,048 | 22,963,131 | 22,963,131 | 488,844 | 23,451,975 | 2.78% |
| KINGS | 5,724,071 | 2,908,181 | 5,858,328 | 5,150,960 | 5,858,328 | 182,544 | 6,040,871 | 0.72% |
| LAKE | 1,641,826 | 1,158,434 | 1,669,101 | 1,701,411 | 1,701,411 | 29,754 | 1,731,165 | 0.21% |
| LASSEN | 769,540 | 735,334 | 772,380 | 778,101 | 778,101 | | 778,101 | 0.09% |
| LOS ANGELES | 267,782,587 | 185,967,408 | 203,951,691 | 227,242,124 | 267,782,587 | | 267,782,587 | 31.77% |
| MADERA | 3,376,479 | 2,702,780 | 3,437,735 | 3,435,580 | 3,437,735 | 3,946 | 3,441,681 | 0.41% |
| MARIN | 2,608,357 | 4,563,074 | 2,599,989 | 1,553,349 | 4,563,074 | | 4,563,074 | 0.54% |
| MARIPOSA | 330,916 | 328,159 | 338,530 | 317,627 | 338,530 | | 338,530 | 0.04% |
| MENDOCINO | 1,987,623 | 1,596,066 | 2,063,454 | 1,611,010 | 2,063,454 | | 2,063,454 | 0.24% |
| MERCED | 4,997,047 | 4,484,348 | 5,120,765 | 5,208,630 | 5,208,630 | | 5,208,630 | 0.62% |
| MODOC | 153,766 | 166,908 | 118,037 | 82,141 | 166,908 | | 166,908 | 0.02% |
| MONO | 200,534 | 289,289 | 217,258 | 128,574 | 289,289 | | 289,289 | 0.03% |
| MONTEREY | 7,693,979 | 7,576,550 | 7,858,348 | 7,931,442 | 7,931,442 | | 7,931,442 | 0.94% |
| NAPA | 2,103,833 | 2,467,357 | 2,144,019 | 1,786,051 | 2,467,357 | | 2,467,357 | 0.29% |
| NEVADA | 1,030,304 | 1,770,139 | 1,030,296 | 563,545 | 1,770,139 | | 1,770,139 | 0.21% |
| ORANGE | 46,156,787 | 56,302,998 | 46,669,701 | 41,814,723 | 56,302,998 | | 56,302,998 | 6.68% |
| PLACER | 5,972,789 | 6,186,755 | 6,018,443 | 5,219,148 | 6,186,755 | | 6,186,755 | 0.73% |
| PLUMAS | 307,532 | 355,919 | 307,684 | 271,706 | 355,919 | | 355,919 | 0.04% |
| RIVERSIDE | 42,148,945 | 38,950,451 | 43,036,418 | 43,183,181 | 43,183,181 | | 43,183,181 | 5.12% |
| SACRAMENTO | 26,280,557 | 26,286,057 | 26,900,420 | 28,075,510 | 28,075,510 | | 28,075,510 | 3.33% |
| SAN BENITO | 1,095,496 | 1,006,204 | 1,073,912 | 962,200 | 1,095,496 | | 1,095,496 | 0.13% |
| SAN BERNARDINO | 51,571,199 | 37,136,888 | 52,338,692 | 54,853,706 | 54,853,706 | 991,865 | 55,845,571 | 6.63% |
| SAN DIEGO | 50,211,396 | 59,134,657 | 51,142,654 | 50,105,603 | 59,134,657 | | 59,134,657 | 7.02% |
| SAN FRANCISCO | 10,099,676 | 17,078,602 | 10,114,008 | 7,867,789 | 17,078,602 | | 17,078,602 | 2.03% |
| SAN JOAQUIN | 13,571,816 | 12,212,722 | 13,780,585 | 14,779,690 | 14,779,690 | | 14,779,690 | 1.75% |
| SAN LUIS OBISPO | 4,401,115 | 5,179,333 | 4,494,729 | 3,637,722 | 5,179,333 | | 5,179,333 | 0.61% |
| SAN MATEO | 8,445,803 | 13,453,508 | 8,311,488 | 7,217,658 | 13,453,508 | | 13,453,508 | 1.60% |
| SANTA BARBARA | 7,757,753 | 7,918,923 | 7,970,922 | 7,541,916 | 7,970,922 | | 7,970,922 | 0.95% |
| SANTA CLARA | 25,132,625 | 33,746,839 | 25,448,014 | 22,836,495 | 33,746,839 | | 33,746,839 | 4.00% |
| SANTA CRUZ | 3,325,460 | 5,174,169 | 3,444,378 | 1,995,720 | 5,174,169 | | 5,174,169 | 0.61% |
| SHASTA | 5,977,750 | 3,164,692 | 6,075,323 | 5,439,019 | 6,075,323 | 178,259 | 6,253,582 | 0.74% |
| SIERRA | 153,766 | 58,044 | 37,698 | 29,925 | 153,766 | | 153,766 | 0.02% |
| SISKIYOU | 890,002 | 779,831 | 898,042 | 785,059 | 898,042 | | 898,042 | 0.11% |
| SOLANO | 7,615,324 | 7,766,200 | 7,747,992 | 8,449,389 | 8,449,389 | | 8,449,389 | 1.00% |
| SONOMA | 6,480,856 | 9,027,377 | 6,598,044 | 5,065,559 | 9,027,377 | | 9,027,377 | 1.07% |
| STANISLAUS | 12,021,399 | 9,206,787 | 12,183,027 | 12,084,736 | 12,183,027 | 60,241 | 12,243,268 | 1.45% |
| SUTTER | 2,334,837 | 1,678,853 | 2,390,287 | 2,467,071 | 2,467,071 | 43,281 | 2,510,352 | 0.30% |
| TEHAMA | 2,424,829 | 1,099,955 | 2,478,763 | 2,011,663 | 2,478,763 | 76,819 | 2,555,582 | 0.30% |
| TRINITY | 289,109 | 250,246 | 297,469 | 238,981 | 297,469 | | 297,469 | 0.04% |
| TULARE | 11,315,633 | 7,598,915 | 11,571,640 | 10,739,824 | 11,571,640 | 143,580 | 11,715,220 | 1.39% |
| TUOLUMNE | 1,197,534 | 1,001,534 | 1,198,616 | 1,021,908 | 1,198,616 | | 1,198,616 | 0.14% |
| VENTURA | 11,393,579 | 15,070,691 | 11,622,734 | 9,772,406 | 15,070,691 | | 15,070,691 | 1.79% |
| YOLO | 5,949,406 | 3,982,377 | 5,830,416 | 5,726,576 | 5,949,406 | 87,278 | 6,036,683 | 0.72% |
| YUBA | 2,011,715 | 1,309,301 | 2,035,322 | 2,047,691 | 2,047,691 | 48,917 | 2,096,608 | 0.25% |
| TOTAL | 751,266,036 | 695,392,500 | 695,392,500 | 695,392,500 | 840,493,701 | 2,406,299 | 842,900,000 | |
| | | | | | 2,406,299 | | | |
| | Year 1 doubled/small co. outliers | 5 | 8,014,975 | 1.0% | | | | |
| | Population | 22 | 286,271,455 | 34.0% | | | | |
| | Status quo | 15 | 61,470,391 | 7.3% | | | | |
| | Adjusted ADP | 15 | 219,360,593 | 26.0% | | | | |
| | Los Angeles (ADP) | 1 | 267,782,587 | 31.8% | | | | |
| | | 58 | 842,900,000 | | | | | |

