2011 Rating Agency Meetings

Briefing Materials

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 ▪ Sacramento, CA ▪ 95814
(916) 327-7500 ▪ FAX: (916) 441-5507
www.csac.counties.org

CSAC Leadership

President
Supervisor John Tavaglione, Riverside County

First Vice President
Supervisor Mike McGowan, Yolo County

Second Vice President
Supervisor David Finigan, Del Norte County

Immediate Past President
Vacant

Treasurer
Supervisor Kathy Long, Ventura County

2011 Rating Agency Meetings Briefing Materials

Table of Contents

County Revenue and Taxation Trends

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

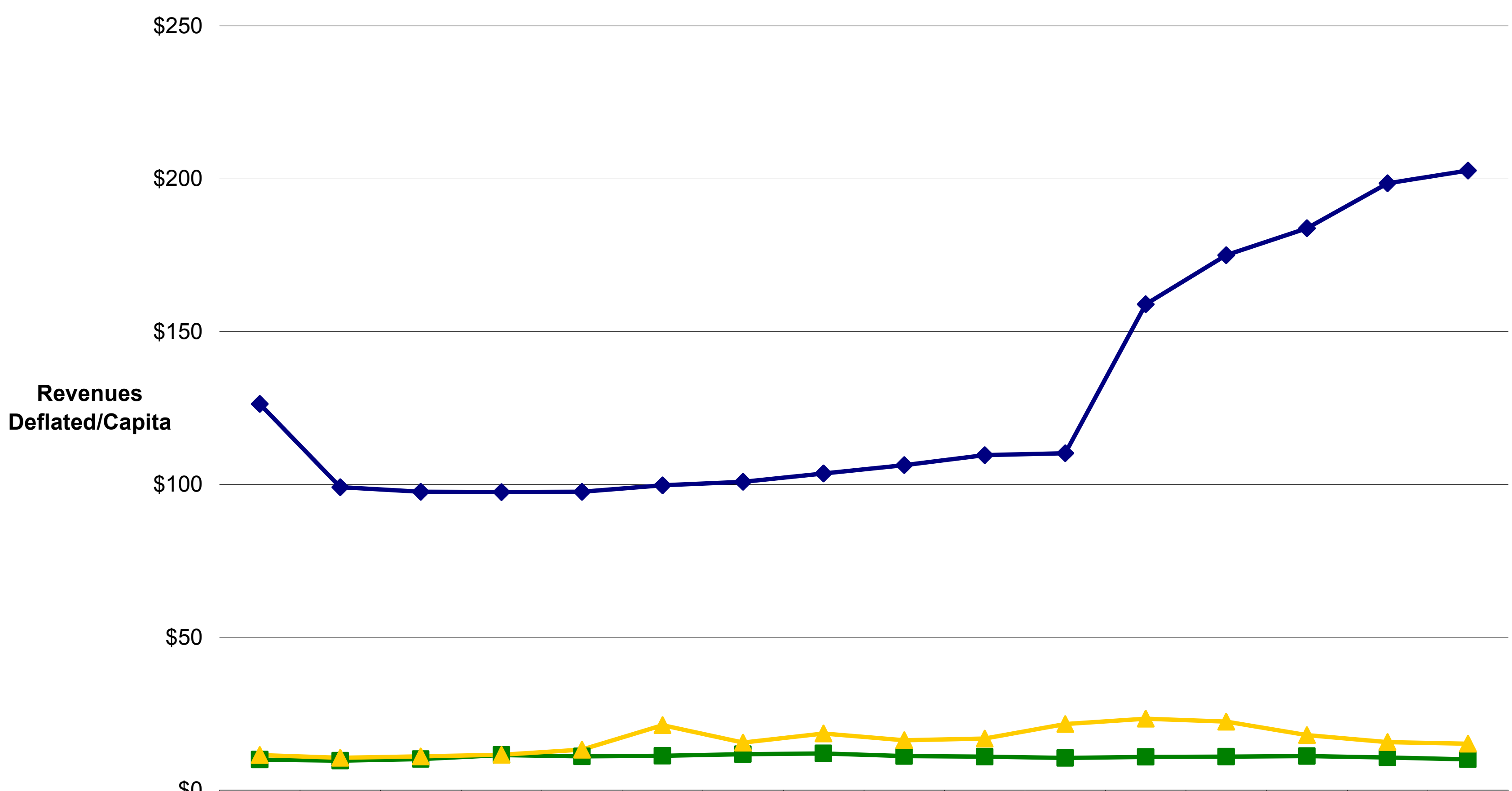
County Revenue and Taxation Trends

County Revenues by Category

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

COUNTY REVENUES BY CATEGORY

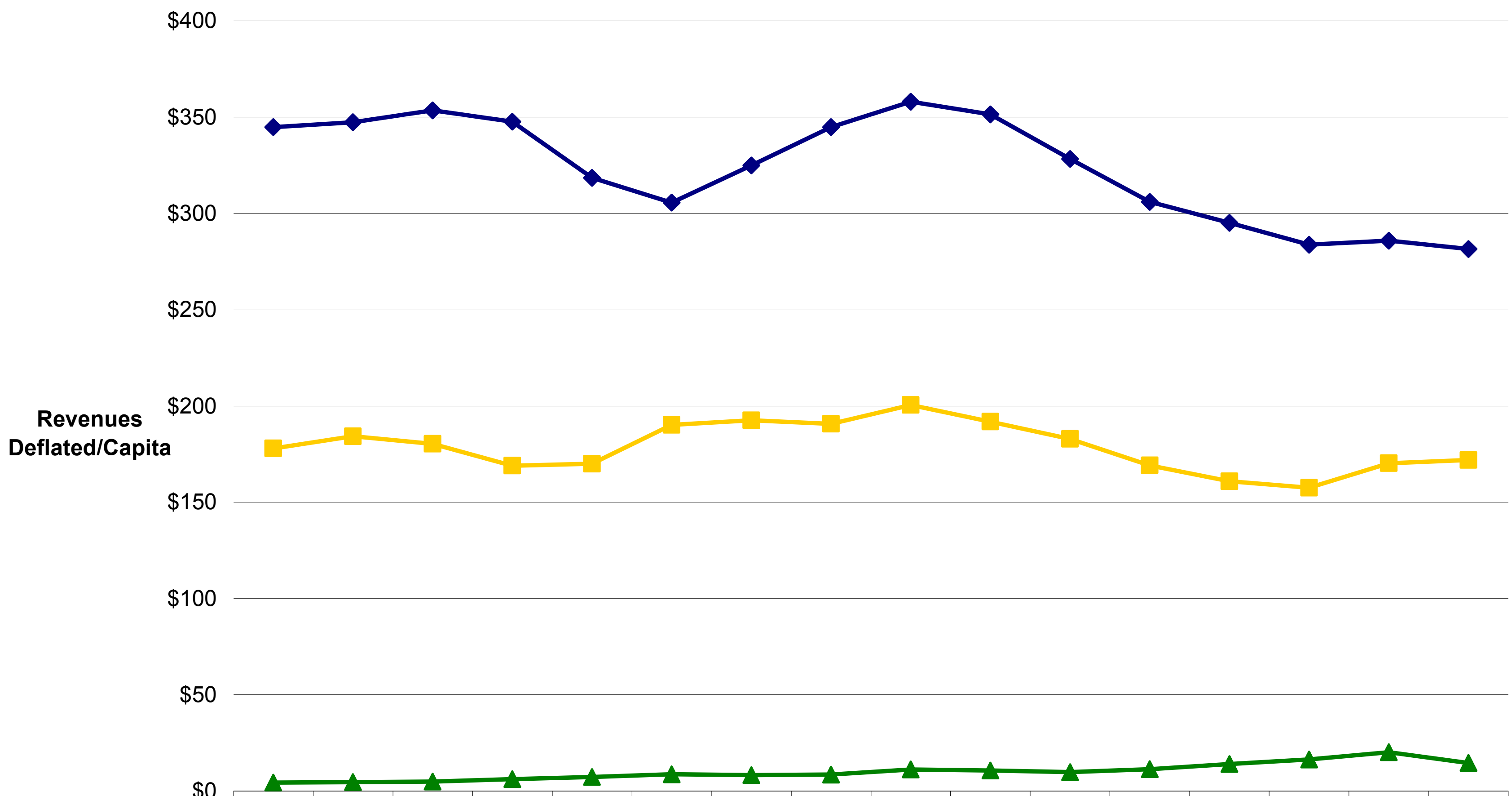
Discretionary Sources



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Property Tax	$126.31	$99.08	$97.56	$97.50	$97.57	$99.73	$100.80	$103.58	$106.32	$109.54	$110.21	$158.94	$174.98	$183.83	$198.54	$202.70
Sales & Use	$9.95	$9.64	$10.17	$11.49	$10.99	$11.16	$11.74	$11.99	$11.08	$10.90	$10.51	$10.81	$10.89	$11.12	$10.71	$10.09
Other Tax	$11.49	$10.54	$11.06	$11.58	$13.23	$21.23	$15.55	$18.49	$16.33	$16.82	$21.55	$23.38	$22.37	$18.02	$15.72	$15.17