| | ESTIMATED 2012-13 allocation for AB 109 DA/PD activities (revocation) | % share for Years 2 and 3 DA/PD activities (revocaion) |
|-----------------|--|--|
| ALAMEDA | \$396,403 | 2.72% |
| ALPINE | \$3,103 | 0.02% |
| AMADOR | \$22,030 | 0.15% |
| BUTTE | \$110,697 | 0.76% |
| CALAVERAS | \$14,364 | 0.10% |
| COLUSA | \$8,657 | 0.06% |
| CONTRA COSTA | \$207,390 | 1.42% |
| DEL NORTE | \$9,166 | 0.06% |
| EL DORADO | \$50,901 | 0.35% |
| FRESNO | \$363,664 | 2.49% |
| GLENN | \$13,368 | 0.09% |
| HUMBOLDT | \$62,256 | 0.43% |
| IMPERIAL | \$53,517 | 0.37% |
| INYO | \$7,736 | 0.05% |
| KERN | \$441,217 | 3.02% |
| KINGS | \$116,207 | 0.80% |
| LAKE | \$33,328 | 0.23% |
| LASSEN | \$15,546 | 0.11% |
| LOS ANGELES | \$4,638,303 | 31.77% |
| MADERA | \$68,273 | 0.47% |
| MARIN | \$57,034 | 0.39% |
| MARIPOSA | \$6,694 | 0.05% |
| MENDOCINO | \$40,275 | 0.28% |
| MERCED | \$101,301 | 0.69% |
| MODOC | \$3,132 | 0.02% |
| MONO | \$4,246 | 0.03% |
| MONTEREY | \$155,775 | 1.07% |
| NAPA | \$43,268 | 0.30% |
| NEVADA | \$22,456 | 0.15% |
| ORANGE | \$954,166 | 6.54% |
| PLACER | \$120,994 | 0.83% |
| PLUMAS | \$6,314 | 0.04% |
| RIVERSIDE | \$852,762 | 5.84% |
| SACRAMENTO | \$534,303 | 3.66% |
| SAN BENITO | \$22,104 | 0.15% |
| SAN BERNARDINO | \$1,050,176 | 7.19% |
| SAN DIEGO | \$1,033,219 | 7.08% |
| SAN FRANCISCO | \$219,510 | 1.50% |
| SAN JOAQUIN | \$276,558 | 1.89% |
| SAN LUIS OBISPO | \$90,555 | 0.62% |
| SAN MATEO | \$181,697 | 1.24% |
| SANTA BARBARA | \$157,007 | 1.08% |
| SANTA CLARA | \$526,513 | 3.61% |
| SANTA CRUZ | \$71,264 | 0.49% |
| SHASTA | \$121,234 | 0.83% |
| SIERRA | \$3,103 | 0.02% |
| SISKIYOU | \$17,975 | 0.12% |
| SOLANO | \$155,533 | 1.07% |
| SONOMA | \$136,503 | 0.93% |
| STANISLAUS | \$243,053 | 1.66% |
| SUTTER | \$47,505 | 0.33% |
| TEHAMA | \$49,220 | 0.34% |
| TRINITY | \$5,852 | 0.04% |
| TULARE | \$229,214 | 1.57% |
| TUOLUMNE | \$24,165 | 0.17% |
| VENTURA | \$238,174 | 1.63% |
| YOLO | \$120,237 | 0.82% |
| YUBA | \$40,781 | 0.28% |
| TOTAL | \$14,600,000 | |

**JOINT RCRC AND CSAC RURAL COUNTY REALIGNMENT IMPLEMENTATION
WORKING GROUP MEETING**

FEBRUARY 8, 2012

3:30 P.M.

916-327-5825

AGENDA

- I. Review Purpose and Objectives of Work Group
- II. Discussion of Previously Identified Issues
 - a. Jail Capacity
 - b. Medical Needs/Cost Containment
- III. Other Items
- IV. Next Steps

From: Paul Smith [mailto:psmith@rcrcnet.org]

Sent: Monday, March 05, 2012 11:34 AM

To: Lee Adams; James Allen; Merita Calaway; Merita Calaway; Kevin Cann; Brian Dahle; Duane Hazard; Judy Pflueger; John Viegas; arky

Cc: Rosemary McCool; Melissa White; Elizabeth Howard Espinosa; Patricia Megason; 'Jessica Blushi'

Subject: Rural counties work group AB 109 implementation - Follow-Up Call

To: Supervisor Lee Adams, Sierra County
Supervisor Jim Allen, Mariposa County
Supervisor Jeff Bullock, Modoc County
Supervisor Merita Callaway, Calaveras County
Supervisor Brian Dahle, Lassen County
Supervisor Hap Hazard, Mono County
Supervisor Judy Pflueger, Trinity County
Supervisor John Viegas, Glenn County
Supervisor Linda Arcularius, Inyo County

Supervisors,

I apologize for the short notice, but we have scheduled our second call for the Rural Counties/AB 109 Implementation Group for March 9, 2012 at 1:00 p. m. Details regarding the meeting are below:

MEETING DETAILS

Date: Friday, March 9, 2012

Time: 1:00 p.m.

Call-in Number: (916) 326-5825

Our Agenda will consist of:

I Terri McDonald of CDCR will be on-hand to discuss various issues and aspects of contracting with CDCR

II Jessica Blushi of CSAC EIA to answer any questions about their Catastrophic Inmate Medical Insurance Program

Please feel free to contact me (psmith@rcrcnet.org or 916.447.4806) or Rosie McCool (rmccool@counties.org or 916.650.8116) if you have any questions or concerns.

Paul A. Smith
Senior Legislative Advocate
Regional Council of Rural Counties
916-447-4806

Attachment Five
2012 Budget and Legislative Update



May 18, 2012

TO: CSAC Administration of Justice Policy Committee

FROM: Elizabeth Howard Espinosa and Rosemary L. McCool
CSAC Administration of Justice Staff

RE: **2012 Budget and Legislative Update**

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327-7500

Facsimile
916.441.5507

This memo provides an update on the most recent budget activities and summarizes key legislative bills of interest in the Administration of Justice area.

▪ **Budget**

The Governor released his May Revision to his January 2012-13 Proposed Budget on May 14. CSAC has briefed CSAC membership on the May Revision in a number of forums since its release; however, staff will review the critical justice components of the May Revision with this policy committee during our meeting. CSAC's Budget Action Bulletin summarizing the May 14 revision is attached to this memo. Budget subcommittee hearings are expected to begin – and wrap up – during the week of May 18. Staff also will provide an update on those hearings at our May 31 meeting.

▪ **Legislation**

CSAC continues to be active on a number of legislative measures moving through the legislative process. As a policy matter, CSAC continues to work with a number of county stakeholders – including the Chief Probation Officers of California and the California State Sheriffs Association – as well as the Administration in a collaborative process on needed policy changes identified by counties to the 2011 criminal justice realignment. As referenced in our update memo under Agenda Item IV, these efforts will result in budget trailer bill that has not yet been finalized. While the Administration is committed to working through systemic issues and challenges, there is an understanding that it remains too early in the implementation of realignment to justify major policy shifts at this stage. Counties and other public safety stakeholders continue to meet regularly with the Administration where there is an ongoing, open dialogue about implementation issues and challenges. This process has been an effective forum for identifying needed and mutually agreeable solutions.

Below you will find a summary of a sampling of justice measures – by topic area – where CSAC has been active during this legislative session. For each measure, we have identified the current CSAC position, a brief description of the measure, as well as the bill's status at the time of this writing. Counties should keep in mind that this week the Appropriations Committees in each house will meet this week to determine which bills will move forward and which bills will be held, taking into account their relative cost to the state. More information

regarding the outcome of certain of these measures (those identified that are on the “suspense file”) may be known by the time the AOJ policy committee meets.

Public Records Act

SB 1002 (Yee) – Oppose Unless Amended

SB 1002, by Senator Leland Yee, would amend the Public Records Act to specify, under certain circumstances, that local agencies provide electronic records in searchable or open format.

In its current form, SB 1002 amends Government Code Section 6253.9 to prohibit an agency, when the agency is exercising an exemption, from charging a requester for data extraction – except for the redaction of exempt information. Agencies also would be barred from charging a requester for extraction, compilation, programming or conversion of data to a different medium if the task is initiated by or benefits the agency.

Further, SB 1002 would enact new Section 6278, which defines and establishes requirements for “open format.” This section would require public agencies – when required by law to make electronic data or documents available to the public, including via the Internet – to provide them in an open format. The section also defines technical specifications of open format. Finally, the section makes clear that agencies are not required to either convert data or documents to an open format or to upgrade software or hardware.

SB 1002 was last amended on April 9 and will be heard next on May 24 during the Senate Appropriations Committee’s Suspense File Hearing.

Open Meetings

SB 1003 (Yee) – Oppose Unless Amended

SB 1003, by Senator Leland Yee, would allow individuals to pursue litigation over alleged violations of the Brown Act that occurred in the past but have been corrected. CSAC, jointly with the Rural Council of Rural Counties (RCRC) and the Urban Counties Caucus (UCC), is opposed to the bill unless amended.

Counties have offered extensive amendments to ameliorate the measure by providing a mechanism for determining whether and when past Brown Act violations present a genuine threat of future violation – and authorizing court action in such cases. CSAC, RCRC, UCC, and other public agency advocates continue to have discussions with the author’s office and sponsors in an attempt to arrive at a mutually agreed-upon approach. It should be noted that the author’s office did remove Section 3 of the measure which contained content language referring to a past unpublished court opinion that we believed to be unnecessary.

SB 1003 was last amended on May 3. The measure is now on the Senate Third Reading File.

Political Reform Act

AB 2146 (Cook) - Support

AB 2146, by Assembly Member Paul Cook, would, upon mutual agreement between the Fair Political Practices Commission (FPPC) and the County of San Bernardino, authorize the FPPC to have responsibility for the impartial, effective administration, implementation, and enforcement of a local campaign finance reform ordinance for the County of San Bernardino. CSAC and the Urban Counties Caucus are jointly in support of the measure.

San Bernardino County seeks the authority to establish a contractual relationship with the FPPC because it would be economical, would eliminate any potential conflict of interest, and would ensure that the ordinance is enforced. FPPC also is in support of the bill. While CSAC and UCC support AB 2146, the two associations have expressed an interest to the author that the bill be expanded to allow other counties to contract with the FPPC, if agreed upon by the respective Board of Supervisors.

AB 2146 was last amended on May 7, 2011. The measure is currently on the Assembly Floor's Consent Calendar.

Medical Probation

SB 1462 (Leno) – Pending

SB 1462, by Senator Mark Leno, would add Sections 26605.6 and 26605.7 to the Penal Code to establish a compassionate release program and local medical probation similar to the state's medical parole program established in 2010 pursuant to SB 1399 (Leno, Chapter 405). The measure is intended to provide counties with a tool to address emerging medical needs of its jail population, particular in light of the fact that, under 2011 public safety Realignment, individuals can be sentenced to longer jail terms.

Under the provisions of SB 1462, a compassionate release program would be established by authorizing a county sheriff to release into the community a sentenced county jail inmate who does not pose a risk to public safety and has been determined by a physician to have less than six months to live. The measure would require the sheriff to provide the presiding judge specific information regarding the inmate's release such as the inmate's condition, prognosis for recovery and where the inmate will reside at the time of his or her release. Further, the measure would require the sheriff to ensure that the inmate has placement secured in the community and has been evaluated by the county welfare department – or another appropriate county agency – to determine if the inmate is eligible for a federal Medicaid benefits prior to his or her release.

SB 1462 would also create a local medical probation program similar to that established in SB 1399. Newly added Penal Code Section 26605.7 would allow a county sheriff to discharge onto local medical probation an inmate meeting one of two specified criteria: 1) the inmate is permanently incapacitated, requiring 24-

hour care or 2) the inmate requires acute long-term inpatient rehabilitation services. If the inmate is found to qualify for medical probation, the county sheriff must secure a placement option for the inmate prior to his or her release and work with the county welfare department or similar local public agency to determine if the inmate is eligible for federal Medicaid benefits. The inmate's term of medical probation would be for the entirety of the inmate's jail sentence. Lastly, the measure establishes a process by which probation or the court may return the probationer to county jail if his or her condition improves.

SB 1462 is being sponsored by the Los Angeles County Sheriff's Department. CSAC has been working closely with the sponsor of the measure along with the County Health Executives Association of California and the County Welfare Directors Association.

SB 1462 was last amended on April 9, 2011. It will be heard during the Senate Appropriations Committee's Suspense File hearing on May 24.

Community Correctional Facilities

SB 1351 (Rubio) – Support

SB 1351, by Senator Michael Rubio, would confer peace officer status on correctional officers employed by a publicly operated community correctional facility (CCF). CSAC, along with the Urban Counties Caucus (UCC) and the Regional Council of Rural Counties (RCRC), are supporting SB 1351.

The measure was last amended to provide clarity regarding the contracting entities. In staff's view, SB 1351 is a narrowly drafted measure that merely seeks to clarify existing peace officer status for those who operate publicly run CCFs. The proposed change in Penal Code Section 830.55 confers the same status on public CCF correctional officers that they previously enjoyed in contracts with CDCR.

SB 1351 was last amended on March 28. It will be heard during the Senate Appropriations Committee's Suspense File hearing on May 24.

Estates

AB 1670 (Lara) - Oppose

AB 1670, a measure by Assembly Member Ricardo Lara, would authorize a court to appoint as administrator a person nominated by a non-resident heir to an estate. CSAC and the Urban Counties Caucus (UCC) joined the public administrators, public guardians, and public conservators in opposition to AB 1670 for policy, practical and fiscal reasons.