COUNTY REVENUES BY CATEGORY

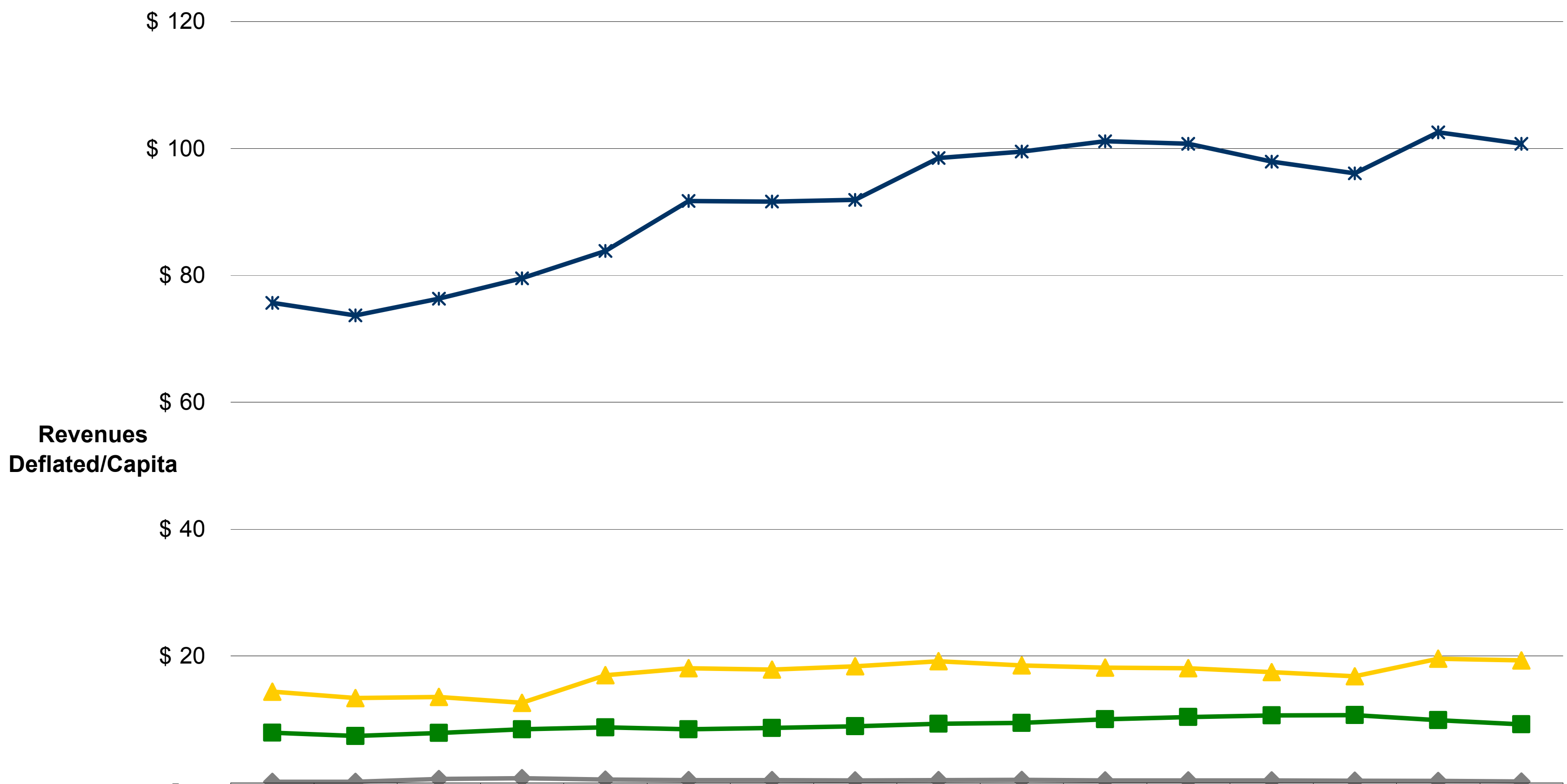
Intergovernmental Transfers



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
State	$344.81	$347.39	$353.45	$347.53	$318.48	$305.53	$324.95	$344.78	$357.98	$351.39	$328.26	$305.97	$295.01	$283.67	$285.78	$281.41
Federal	$177.89	$184.22	$180.32	$168.94	$169.95	$190.06	$192.45	$190.66	$200.52	$191.74	$182.84	$169.18	$160.88	$157.42	$170.28	$171.94
Other Gov't	$4.36	$4.63	$4.95	$6.11	$7.26	$8.68	$8.27	$8.51	$11.19	$10.59	$9.75	$11.34	$14.02	$16.35	$20.14	$14.59

COUNTY REVENUES BY CATEGORY

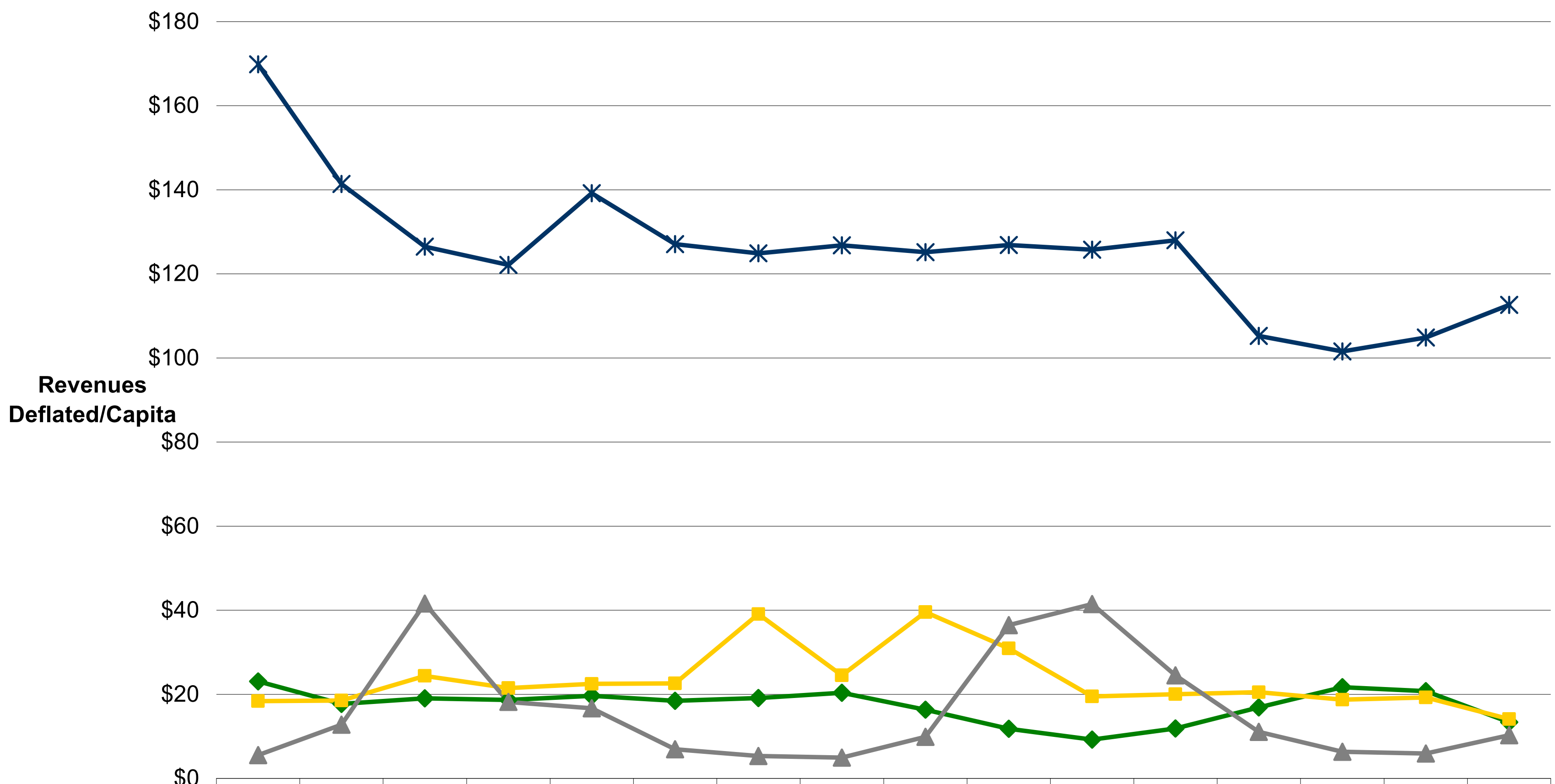
Fees for Service



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Assessments	$0.17	$0.20	$0.61	$0.75	$0.53	$0.43	$0.45	$0.39	$0.46	$0.47	$0.39	$0.39	$0.38	$0.34	$0.32	$0.20
L, P & F	$7.90	$7.38	$7.86	$8.46	$8.77	$8.43	$8.66	$8.95	$9.32	$9.48	$10.02	$10.40	$10.67	$10.70	$9.89	$9.26
F, F & P	$14.40	$13.36	$13.57	$12.62	$16.96	$18.08	$17.87	$18.40	$19.19	$18.51	$18.16	$18.07	$17.47	$16.80	$19.59	$19.30
Charges	$75.64	$73.68	$76.32	$79.53	$83.86	$91.72	$91.63	$91.89	$98.50	$99.49	$101.14	$100.75	$97.92	$96.06	$102.52	$100.75

COUNTY REVENUES BY CATEGORY

Enterprise and Others



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Use of Money	$23.05	$17.72	$19.07	$18.66	$19.67	$18.47	$19.12	$20.35	$16.37	$11.81	$9.21	$11.85	$16.90	$21.70	$20.75	$13.39
Misc	$18.41	$18.54	$24.36	$21.47	$22.48	$22.63	$39.06	$24.53	$39.58	$30.93	$19.51	$20.02	$20.47	$18.72	$19.27	$14.11
Other	$5.56	$12.80	$41.56	$18.21	$16.64	$6.94	$5.31	$4.96	$9.88	$36.48	$41.48	$24.49	$11.04	$6.34	$5.95	$10.25
Enterprise	$169.82	$141.35	$126.46	$122.14	$139.22	$127.07	$124.87	$126.79	$125.15	$126.90	$125.78	$127.96	$105.26	$101.55	$104.89	$112.65