CSAC and UCC are especially concerned about protecting foreign heirs from an unscrupulous element that does, regrettably, exist in estate administration. These challenges are perhaps more pronounced when there is no resident heir who can

closely monitor matters. Secondly, public administrators also have a fiduciary duty to protect an estate's creditors. This responsibility could be hampered if assets are distributed to a foreign heir and it later comes to light that other creditors or legitimate heirs have been overlooked. In our view, public administrators, together with county counsel, are best positioned to keep the interests of the estate first.

Further, CSAC and UCC share the concern that this measure would likely result in profitable estates with no resident heirs being singled out ("cherry picked"), leaving the public administrators to manage only the most difficult estate and those with the fewest (if any) assets. Public Administrators and their counsel rarely are able to cover their costs, burdening taxpayers for funding these cases. The rare large estate with assets sufficient to pay for the services of administering them help to offset the costs of administering the many smaller estates that do not. Counties report that the proposed changes in AB 1670 could reduce their budgets by 10 to 20 percent. This result will financially harm the public administrators, making their already challenging responsibilities more difficult and hampering their ability to properly and timely manage other decedents' estates.

AB 1670 was last amended on March 26. The measure is currently awaiting a hearing in the Senate Judiciary Committee.

Attachment

- CSAC May 14, 2012 Budget Action Bulletin



**2012-13 Governor's May Revision
Week of May 13, 2012**

May 14, 2012

TO: CSAC Board of Directors
County Administrative Officers
CSAC Corporate Associates

FROM: Paul McIntosh, CSAC Executive Director
Jim Wiltshire, CSAC Deputy Executive Director

RE: **Summary of the Governor's May Revision**

The Governor released his May Revision to the 2012-13 State Budget this morning, calling for "a modicum of stoicism" as he outlined how he proposes to rectify a \$15.7 billion estimated deficit. The deficit is larger than his Administration predicted in January due to lower than expected revenues (-\$4.3 billion loss), higher than expected school costs (-\$2.4 billion loss), and decisions by the federal government and courts that blocked certain budget cuts (-\$1.7 billion loss).

Governor Brown's proposed budget relies on voters approving his November statewide ballot initiative, and all of his May Revision materials (and therefore the information below) are based on the presumption that it will pass. Accordingly, the May Revision Budget would increase school funding from the current year by \$5.2 billion (16 percent). Spending outside of Proposition 98 would decline by \$2.4 billion (-4.5 percent), although that number excludes a \$2.1 billion repayment of funds borrowed pursuant to Proposition 1A three years ago.

The May Revision includes severe trigger cuts should the ballot measure fail to pass so that the state can borrow money to meet its cash flow needs with intra-year financing. These trigger cuts of \$6.1 billion would fall largely on schools, both K-14 (\$5.5 billion) and higher education (\$500 million). Other trigger cuts, some of which would affect programs of interest to counties, are detailed later in this *Budget Action Bulletin*.

The Governor's ballot measure would constitutionally protect the revenues shifted to counties to fund 2011 Realignment. It would also temporarily raise taxes; the sales and use tax would rise one quarter cent for five years and the personal income tax would,

for seven years, rise one, two, and three percent for joint filers making over \$500,000, \$600,000, and \$1 million respectively (half of those amounts for single filers).

Finally, the Governor’s budget would balance into future years, and the state would even be able to begin paying down the \$33 billion in outstanding budgetary borrowing – called the “Wall of Debt” by Governor Brown – that it has regularly accumulated since the dot-com bust. The May Revision notes that the proposal, with “diligent fiscal management,” would reduce this \$33 billion to only \$6.6 billion by the end of 2015-16.

Budget Balancing Proposals
(\$ in millions)

| | |
|---|------------------|
| Expenditure Reductions | 50% |
| <u>Health and Human Services</u> | |
| Medi-Cal | \$1,219.2 |
| CalWORKs | 879.9 |
| In-Home Supportive Services | 224.5 |
| Other HHS Programs | 161.0 |
| <u>Education</u> | |
| Proposition 98 | 1,497.9 |
| Child Care | 452.5 |
| Cal Grant Program | 291.7 |
| Other Education | 64.4 |
| <u>All Other Reductions</u> | |
| Redevelopment Assets | 1,405.0 |
| State Mandates | 828.3 |
| Judiciary | 544.0 |
| Employee Compensation | 401.7 |
| Other Reductions | 333.4 |
| Expenditure Reductions | \$8,303.5 |
| Revenues | 35% |
| Temporary Taxes | \$5,579.8 |
| Other Revenues | 339.1 |
| Revenues | \$5,918.9 |
| Other | 15% |
| Loan Repayment Extensions | \$1,158.3 |
| Transfers and Loans from Special Funds | 612.2 |
| Additional Weight Fee Revenues | 385.2 |
| Unemployment Insurance Interest Payment | 312.6 |
| All Other | 49.6 |
| Other | \$2,517.9 |

| | |
|--------------|-------------------|
| Total | \$16,740.3 |
|--------------|-------------------|

With Budget Balancing Solutions — General Fund
(\$ in millions)

| | 2011-12 | 2012-13 |
|---|-----------------|-----------------|
| Prior Year Balance | -\$2,844 | -\$2,535 |
| Revenues and Transfers | \$86,809 | \$95,689 |
| Total Resources Available | \$83,965 | \$93,154 |
| Non-Proposition 98 Expenditures | \$53,988 | \$53,658 |
| Proposition 98 Expenditures | \$32,512 | \$37,729 |
| Total Expenditures | \$86,500 | \$91,387 |
| Fund Balance | -\$2,535 | \$1,767 |
| Reserve for Liquidation of Encumbrances | \$719 | \$719 |
| Special Fund for Economic Uncertainties | -\$3,254 | \$1,048 |
| Budget Stabilization Account | - | - |
| Total Available Reserve | -\$3,254 | \$1,048 |

Revenue Sources — General Fund
(\$ in millions)

| | 2011-12 | 2012-13 | \$ Change | % Change |
|---------------------|-----------------|-----------------|------------------|-----------------|
| Personal Income Tax | \$52,958 | \$60,268 | \$7,310 | 13.8% |
| Sales and Use Tax | 18,921 | 20,605 | 1,684 | 8.9% |
| Corporation Tax | 8,208 | 8,448 | 280 | 3.4% |
| Motor Vehicle Fees | 92 | 27 | -65 | -70.7% |
| Insurance Tax | 2,148 | 2,089 | -59 | -2.7% |
| Estate Taxes | - | 45 | 45 | - |
| Liquor Tax | 331 | 337 | 6 | 1.8% |
| Tobacco Taxes | 93 | 90 | -3 | -3.2% |
| Other | 4,058 | 3,740 | -318 | -7.8% |
| Total | \$86,809 | \$95,689 | \$8,880 | 10.2% |

Expenditures by Agency — General Fund
(\$ in millions)

| | 2011-12 | 2012-13 | \$ Change | % Change |
|------------------------------------|-----------------|-----------------|----------------|-------------|
| Legislative, Judicial, Executive | \$2,541 | \$2,074 | -\$467 | -18.4% |
| State and Consumer Services | 619 | 689 | 70 | 11.3% |
| Business, Transportation & Housing | 573 | 448 | -125 | -21.8% |
| Natural Resources | 1,933 | 1,921 | -12 | -0.6% |
| Environmental Protection | 51 | 46 | -5 | -9.8% |
| Health and Human Services | 26,772 | 25,963 | -809 | -3.0% |
| Corrections and Rehabilitation | 8,082 | 8,889 | 807 | 10.0% |
| K-12 Education | 34,038 | 38,540 | 4,502 | 13.2% |
| Higher Education | 9,770 | 9,516 | -254 | -2.6% |
| Labor and Workforce Development | 354 | 342 | -12 | -3.4% |
| General Government: | | | | |
| Non-Agency Departments | 443 | 485 | 42 | 9.5% |
| Tax Relief/Local Government | 544 | 2,531 | 1,987 | 365.3% |
| Statewide Expenditures | 780 | -57 | -837 | -107.3% |
| Total | \$86,500 | \$91,387 | \$4,887 | 5.6% |

REALIGNMENT

In the May Revision, the Administration is updating the funding allocations on a program-by-program basis with updated caseload information and proposing trailer bill language to create a permanent funding structure for 2011 Realignment. The trailer bill is expected to be released on the Department of Finance [website](#) later today. Once CSAC reviews the trailer bill language, we will provide counties with additional information.

Below is an updated funding chart. Compared to the program allocation and funding chart included in the January Budget, the 2011-12 and 2012-13 funding level for several programs has increased.

Note: Realignment information pertaining to public safety programs can be found in the Administration of Justice section of this *Budget Action Bulletin*.

2011 Realignment Funding
(\$ in millions)

| Program | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|---|------------------|------------------|------------------|------------------|
| Court Security | \$496.4 | \$496.4 | \$496.4 | \$496.4 |
| Public Safety Programs | 489.9 | 489.9 | 489.9 | 489.9 |
| Local Jurisdiction for Lower-level Offenders and Parole Violators | | | | |
| Local Costs | 239.9 | 581.1 | 759.0 | 762.2 |
| Reimbursement of State Costs | 989.9 | - | - | - |
| Realign Adult Parole | | | | |
| Local Costs | 127.1 | 276.4 | 257.0 | 187.7 |
| Reimbursement of State Costs | 262.6 | - | - | - |
| Mental Health Services | | | | |
| EPSDT | - | 584.2 | 584.2 | 584.2 |
| Mental Health Managed Care | - | 196.7 | 196.7 | 196.7 |
| Existing Community Mental Health Programs | 1,083.6 | 1,120.6 | 1,120.6 | 1,120.6 |
| Substance Abuse Treatment | 183.6 | 183.6 | 183.6 | 183.6 |
| Foster Care and Child Welfare Services | | | | 1,621.1 |
| Adult Protective Services | 55.0 | 55.0 | 55.0 | 55.0 |
| Existing Juvenile Justice Realignment | 97.1 | 98.8 | 98.8 | 98.8 |
| Program Cost Growth | - | 221.7 | 456.6 | 1,014.7 |
| TOTAL | \$5,592.3 | \$5,889.8 | \$6,303.6 | \$6,810.9 |
| 1.0625% Sales Tax | 5,152.9 | 5,434.7 | 5,840.3 | 6,339.8 |
| Vehicle License Fee Funds | 439.4 | 455.1 | 463.6 | 471.1 |
| TOTAL Revenues | \$5,592.3 | \$5,889.8 | \$6,303.6 | \$6,810.9 |

The updated allocation chart reflects changes to the base for the following programs in 2011-12:

- The allocation for Substance Abuse Treatment programs has increased by \$3.9 million, from \$179.7 to \$183.6 million. These funds will be included in the Behavioral Health Subaccount beginning in 2012-13.
- The allocation for Foster Care, Child Welfare and Adult Protective Services increased by \$5.1 million from \$1,562.1 million to \$1,567.2 million. These funds will be included in the Protective Services Subaccount beginning in 2012-13.

Additional changes include:

- The 2011-12 allocation for Existing Community Mental Health Programs is \$1,083.6 million, which represents the amount that will be allocated to the Mental Health Account pursuant to the formula in statute for 2011-12. This amount is greater than the \$1,068.8 million that is now estimated to have been available for Mental Health in 2011-12 under 1991-92 Realignment.
- The 2012-13 allocation for Existing Community Mental Health Programs is \$1,120.6 million, which represents the amount that is estimated to otherwise have been available for Mental Health in 2012-13 under 1991-92 Realignment. Although this is less than the \$1,164.4 million reflected in the Governor's Budget, Mental Health programs have a dedicated growth account in the new ongoing funding structure. These programs will also continue to receive any Mental Health growth resulting from 1991-92 Realignment.
- The allocations for Early and Periodic Screening, Diagnosis and Treatment program and the Mental Health Managed Care program have increased by \$48.1 million, from \$732.8 to \$780.9 million. Please recall that the 2012-13 funding level establishes the base for these programs and these programs will be included in the Behavioral Health Subaccount beginning in 2012-13.
- The allocation for Foster Care and Child Welfare Services now changes from year-to-year from 2012-13 through 2014-15. This reflects the costs for counties to expand foster care benefit eligibility up to age 21 as authorized by Chapter 559, Statutes of 2010 (AB 12) for a cumulative increase of \$53.9 million. These funds are included in the Protective Services Subaccount and will be phased in over a three-year period beginning in 2012-13.

ADMINISTRATION OF JUSTICE

While the vast majority of local public safety programs now are funded through the 2011 realignment construct, several justice-related budget items of interest to counties are addressed in the Governor's May Revision, which are summarized below. Please note that overall 2011 Realignment funding issues are discussed in a separate section dedicated to that topic.

Division of Juvenile Justice

As counties will recall, the Governor proposed in his January 2012-13 budget the closure of the Division of Juvenile Justice (DJJ), beginning with ceasing intake of youthful offender commitments beginning January 1, 2013. In the May Revision, the Governor revises his juvenile justice proposal to keep DJJ available as a placement option for youthful offenders, but makes other proposed operational efficiencies and policy changes, which include:

- A new fee structure that would charge counties \$2,000 per month (\$24,000 annually) for each ward committed to the DJJ by a juvenile court; the fee would be charged beginning July 1, 2012, and would apply to all eligible youthful offenders regardless of commitment date;
- A change in the DJJ age jurisdiction from 25 to 23 years, applied prospectively;
- Termination of juvenile parole six months early (on January 1, 2013 instead of July 1, 2014); and,
- Reduction of administrative staffing levels within the California Department of Corrections and Rehabilitation (CDCR) headquarters and DJJ facilities.

With these changes, the trigger fee — that was part of the 2011-12 budget and originally scheduled to be levied against counties beginning January 1 of this year — will essentially be forgiven.

2011 Public Safety Realignment

It is anticipated that the trailer bill language related to the 2011 Realignment fiscal structure – not yet available at the time of this writing – will detail a county-by-county allocation related to both the AB 109 programmatic activities as well as the separately allocated funds to district attorneys and public defenders for new revocation activities associated with Realignment. Details on the recommended allocation formula, which would be in place for 2012-13 and 2013-14 (with a permanent formula to be determined), have been sent to county administrative officers statewide under separate cover.