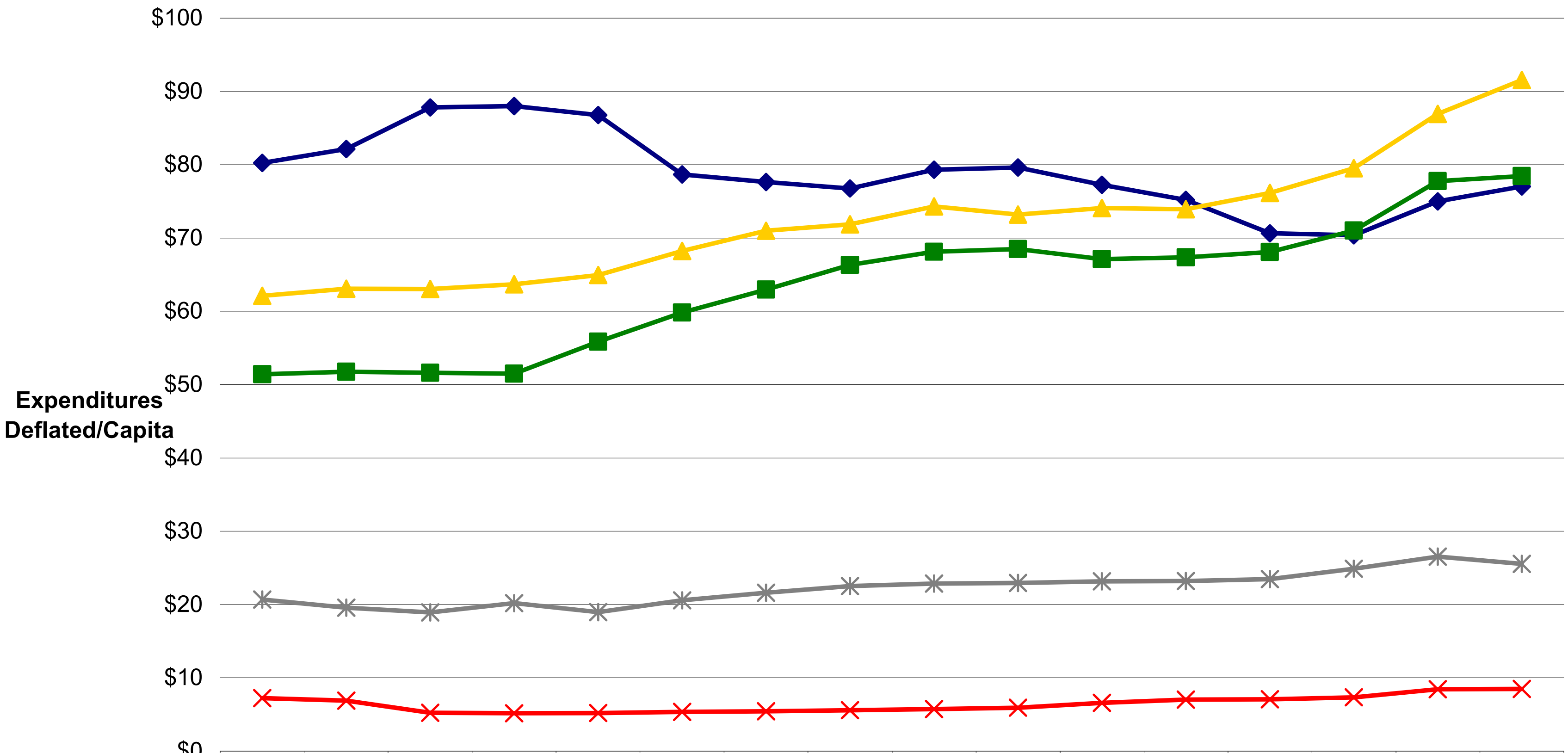
County Revenue and Taxation Trends

County Expenditures by Category

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

COUNTY EXPENDITURES BY CATEGORY

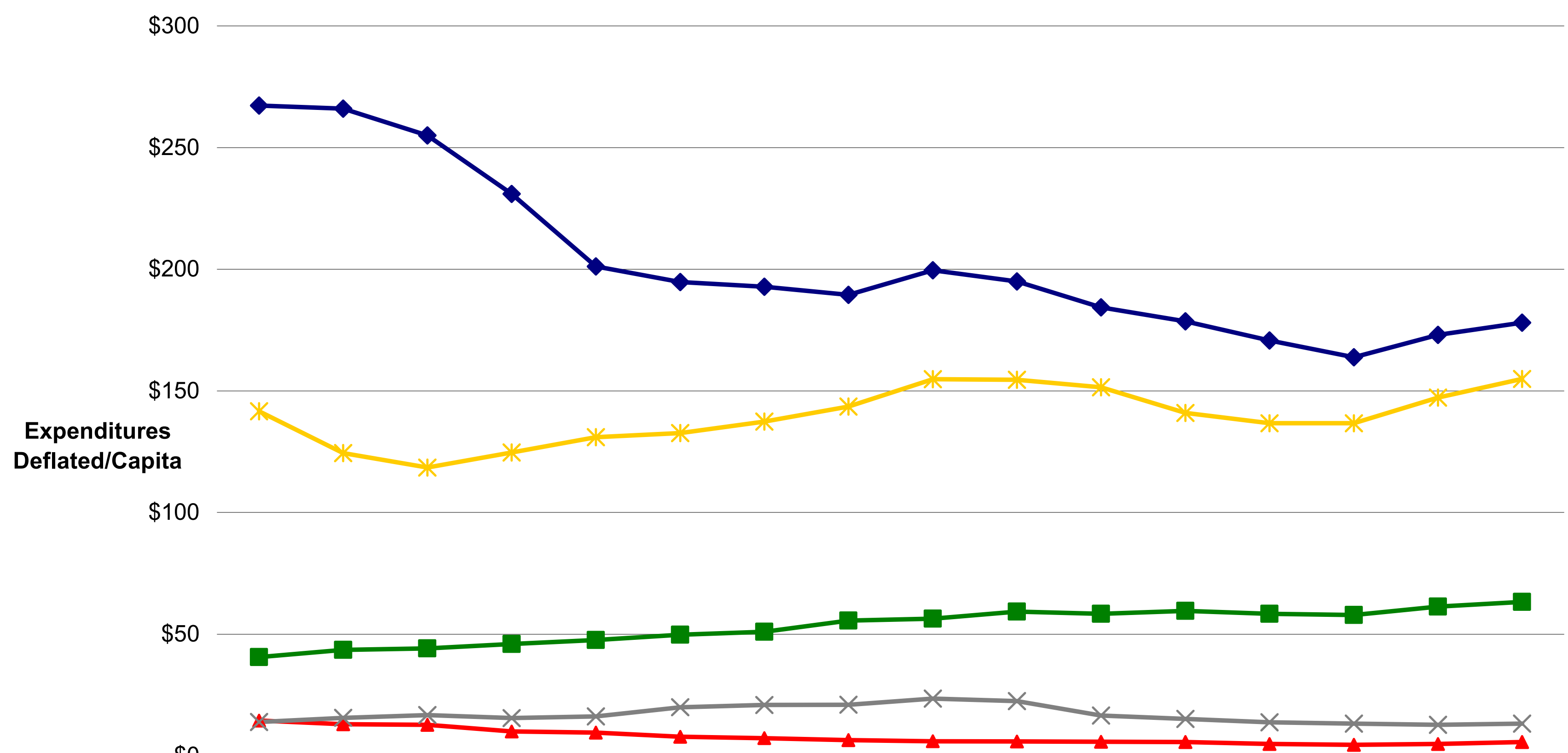
Public Safety



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Judicial	$80.24	$82.14	$87.79	$88.01	$86.76	$78.69	$77.65	$76.75	$79.32	$79.63	$77.25	$75.21	$70.65	$70.38	$75.02	$77.04
Sheriff	$51.40	$51.77	$51.59	$51.50	$55.85	$59.81	$62.96	$66.33	$68.12	$68.49	$67.12	$67.35	$68.07	$71.03	$77.74	$78.46
Corrections	$62.11	$63.09	$63.05	$63.69	$64.94	$68.23	$71.00	$71.85	$74.29	$73.19	$74.10	$73.94	$76.14	$79.50	$86.93	$91.56
Fire	$7.22	$6.88	$5.25	$5.16	$5.19	$5.34	$5.42	$5.59	$5.74	$5.94	$6.59	$7.02	$7.06	$7.33	$8.45	$8.47
Other Safety	$20.69	$19.56	$18.93	$20.17	$18.97	$20.56	$21.60	$22.52	$22.87	$22.92	$23.16	$23.21	$23.49	$24.90	$26.54	$25.54

COUNTY EXPENDITURES BY CATEGORY

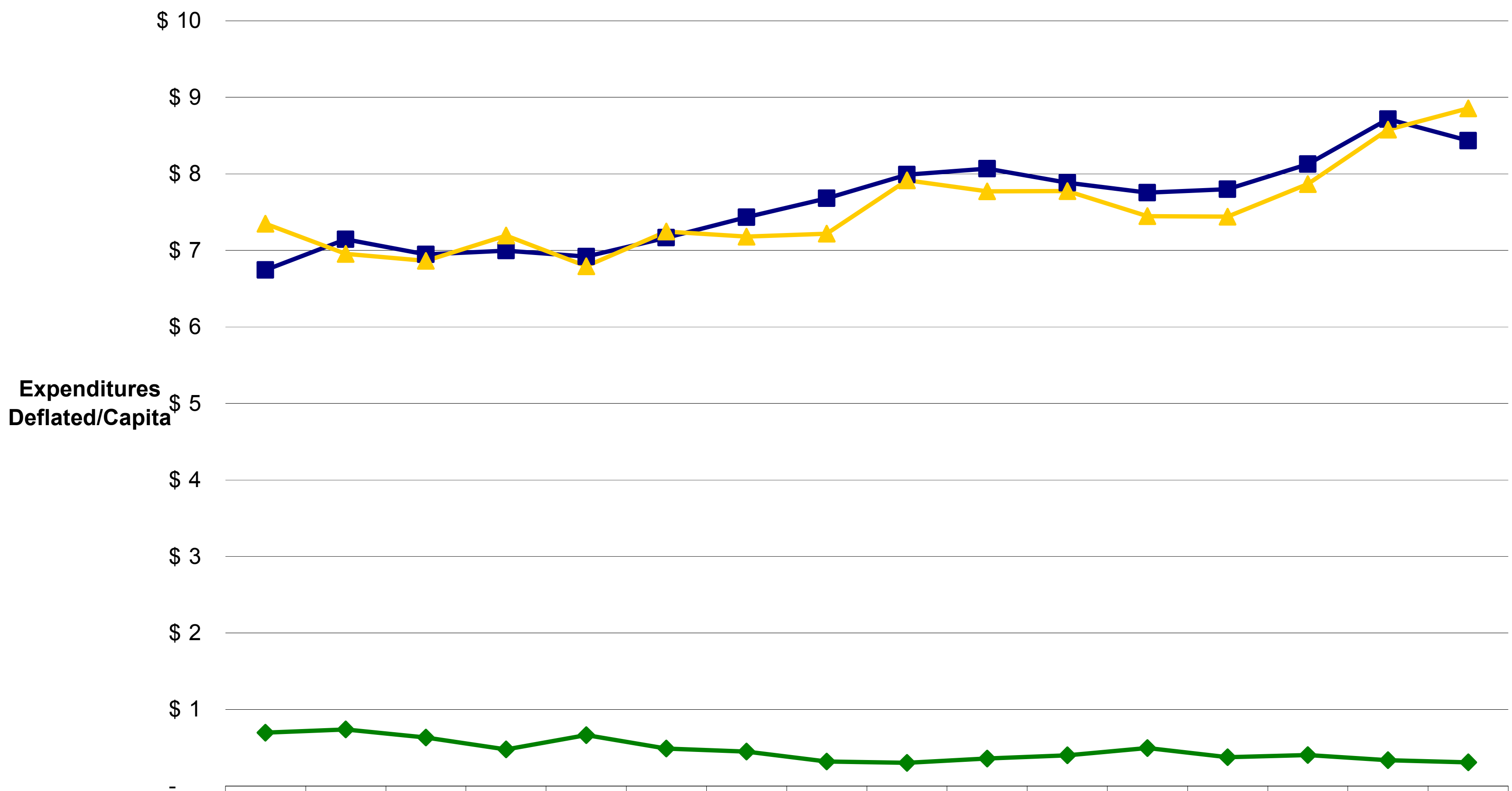
Health and Human Services



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Welfare	$267.21	$266.03	$255.01	$230.96	$201.11	$194.71	$192.84	$189.50	$199.51	$194.91	$184.34	$178.63	$170.68	$163.75	$173.00	$178.01
Social Srvcs	$40.59	$43.58	$44.10	$45.91	$47.52	$49.66	$50.97	$55.57	$56.38	$59.20	$58.33	$59.60	$58.28	$57.85	$61.29	$63.20
Gen Relief	$14.41	$12.95	$12.76	$9.94	$9.50	$7.81	$7.22	$6.40	$5.98	$5.79	$5.67	$5.57	$4.82	$4.46	$4.79	$5.66
Other SS	$13.85	$15.57	$16.74	$15.49	$16.14	$19.93	$20.88	$21.01	$23.50	$22.44	$16.54	$15.12	$13.76	$13.15	$12.71	$13.15
Health	$141.53	$124.42	$118.39	$124.62	$130.98	$132.68	$137.40	$143.50	$154.78	$154.54	$151.40	$140.92	$136.61	$136.61	$147.23	$154.85