In addition, we also anticipate that budget trailer bill language will include a provision that permits two consenting counties to enter into a contract for transfer of jail inmates. It is our understanding that the inmate transfer authority would be in place for three years to allow for review and evaluation of frequency and usage.

Finally, we anticipate that trailer bill language will be made public later today that recasts and revises statute governing the provision of court security services (Government Code Sections 69920-69927). These changes are necessitated by the change in the funding structure for court security.

Department of Corrections and Rehabilitation

Last month, CDCR released what is being called its “blueprint” plan to save billions of dollars over a four-year period as the department adjusts to its changing demographics as a result of realignment. In the May Revision, the Governor reiterates his commitment to following through on the CDCR blueprint. Of particular interest to counties is that the

state will be restructuring the delivery of its rehabilitation programs due to the reduction in the state's prison population. As a result of the 2011 criminal justice realignment, the state will be able to engage approximately 70 percent of its remaining population in rehabilitation programs by converting existing space into rehabilitative programming space.

Additionally, CDCR will be establishing reentry hubs within some of its institutions to better prepare inmates for reintegration back into the community. Further, as a result of the state reducing its prison population through realignment, the CDCR will return 10,000 inmates currently housed in out-of-state facilities to its 33 state prisons. Counties interested in viewing the complete blueprint can do so by visiting CDCR's [website](#). Upon full implementation of realignment and implementation of this blueprint, CDCR will save over \$1 billion annually.

Board of State and Community Corrections

Effective July 1, 2012, the Corrections Standards Authority (CSA) will be reconstituted as the Board of State and Community Corrections (BSCC). The BSCC will, in addition to other specified functions, assume the duties of the CSA and will take on a newly enhanced role to provide statewide leadership, coordination and technical assistance for the state and local jurisdictions as the two operate California's juvenile and adult corrections systems. Further, it will be the responsibility of the BSCC to guide state and local jurisdictions through the implementation stages of the 2011 criminal justice realignment.

The May Revision outlines funding to the BSCC, which includes \$27.7 million in General Fund and \$92.2 million in other funding sources. Other components of interest in the BSCC's proposed budget include:

- **AB 900 Phase III local jail construction funding** – The May Revision includes \$500 million of additional lease revenue bond authority to assist counties in managing offender population in county jails. These funds are in addition to the current \$1.2 billion already awarded to counties for Phase I and Phase II AB 900 local jail construction projects. The parameters and criteria surrounding the release of Phase III funds will be determined by the BSCC through a stakeholder process similar to the previous two phases.
- **Local subvention grants to city police departments** – The BSCC will develop a formula to award \$20 million in state general funds (not tied to realignment funding) to local police departments in recognition of reductions to city police departments.

Judiciary

The Governor's May Revision signals intent to evaluate the effects of trial court funding reforms. Given that 15 years have passed since the enactment of the Trial Court Funding Act of 1997 (AB 233), the Administration proposes to establish a working group to analyze workload metrics and staffing standards, among other factors, in an effort to assess the effective statewide administration of the trial courts.

As for the judicial branch budget, the Governor's May Revision proposes a \$544 million General Fund reduction, of which \$419 million is one-time and \$125 million is ongoing. However, in 2012-13, \$540 million of the reduction would be offset using trial court reserves and delaying courthouse construction. The remaining \$4 million in reductions would be achieved by permanent changes in retirement contributions for Administrative Office of the Court, supreme and appellate court, as well as Habeas Corpus Resource Center employees. Additional permanent reductions include \$40 million that will be redirected from court construction funds to support trial court operations.

Department of Justice

The Governor proposes to reduce funding to the DNA Identification Fund by eliminating the \$10 million general fund transfer to the fund. This elimination will be offset by an increase in the penalty assessment of \$1 for every \$10 in base fine.

AGRICULTURE AND NATURAL RESOURCES

Governor's Reorganization. As part of Governor Brown's Reorganization Plan, he submitted a comprehensive plan to the Little Hoover Commission (Commission) in May. The May Revision states that the Commission is expected to submit its findings and recommendations to the Legislature by May 22. The Governor's plan calls for the Emergency Management Agency to become an office directly reporting to the Governor; the Department of Resources, Recycling and Recovery (CalRecycle) to be transferred from the Natural Resources Agency to the California Environmental Protection Agency (EPA); and the Delta Stewardship Council to be transferred to the Natural Resources Agency.

Department of Food and Agriculture. The Governor's May Revision includes a permanent, unallocated reduction of \$2.5 million to the Department of Food and Agriculture's budget. This builds on the \$31 million General Fund reduction already adopted, which primarily affects various programs related to border control stations, pest prevention and food safety activities.

GOVERNMENT FINANCE AND OPERATIONS

Redevelopment

The May Revision assumes that local K-14 schools will receive an additional \$818 million in property taxes in 2011-12, and \$991 million in 2012-13. These gains offset the state's Proposition 98 obligation. The amounts are down from the \$1.05 billion and \$1.08 billion assumed in the January budget proposal. The declines from previous estimates are due to lower-than-expected property tax revenues and samples of obligated payment schedules of successor agencies. These are ongoing revenues.

ABX1 26, which dissolved redevelopment agencies, requires that unencumbered assets be distributed to taxing entities, but sets no deadline for doing so. The May Revision would create a framework for those distributions, and the Administration estimates that \$2 billion would go to K-14 schools, \$1.4 billion in 2012-13 and \$600 million in 2013-14. Again, these funds would offset the state General Fund's Proposition 98 expenses. These are one-time revenues.

The May Revision also proposes to increase school funding by allowing K-14 schools to retain some of the money that would under current law otherwise offset the state's Proposition 98 guarantee. Specifically, schools could retain one percent of the increased property taxes and five percent of the distributed assets.

Dry-Period Financing

The Governor's January Budget proposed allowing charter schools to borrow money from county treasuries upon a showing of need. This benefit is currently granted only to entities that bank solely through the county treasury, like public schools. In those cases, the treasury is assured of repayment. Extending this to private entities, as many charter schools are, is both legally questionable and financially risky. The May Revision includes this provision, but it is not specific as to whether the lending would be optional or mandatory.

EMPLOYEE RELATIONS

State Employees. In his May Revision, Governor Brown proposes eliminating the use of retired annuitants and temporary employees for non-essential positions which are not critical to a department's core mission.

Additionally, the Governor proposes to score \$830.1 million savings in state employee compensation by pursuing a four-day, 38-hour work week for most represented and unrepresented employees (about 214,000 positions). This would require re-opening existing labor contracts and/or amending them; the Administration hopes to negotiate these changes by July 1, 2012.

The Governor's May Revision includes an intention to further save state costs by continuing to pursue changes to current employees' and retirees' health coverage.

Unemployment Insurance Program. Counties will recall that due to a structural imbalance between revenues and benefit payments, the Unemployment Insurance (UI) Fund has been making benefit payments with borrowed federal funds since 2009. The UI Fund deficit is projected to be \$11.7 billion at the end of 2012. Interest in the amount of \$303.5 million was paid in September 2011 through a loan from the state's Unemployment Compensation Disability Fund. The Governor's January budget proposed to continue to borrow from the Disability Fund to pay the 2012-13 interest expense of \$417 million; his May Revision includes this expense, but costs it at \$412.6 million as the federal government has since lowered the interest rates on funds borrowed.

The Governor additionally proposes in his May Revision an increase of \$4.3 billion in 2012-13 for UI benefit payments due to additional federal benefit adjustments and an increase of \$16.9 million and redirection of \$6.3 million UI Administration Fund in 2012-13 to provide continued support for the Unemployment Insurance Modernization Project, a federal incentive program offered through the American Recovery and Reinvestment Act that provided states with additional UI administration dollars to modernize information technology.

Reducing State Government. As mentioned above, , Governor Brown proposed eliminating or consolidating several employment-related boards and commissions in January and provided his blueprint for doing so to the Little Hoover Commission. The plan includes the creation of a "CalHR" department which would combine the State Personnel Board and the Department of Personnel Administration, and aligns the Public Employment Relations Board (PERB) with the Labor Workforce Development Agency. Again, the Commission is expected to submit its findings and recommendations to the Legislature by May 22.

HEALTH AND HUMAN SERVICES

The Governor's May Revision includes \$1.2 billion in cuts to health and human services out of \$8.3 billion total proposed cuts for the 2012-13 fiscal year. The California Health

and Human Services Agency's total budget for 2012-13 is \$103.9 billion, of which \$25.5 billion is state General Fund and \$78 billion in federal and other funds.

Medi-Cal

Coordinated Care Initiative. The Governor proposes a number of changes to the Coordinated Care Initiative (CCI) in the May Revision. The Administration is proposing to phase-in long-term care benefits as each county transitions into managed care. The Administration is reducing the number of counties in phase one from 10 to 8 (Alameda, Los Angeles, Orange, Riverside, San Bernardino, San Diego, San Mateo and Santa Clara) and will delay implementation from January 1, 2013 to March 1, 2013. Sacramento and Contra Costa counties, along with the other counties with existing Medi-Cal managed care plans, will be in the second phase of CCI implementation in 2014.

Counties will continue to assess and authorize hours for the In-Home Supportive Services (IHSS) program. Consumers will continue to select and direct their provider. The Administration is proposing a county-specific maintenance of effort to hold county expenditures to the estimated level that would have been incurred absent the CCI. As CCI is implemented, collective bargaining will eventually transition to the state. The Administration does not provide additional detail about collective bargaining changes; the most recent trailer bill language leaves collective bargaining to local public authorities and does not address future changes.

The modified CCI proposal saves \$663.3 million in 2012-13 (as in January the savings are from the Medi-Cal payment deferral) and \$887 million when fully implemented. The CCI savings are contingent on securing a six-month stable enrollment period and 50 percent shared savings from the federal government.

Hospital Payment Changes. The Administration proposes to reduce supplemental payments to private hospitals, eliminate public hospital grants and eliminate increases to managed care plans for supplemental payments to designated public hospitals. All told, these changes save \$150 million General Fund in 2012-13 and \$75 million in 2013-14. The May Revision also proposes to delay the transition to a new diagnosis related group-based payment methodology for hospitals by six months (from January 1, 2013 to July 1, 2013).

Unexpended Federal Waiver Funds. The May Revision proposes to split unexpended federal funds from the Medi-Cal Section 1115 Bridge to Reform Waiver equally between the state and designated public hospitals. The proposal saves \$100 million General Fund in 2012-13 and \$9 million in 2013-14. The unexpended funds come from the funding available for the Low-Income Health Programs designated for persons with incomes over 133 percent of the federal poverty level. Subsequently, the unexpended funds

were earmarked to reimburse public hospitals for uncompensated care costs. The Administration is asking public hospitals to use their uncompensated care costs to draw down federal match and split the federal match with the state for the benefit of the state General Fund.

Non-Designated Public Hospital Payment Changes. Non-designated public hospitals have historically been funded similar to private hospitals (50 percent General Fund, 50 percent federal funds), rather than like designated public hospitals (no state General Fund; local funds are used to draw down federal match) for inpatient Medi-Cal fee-for-service. The Administration is proposing to align non-designated hospital funding with designated hospitals funding methodology for inpatient Medi-Cal fee-for-service. The proposal generates \$75 million in General Fund savings in 2012-13 and ongoing. The Department of Health Care Services (DHCS) will be seeking additional federal funds for these hospitals through an amendment to the Section 1115 Bridge to Reform Waiver. Please note the non-designated public hospitals are primarily district hospitals.

Nursing Homes. The Administration is proposing to rescind the 2012-13 nursing home rate increase while continuing the collection of fee revenue. The state would retain the fee revenue for a General Fund benefit of \$47.6 million. Existing law also requires DHCS to set aside one percent of nursing home payments for supplemental payments based on quality measures. The Administration is proposing to sweep the one percent for a General Fund benefit of \$23.3 million.

First 5 Funding. The Administration is proposing that \$40 million of state First 5 Commission funds be used for Medi-Cal services for children aged birth through 5. This decreases Medi-Cal General Fund dollars by \$40 million.

Medi-Cal Caseload Adjustment. The Administration is projecting a decrease in Medi-Cal caseloads, which results in a \$200 million General Fund savings in 2011-12 and \$700 million General Fund in 2012-13.

Provider Payments. The Administration is adjusting the May budget to reflect court rulings that have prevented the implementation of provider payment reductions. The May Revision includes an additional \$245.5 million in 2011-12 and \$174.6 million in 2012-13.

Co-Payments. The federal government rejected the Administration's 2011-12 budget proposal to implement co-payments. The May Revision reflects the increased costs from the proposal not being implemented – \$555.3 million in 2012-13.

Additionally, the Administration is proposing new co-payments of \$15 for non-emergency emergency room visits and \$1 and \$3 pharmacy co-payments based on drug

status and how medications are dispensed to achieve \$20.2 million in General Fund savings in 2012-13.

Healthy Families Program (HFP)

The May Revision continues to anticipate the shift of 875,000 Healthy Families Program (HFP) participants into Medi-Cal starting in October of this year. However, the savings anticipated have dropped from about \$64 million to about \$49 million. This is due to an increase in the estimated per-member per-month average cost of a Medi-Cal beneficiary from \$76.86 to \$83.91. This new estimate includes the costs for mental health managed care benefits for this population. Further, the Administration has been forced to drop its January budget proposal to increase premium and copayments in HFP to save \$42 million because it was blocked by the federal government.