COUNTY EXPENDITURES BY CATEGORY

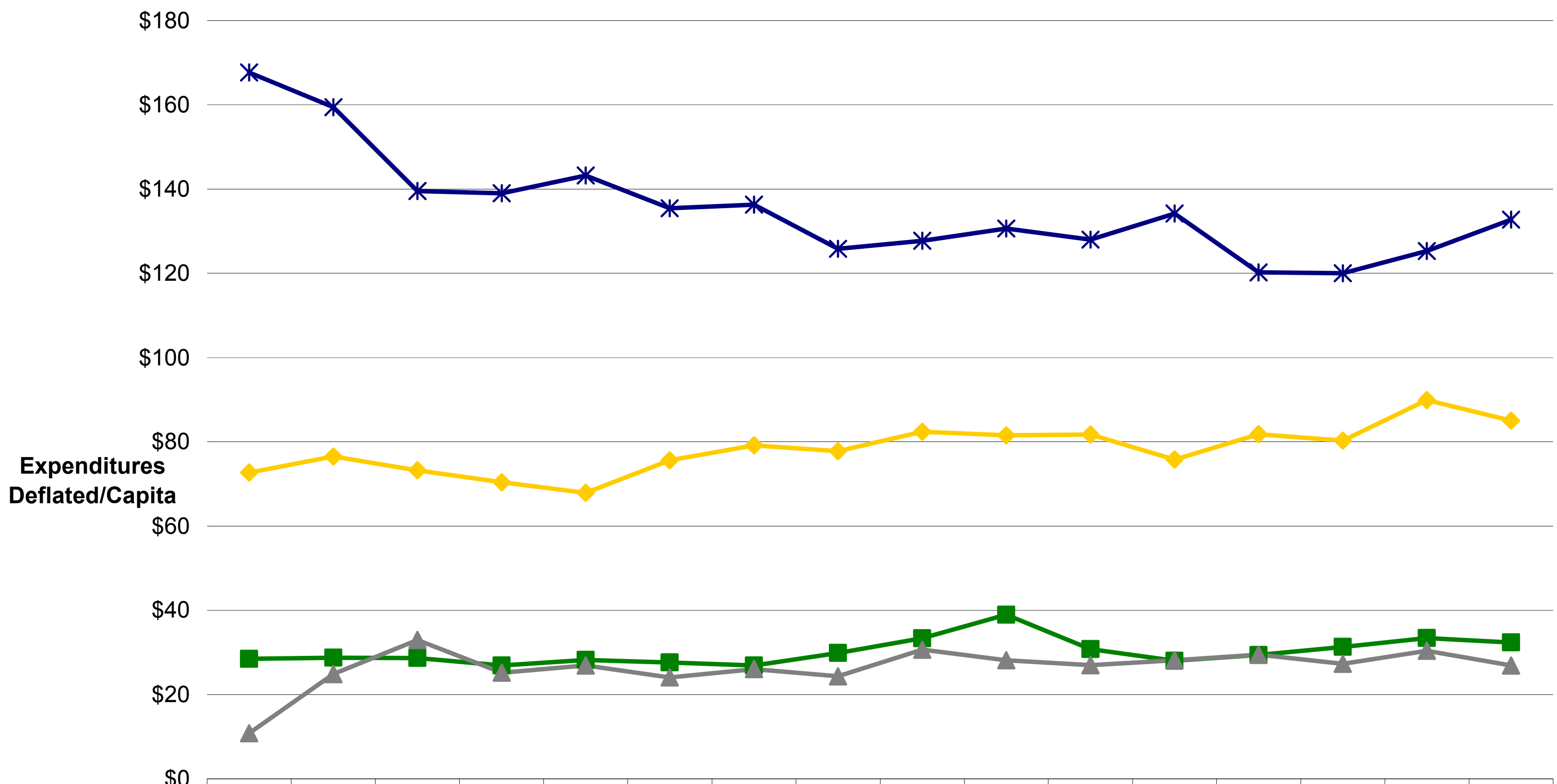
County Municipal Services



	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Sanitation	$0.70	$0.74	$0.64	$0.48	$0.67	$0.49	$0.45	$0.32	$0.30	$0.36	$0.40	$0.50	$0.38	$0.41	$0.34	$0.31
Education	$6.74	$7.14	$6.95	$7.00	$6.92	$7.16	$7.43	$7.68	$7.99	$8.07	$7.88	$7.75	$7.80	$8.13	$8.72	$8.43
Recreation	$7.35	$6.95	$6.86	$7.19	$6.79	$7.25	$7.18	$7.22	$7.92	$7.77	$7.77	$7.45	$7.44	$7.87	$8.58	$8.85

COUNTY EXPENDITURES BY CATEGORY

General, Facilities, Debt, and Enterprise



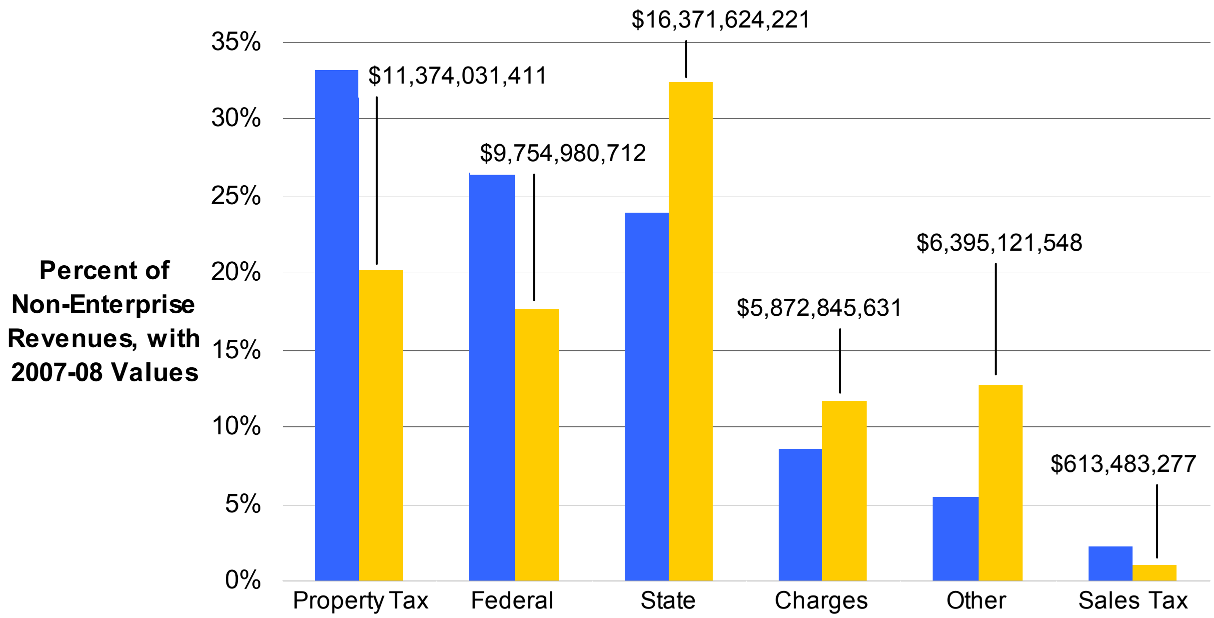
	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General	$72.73	$76.54	$73.19	$70.40	$67.87	$75.59	$79.13	$77.77	$82.41	$81.56	$81.74	$75.80	$81.77	$80.25	$89.91	$85.02
Facilities	$28.50	$28.73	$28.66	$26.91	$28.21	$27.65	$26.91	$29.83	$33.32	$38.96	$30.79	$28.00	$29.40	$31.33	$33.39	$32.37
Debt	$10.81	$24.83	$32.98	$25.21	$26.87	$24.05	$26.01	$24.35	$30.67	$28.14	$26.93	$28.15	$29.49	$27.27	$30.37	$26.92
Enterprise	$167.67	$159.46	$139.56	$139.00	$143.23	$135.45	$136.32	$125.82	$127.73	$130.64	$127.98	$134.21	$120.19	$120.05	$125.27	$132.74

County Revenue and Taxation Trends

Comparison of County Revenues

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

COMPARISON OF COUNTY REVENUES BY SOURCE



	Property Tax	Federal	State	Charges	Other	Sales Tax
1977-78	33.2%	26.6%	23.9%	8.6%	5.5%	2.2%
2007-08	20.2%	17.6%	32.4%	11.7%	12.7%	1.1%

Shift from Discretionary Property Taxes to Subventions for Specific Programs
Property tax and sales tax are the primary sources of counties' discretionary revenues; they accounted for 33.2% of counties' budgets in 1977-78, but only 20.2% in 2007-08, as shown above. Two factors explain this change: Proposition 13's halving of property tax revenue and the and its partial replacement by state subventions on the one hand, and the state's shift of property tax from local agencies to schools beginning in the mid-1990s. Counties now rely more heavily on non-discretionary revenue from the state.