CalWORKs

The Administration makes some policy changes to its January proposal to “redesign” the CalWORKs program into two tracks, but the basic structure introduced in January remains, including:

- **CalWORKs Basic.** This track would serve as the entry-point for the welfare-to-work program and would be operational by October of this year. The eligibility time limit for this phase would be 24 months, with an assessment of the recipients’ progress after 12 months. For six months following the October 2012 implementation of the CalWORKs Basic program, all currently aided eligible adults will be eligible for welfare-to-work services and child care. The budget has increased the county single allocation by \$35.6 million to provide some of these services. Additionally, families who are sanctioned for more than three months would be disenrolled from the program.
- **CalWORKs Plus.** If a CalWORKs Basic participant maintains unsubsidized employment at specified levels (30 hours for adults and 20 hours for those with children under age 6), they would move to the CalWORKs Plus program. This program would become operational in April 2013, and reward participants with a higher grant level by allowing them to utilize a higher income disregard (first \$200 earned and 50 percent of subsequent income). Participants would be eligible for this program for up to 48 months, and if they reach the time limit but continue to work specified amounts, they would retain the higher earned income disregard.
- **Child Only Grants.** The income support program of child only grants will continue under the name of Child Maintenance Program (CMP), but grants will

be cut by 27 percent, or about \$70 a month, beginning in October of this year. Also, families on CMP will be subject to annual eligibility determinations and required to have children in the program seen annually by a doctor.

- **Work Participation.** Furthermore, under the proposed restructuring, low-income families who are CalFresh recipients or child care subsidies – but not on CalWORKs – and meet work participation requirements may receive \$50 bonus payments.

The May Revision includes some changes to the above policy proposals, including counting any combination of state-allowable work activities in the first 24 months and federally allowable activities for up to 48 months toward work participation, instead of counting only paid employment. Further, the May Revision also abandons the proposal to retroactively count previously exempt and sanctioned months toward the adult recipient's 48-month time limit.

Child Care

In January, the Governor had proposed nearly \$500 million in changes and reductions for subsidized child care programs in California. In the May Revision, the Governor remains committed to saving the state \$452.5 million in child care costs, but has altered some of the above proposals, including:

- Allow education and training activities, not just paid employment, to count toward eligibility for child care services for up to two years. This will cost the state \$180.1 million in 2012-13.
- Reduce reimbursement rates for voucher-based programs by \$184.2 million by reducing the reimbursement rate ceiling from the 85th percentile to the 40th percentile of the private pay market. License-exempt providers would be reimbursed based upon 71 percent of the lowered licensed ceilings.

The new proposals will eliminate 29,600 child care slots, while the previous plan would have eliminated 54,800.

In Home Supportive Services (IHSS)

The Governor continues to focus on the IHSS program for state savings, noting in the May Revision that costs for IHSS are "...considerably higher than in the 2011 Budget Act." One aspect of this plan, CCI, is covered in the Medi-Cal section of this document. Other proposals include:

- **Reducing Hours by Seven Percent.** The May Revision includes a proposal to reduce total authorized IHSS hours by seven percent across the board to save \$99 million General Fund in 2012-13. This would be effective August 1, 2012. This is on top of the 20 percent across-the-board reduction that the courts prevented the state from implementing in the fall of 2011. The seven percent reduction is proposed to be permanent and ongoing.
- **Eliminating Domestic Services.** The Governor is maintaining his January budget proposal to eliminate domestic services and related services for IHSS consumers living with other adults who are not participants in the IHSS program, unless those adults are found to be unable to perform such services. This reduction in domestic services also applies to children in the IHSS program who reside with their parents, and the state assumes budget savings of \$164 million in the current year if implemented by July 1 of this year. This proposal would affect 254,000 IHSS recipients.

Please note that the Governor has been prevented from implementing the December 2011 IHSS 20-percent trigger cuts through a court injunction and Legislative action. The May Revision again includes a set-aside to fund the IHSS program in light of this reality.

Child Support

Suspend County Share. In January, the Governor asked to suspend the County share of child support collections and redirect it to the state's General Fund. He maintains that proposal in the May Revision for a state savings of \$32 million General Fund in 2012-13.

Reduce Funding to Local Agencies. In his May Revision, the Governor also proposes to decrease the funding for Local Child Support Agencies (LCSAs) by \$14.7 million in 2012-13 to save \$5 million General Fund. This is a significant cut to local agencies, and, as a result, the Administration has said that the LCSA's will no longer be required to prepare cases for state hearings. They would, however, still have to continue their required complaint resolution process and refer cases for state administrative review.

Reduce Automation Funding. The Governor also wants to reduce funding for the California Child Support Automation System (CSSAS) again in 2012-13, this time by \$1 million. The current 2011-12 budget reduced CSSAS funding by \$5.5 million. The 2012-13 reduction would be achieved by sweeping remaining CSSAS reappropriation dollars, and would reduce the ongoing project maintenance and operations budget by \$2.9 million.

Public Health

AIDS Drug Assistance Program. The Governor maintains his January budget proposal to increase the client share of cost for the AIDS Drug Assistance Program (ADAP), but with a significant change: private insurance clients would be exempted from the share of cost because it would exceed their out-of-pocket costs for private insurance. The Governor also proposes a 90-day implementation delay to make billing system modifications. With these changes, the ADAP cost-sharing proposal is estimated to save the state \$10.7 million in 2012-13.

Further, the Governor anticipated a net increase in funding for ADAP due to a combination of factors, including a delay in ADAP clients enrolling in the county Low-Income Health Programs, increased federal Ryan White funding, a decrease in Safety Net Care Pool funds, and an increase in the projected drug rebate collection rate.

Mental Health

The May Revision includes an increase of \$15 million in the Mental Health Services Fund as part of a \$60 million commitment toward the California Reducing Disparities Project in 2012-13.

LEADER Replacement System

The May Revision includes \$36.5 million (\$15.3 General Fund) in 2012-13 to replace the existing Los Angeles Eligibility, Automated Determination, Evaluation and Reporting System (LEADER).

HOUSING, LAND USE AND TRANSPORTATION

The Governor's May Revision would appropriate \$708.5 million to counties and cities from new gasoline excise tax revenues, or the Highway User Tax Account (HUTA), pursuant to the Transportation Tax Swap (swap) and formerly Proposition 42 revenues. Counties are estimated to receive approximately \$354 million. This amount is consistent with estimates DOF has provided since January. State highways would receive \$901.7 million, specifically \$193.2 million for the State Highway Operation and Protection Program (SHOPP) and \$708.5 for the State Highway Improvement Program (STIP).

Also included in the Governor's May Revision is a proposal to take \$312 million in the new HUTA for General Fund relief, which corresponds to the amount of the new gas tax collected on gasoline used for off-highway vehicles (OHV) since the enactment of the swap. Specifically, the State will have collected and retained \$184 million through the

end of 2011-12 in new HUTA taxes associated with OHVs. The proposal would also take \$128 million annually on a permanent basis beginning in 2012-13. According to the Governor's office, statute directs a portion of all HUTA to the Department of Parks and Recreation and the Department of Motor Vehicles for purposes of OHVs. Since the enactment of the swap, the State has retained these funds associated with the new HUTA and not made appropriations to these departments. The new HUTA that replaced the sales tax on gasoline under the swap was expected to be revenue neutral for transportation purposes. However, the Governor indicates that this portion of the new HUTA is not protected under the Constitution and therefore the State is taking this share of revenues for General Fund purposes. This money would otherwise be allocated as: 12 percent to SHOPP, 44 percent to STIP and 44 percent to local streets and roads.

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