Source: California State Controller, Counties Annual Reports

County Revenue and Taxation Trends

County Property Tax Revenues

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

County Property Tax Revenues

Year	Property Tax (in billions)	Percentage Change from Prior Year	Percentage of Total Revenues
1991-92	$5.7	7.6%	22.6%
1992-93	$5.4	(6.0%)	21.8%
1993-94	$3.9	(26.6%)	15.0%
1994-95	$3.2	(18.5%)	11.2%
1995-96	$3.3	1.6%	11.6%
1996-97	$3.4	2.8%	12.1%
1997-98	$3.5	3.7%	12.4%
1998-99	$3.7	5.4%	12.4%
1999-00	$3.9	6.4%	12.0%
2000-01	$4.2	9.0%	12.2%
2001-02	$4.6	7.9%	11.9%
2002-03	$4.9	7.0%	12.2%
2003-04	$5.2	6.5%	12.8%
2004-05	$7.9	52.1%	18.4%
2005-06	$9.4	18.5%	20.5%
2006-07	$10.5	11.7%	21.9%
2007-08	$11.4	8.0%	22.6%
2008-09	$11.6	2.1%	23.5%

Source: California State Controller, Counties Annual Reports

County Revenue and Taxation Trends

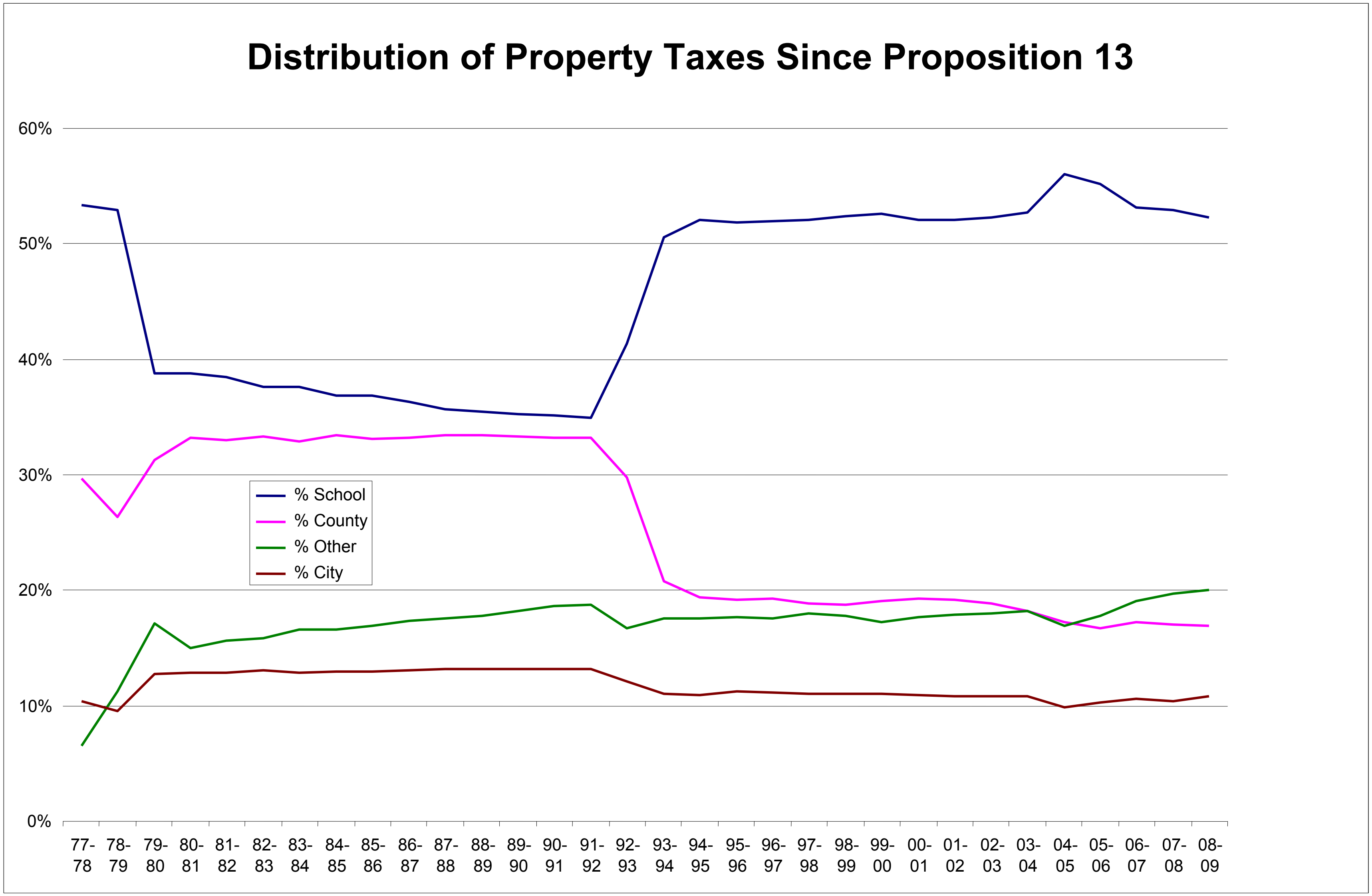
Distribution of Property Taxes Since Proposition 13

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

Distribution of Property Tax Since Proposition 13 (in 000s)

Year	County	% County	City	% City	School	% School	Other	% Other	Total
77-78	3,055,252	29.7%	1,065,293	10.4%	5,492,758	53.4%	663,422	6.5%	10,276,725
78-79	1,296,989	26.4%	465,125	9.5%	2,596,505	52.9%	551,141	11.2%	4,909,760
79-80	1,791,246	31.3%	728,183	12.7%	2,223,581	38.8%	981,071	17.1%	5,724,081
80-81	2,112,842	33.2%	821,500	12.9%	2,470,318	38.8%	955,616	15.0%	6,360,276
81-82	2,370,050	33.0%	924,071	12.9%	2,769,222	38.5%	1,121,662	15.6%	7,185,005
82-83	2,670,259	33.3%	1,046,392	13.1%	3,013,483	37.6%	1,276,903	15.9%	8,007,037
83-84	2,840,524	32.9%	1,112,213	12.9%	3,245,372	37.6%	1,436,662	16.6%	8,634,771
84-85	3,156,630	33.4%	1,229,188	13.0%	3,484,242	36.9%	1,567,423	16.6%	9,437,483
85-86	3,402,003	33.1%	1,340,699	13.0%	3,793,679	36.9%	1,737,669	16.9%	10,274,050
86-87	3,698,633	33.2%	1,455,255	13.1%	4,039,036	36.3%	1,932,657	17.4%	11,125,581
87-88	4,081,410	33.4%	1,610,325	13.2%	4,360,274	35.7%	2,151,535	17.6%	12,203,544
88-89	4,446,822	33.4%	1,762,635	13.2%	4,724,216	35.5%	2,373,866	17.8%	13,307,539
89-90	4,895,866	33.3%	1,947,790	13.2%	5,192,089	35.3%	2,684,473	18.2%	14,720,218
90-91	5,444,521	33.2%	2,158,724	13.2%	5,748,667	35.1%	3,046,344	18.6%	16,398,256
91-92	5,863,428	33.2%	2,333,282	13.2%	6,167,780	34.9%	3,322,616	18.8%	17,687,106
92-93	5,559,927	29.8%	2,252,607	12.1%	7,709,017	41.4%	3,114,783	16.7%	18,636,334
93-94	3,962,088	20.8%	2,090,578	11.0%	9,666,092	50.6%	3,367,577	17.6%	19,086,335
94-95	3,751,895	19.4%	2,112,257	10.9%	10,066,846	52.1%	3,399,968	17.6%	19,330,966
95-96	3,745,582	19.2%	2,176,174	11.2%	10,125,419	51.9%	3,448,669	17.7%	19,495,844
96-97	3,810,225	19.3%	2,198,206	11.1%	10,256,108	52.0%	3,470,036	17.6%	19,734,575
97-98	3,875,868	18.9%	2,258,788	11.0%	10,651,498	52.1%	3,673,176	18.0%	20,459,330
98-99	4,033,642	18.8%	2,349,902	11.0%	11,218,479	52.4%	3,813,856	17.8%	21,415,879
99-00	4,371,342	19.1%	2,516,641	11.0%	12,036,791	52.6%	3,965,526	17.3%	22,890,300
00-01	4,790,393	19.3%	2,691,682	10.9%	12,900,038	52.1%	4,385,028	17.7%	24,767,141
01-02	5,209,002	19.2%	2,941,459	10.8%	14,140,157	52.1%	4,872,686	17.9%	27,163,304
02-03	5,557,338	18.9%	3,179,248	10.8%	15,340,914	52.3%	5,273,766	18.0%	29,351,266
03-04	5,804,623	18.2%	3,446,600	10.8%	16,767,285	52.7%	5,793,576	18.2%	31,812,084
04-05	5,930,542	17.2%	3,416,386	9.9%	19,330,465	56.0%	5,843,383	16.9%	34,520,776
05-06	6,413,307	16.7%	3,941,727	10.3%	21,171,050	55.2%	6,814,796	17.8%	38,340,880
06-07	7,427,006	17.2%	4,555,913	10.6%	22,912,889	53.1%	8,259,985	19.1%	43,155,793
07-08	8,040,622	17.0%	4,917,307	10.4%	24,951,887	52.9%	9,301,356	19.7%	47,211,171
08-09	8,431,124	16.9%	5,373,251	10.8%	26,077,545	52.3%	9,958,550	20.0%	49,840,470

Source: State Board of Equalization Annual Reports, Appendix, Table 14



Distribution of Property Taxes Since Proposition 13
60%
50%
40%
30%
20%
10%
0%
% School
% County
% Other
% City
77-78
78-79
79-80
80-81
81-82
82-83
83-84
84-85
85-86
86-87
87-88
88-89
89-90
90-91
91-92
92-93
93-94
94-95
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03
03-04
04-05
05-06
06-07
07-08
08-09

County Revenue and Taxation Trends

10-Year Trend Analysis — Expenditures and Revenues

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

10-Year Trend Analysis

County Expenditures

Expenditures	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General	3,063,173,349	3,192,726,140	3,555,930,847	3,655,155,538	3,878,504,672	3,794,283,173	4,404,684,636	4,597,428,343	5,150,930,801	4,870,546,732
Judicial	3,005,792,428	3,150,944,037	3,422,601,370	3,568,583,495	3,665,310,472	3,764,747,525	3,805,944,059	4,031,606,171	4,297,597,161	4,413,524,788
Sheriff	2,437,266,871	2,723,255,691	2,939,664,064	3,069,223,481	3,184,970,248	3,371,538,884	3,666,997,327	4,069,186,621	4,453,448,382	4,494,662,613
Corrections	2,748,492,993	2,949,746,971	3,205,930,067	3,279,723,932	3,515,886,015	3,701,474,968	4,101,811,148	4,554,057,174	4,979,704,487	5,245,065,353
Fire	209,705,968	229,699,420	247,756,128	266,206,109	312,632,107	351,564,800	380,120,681	419,674,376	483,797,855	485,310,264
Other Safety	835,994,730	924,359,456	986,837,754	1,027,154,067	1,099,018,219	1,161,920,238	1,265,308,507	1,426,675,335	1,520,616,697	1,463,062,383
Welfare	7,465,166,626	7,779,849,461	8,609,343,511	8,734,625,740	8,747,089,643	8,941,888,166	9,194,477,797	9,380,953,477	9,910,492,185	10,197,887,044
Social Services	1,973,292,889	2,281,266,414	2,432,780,540	2,653,057,229	2,767,954,272	2,983,522,400	3,139,380,912	3,313,885,941	3,510,992,342	3,620,692,644
General Relief	279,685,544	262,553,958	257,870,170	259,363,906	269,232,477	279,043,980	259,546,451	255,668,204	274,430,283	324,054,717
Other Social Services	808,415,693	862,585,834	1,013,936,524	1,005,672,222	784,724,055	756,693,792	741,012,685	753,402,075	727,975,591	753,203,346
Facilities	1,041,871,667	1,224,651,856	1,437,700,717	1,746,028,200	1,460,972,350	1,401,552,466	1,583,517,861	1,794,654,521	1,912,893,729	1,854,575,335
Health	5,318,892,897	5,891,526,002	6,678,890,164	6,925,709,173	7,184,015,680	7,054,272,029	7,358,754,001	7,825,761,253	8,434,252,569	8,870,679,175
Sanitation	17,440,432	13,110,222	13,025,493	16,165,196	18,992,997	24,914,054	20,253,050	23,206,882	19,443,781	17,831,839
Education	287,810,001	315,309,623	344,701,680	361,444,891	374,040,953	388,158,152	420,068,555	465,557,639	499,335,099	483,138,341
Recreation	277,926,507	296,332,361	341,620,498	348,216,322	368,863,677	372,739,964	400,805,876	450,625,388	491,434,721	507,249,781
Debt	1,006,915,803	999,712,538	1,323,389,464	1,261,221,223	1,277,713,839	1,409,280,494	1,588,778,433	1,562,328,617	1,739,981,659	1,541,989,502
Enterprise	5,277,379,000	5,165,415,000	5,511,565,000	5,854,584,000	6,072,735,000	6,718,351,000	6,474,362,000	6,877,346,980	7,176,626,129	7,604,111,365
TOTAL	**36,055,223,398**	**38,263,044,984**	**42,323,543,991**	**44,032,134,724**	**44,982,656,676**	**46,475,946,085**	**48,805,823,979**	**51,802,018,997**	**55,583,953,471**	**56,747,585,222**

Expenditures Deflated/Capita	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
General	$79.13	$77.77	$82.41	$81.56	$81.74	$75.80	$81.77	$80.25	$89.91	$85.02
Judicial	$77.65	$76.75	$79.32	$79.63	$77.25	$75.21	$70.65	$70.38	$75.02	$77.04
Sheriff	$62.96	$66.33	$68.12	$68.49	$67.12	$67.35	$68.07	$71.03	$77.74	$78.46
Corrections	$71.00	$71.85	$74.29	$73.19	$74.10	$73.94	$76.14	$79.50	$86.93	$91.56
Fire	$5.42	$5.59	$5.74	$5.94	$6.59	$7.02	$7.06	$7.33	$8.45	$8.47
Other Safety	$21.60	$22.52	$22.87	$22.92	$23.16	$23.21	$23.49	$24.90	$26.54	$25.54
Welfare	$192.84	$189.50	$199.51	$194.91	$184.34	$178.63	$170.68	$163.75	$173.00	$178.01
Social Services	$50.97	$55.57	$56.38	$59.20	$58.33	$59.60	$58.28	$57.85	$61.29	$63.20
General Relief	$7.22	$6.40	$5.98	$5.79	$5.67	$5.57	$4.82	$4.46	$4.79	$5.66
Other Social Services	$20.88	$21.01	$23.50	$22.44	$16.54	$15.12	$13.76	$13.15	$12.71	$13.15
Facilities	$26.91	$29.83	$33.32	$38.96	$30.79	$28.00	$29.40	$31.33	$33.39	$32.37
Health	$137.40	$143.50	$154.78	$154.54	$151.40	$140.92	$136.61	$136.61	$147.23	$154.85
Sanitation	$0.45	$0.32	$0.30	$0.36	$0.40	$0.50	$0.38	$0.41	$0.34	$0.31
Education	$7.43	$7.68	$7.99	$8.07	$7.88	$7.75	$7.80	$8.13	$8.72	$8.43
Recreation	$7.18	$7.22	$7.92	$7.77	$7.77	$7.45	$7.44	$7.87	$8.58	$8.85
Debt	$26.01	$24.35	$30.67	$28.14	$26.93	$28.15	$29.49	$27.27	$30.37	$26.92
Enterprise	$136.32	$125.82	$127.73	$130.64	$127.98	$134.21	$120.19	$120.05	$125.27	$132.74
TOTAL	**$931.37**	**$931.99**	**$980.81**	**$982.56**	**$948.01**	**$928.43**	**$906.02**	**$904.25**	**$970.27**	**$990.58**

* Population data was derived from California State Controller, Counties Annual Reports.

** Deflation factors were provided by the Department of Finance.

*** All figures represented are exclusive of the City and County of San Francisco.

10-Year Trend Analysis

County Revenues

Revenues	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Property Tax	3,902,326,454	4,252,507,833	4,587,927,175	4,908,686,746	5,229,239,497	7,956,358,451	9,426,069,190	10,531,044,395	11,374,031,411	11,612,026,912
Sales & Use Tax	454,561,338	492,226,498	477,912,147	488,306,561	498,766,588	540,993,960	586,500,414	636,902,770	613,483,277	578,191,208
Other Taxes	602,003,928	759,254,177	704,564,340	753,738,163	1,022,747,419	1,170,403,772	1,204,988,359	1,032,220,359	900,661,388	869,196,048
Assessments	17,395,181	16,058,209	19,712,640	21,045,047	18,354,335	19,671,292	20,713,711	19,374,349	18,190,907	11,496,139
Licenses, Permits, Franchises	335,161,499	367,248,335	402,274,954	424,750,269	475,346,113	520,746,136	574,590,499	612,817,801	566,788,511	530,449,498
Fines, Forfeitures, Penalties	691,946,502	755,342,216	827,881,401	829,559,323	861,793,511	904,593,194	941,141,454	962,287,044	1,121,974,857	1,105,668,222
Use of Money & Property	740,183,223	835,322,555	706,478,227	529,060,844	436,886,320	593,437,384	910,161,588	1,243,147,059	1,188,906,935	767,015,645
State	12,579,548,507	14,155,075,659	15,447,535,728	15,746,977,711	15,575,759,919	15,316,478,894	15,891,786,334	16,250,819,366	16,371,624,221	16,121,331,706
Federal	7,450,263,872	7,827,475,204	8,652,657,783	8,592,626,735	8,675,560,895	8,468,779,248	8,666,217,634	9,018,388,457	9,754,980,712	9,849,863,030
Other Government	320,006,080	349,412,759	482,798,525	474,681,823	462,710,715	567,850,063	755,139,269	936,492,781	1,153,763,628	835,634,459
Charges	3,547,360,484	3,772,719,133	4,250,417,772	4,458,717,884	4,799,136,705	5,043,501,869	5,274,971,600	5,503,170,309	5,872,845,631	5,771,929,903
Miscellaneous	1,512,008,409	1,007,012,202	1,707,887,086	1,386,216,918	925,649,967	1,002,232,118	1,102,872,999	1,072,476,317	1,104,055,362	808,146,393
Other	205,471,244	203,824,212	426,259,006	1,634,659,815	1,968,394,538	1,225,928,908	594,890,719	363,213,858	340,779,960	587,329,375
Enterprise	4,834,064,000	5,205,339,000	5,400,379,000	5,687,057,000	5,968,142,000	6,405,756,000	5,670,240,000	5,817,626,519	6,008,877,445	6,453,481,630
TOTAL	**37,192,300,721**	**39,998,817,992**	**44,094,685,784**	**45,936,084,839**	**46,918,488,522**	**49,736,731,289**	**51,620,283,770**	**53,999,981,384**	**56,390,964,245**	**55,901,760,168**

Revenues Deflated/Capita	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Property Tax	$100.80	$103.58	$106.32	$109.54	$110.21	$158.94	$174.98	$183.83	$198.54	$202.70
Sales & Use	$11.74	$11.99	$11.08	$10.90	$10.51	$10.81	$10.89	$11.12	$10.71	$10.09
Other Taxes	$15.55	$18.49	$16.33	$16.82	$21.55	$23.38	$22.37	$18.02	$15.72	$15.17
Assessments	$0.45	$0.39	$0.46	$0.47	$0.39	$0.39	$0.38	$0.34	$0.32	$0.20
Licenses, Permits, Franchises	$8.66	$8.95	$9.32	$9.48	$10.02	$10.40	$10.67	$10.70	$9.89	$9.26
Fines, Forfeitures, Penalties	$17.87	$18.40	$19.19	$18.51	$18.16	$18.07	$17.47	$16.80	$19.59	$19.30
Use of Money & Property	$19.12	$20.35	$16.37	$11.81	$9.21	$11.85	$16.90	$21.70	$20.75	$13.39
State	$324.95	$344.78	$357.98	$351.39	$328.26	$305.97	$295.01	$283.67	$285.78	$281.41
Federal	$192.45	$190.66	$200.52	$191.74	$182.84	$169.18	$160.88	$157.42	$170.28	$171.94
Other Government	$8.27	$8.51	$11.19	$10.59	$9.75	$11.34	$14.02	$16.35	$20.14	$14.59
Charges	$91.63	$91.89	$98.50	$99.49	$101.14	$100.75	$97.92	$96.06	$102.52	$100.75
Miscellaneous	$39.06	$24.53	$39.58	$30.93	$19.51	$20.02	$20.47	$18.72	$19.27	$14.11
Other	$5.31	$4.96	$9.88	$36.48	$41.48	$24.49	$11.04	$6.34	$5.95	$10.25
Enterprise	$124.87	$126.79	$125.15	$126.90	$125.78	$127.96	$105.26	$101.55	$104.89	$112.65
TOTAL	**$960.75**	**$974.27**	**$1,021.86**	**$1,025.04**	**$988.81**	**$993.57**	**$958.26**	**$942.62**	**$984.35**	**$975.81**

* Population and financial data was obtained from California State Controller, Counties Annual Reports.

** State and Local Implicit Price Deflator data obtained from the U.S. Dept. of Commerce, Bureau of Economic Analysis.

*** All figures represented are exclusive of the City and County of San Francisco.

County Revenue and Taxation Trends

10-Year History of County Debt Service

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

10-Year History of County Debt Service

Year	Retirement of Long Term Debt	Interest on Long Term Debt	Interest on Short Term Notes and Warrants	Total Debt Service
98-99	$320,780,302	$382,819,371	$180,701,971	$884,301,644
99-00	$522,081,070	$370,071,727	$114,763,006	$1,006,915,803
00-01	$478,788,220	$383,448,446	$137,475,872	$999,712,538
01-02	$760,966,169	$480,859,136	$81,564,159	$1,323,389,464
02-03	$748,043,151	$447,458,376	$65,719,696	$1,261,221,223
03-04	$744,645,419	$489,322,385	$43,746,035	$1,277,713,839
04-05	$709,064,405	$499,440,800	$200,775,289	$1,409,280,494
05-06	$997,358,939	$520,350,422	$71,069,072	$1,588,778,433
06-07	$841,347,821	$642,997,880	$77,982,916	$1,562,328,617
07-08	$985,013,172	$697,483,190	$57,485,297	$1,739,981,659
08-09	$835,634,128	$638,483,257	$67,872,117	$1,541,989,502

Source: California State Controller, Counties Annual Reports

County Revenue and Taxation Trends

Decennial Census Count —

Counties and Cities

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

County Population Rankings
2000 and 2010 Census Counts

Rank			Total Population	
			April 1, 2000	April 1, 2010
2010	2000	California	33,871,653	37,253,956
1	1	Los Angeles County	9,519,338	9,818,605
2	3	San Diego County	2,813,833	3,095,313
3	2	Orange County	2,846,289	3,010,232
4	6	Riverside County	1,545,387	2,189,641
5	4	San Bernardino County	1,709,434	2,035,210
6	5	Santa Clara County	1,682,585	1,781,642
7	7	Alameda County	1,443,741	1,510,271
8	8	Sacramento County	1,223,499	1,418,788
9	9	Contra Costa County	948,816	1,049,025
10	10	Fresno County	799,407	930,450
11	14	Kern County	661,645	839,631
12	12	Ventura County	753,197	823,318
13	11	San Francisco County	776,733	805,235
14	13	San Mateo County	707,163	718,451
15	15	San Joaquin County	563,598	685,306
16	17	Stanislaus County	446,997	514,453
17	16	Sonoma County	458,614	483,878
18	21	Tulare County	368,021	442,179
19	19	Santa Barbara County	399,347	423,895
20	18	Monterey County	401,762	415,057
21	20	Solano County	394,542	413,344
22	23	Placer County	248,399	348,432
23	25	San Luis Obispo County	246,681	269,637
24	22	Santa Cruz County	255,602	262,382
25	26	Merced County	210,554	255,793
26	24	Marin County	247,289	252,409
27	27	Butte County	203,171	220,000
28	28	Yolo County	168,660	200,849
29	30	El Dorado County	156,299	181,058
30	29	Shasta County	163,256	177,223
31	31	Imperial County	142,361	174,528
32	32	Kings County	129,461	152,982
33	35	Madera County	123,109	150,865
34	34	Napa County	124,279	136,484
35	33	Humboldt County	126,518	134,623
36	36	Nevada County	92,033	98,764
37	38	Sutter County	78,930	94,737
38	37	Mendocino County	86,265	87,841
39	39	Yuba County	60,219	72,155
40	40	Lake County	58,309	64,665
41	41	Tehama County	56,039	63,463
42	42	Tuolumne County	54,504	55,365
43	43	San Benito County	53,234	55,269
44	45	Calaveras County	40,554	45,578
45	44	Siskiyou County	44,301	44,900
46	46	Amador County	35,100	38,091
47	47	Lassen County	33,828	34,895
48	48	Del Norte County	27,507	28,610
49	49	Glenn County	26,453	28,122
50	51	Colusa County	18,804	21,419
51	50	Plumas County	20,824	20,007
52	52	Inyo County	17,945	18,546
53	53	Mariposa County	17,130	18,251
54	55	Mono County	12,853	14,202
55	54	Trinity County	13,022	13,786
56	56	Modoc County	9,449	9,686
57	57	Sierra County	3,555	3,240
58	58	Alpine County	1,208	1,175

County Population Percent Change Rankings
2000 and 2010 Census Counts

Rank		Total Population		Change: 2000-2010	
		April 1, 2000	April 1, 2010		
	California	33,871,653	37,253,956	3,382,303	10.0%
1	Riverside County	1,545,387	2,189,641	644,254	41.7%
2	Placer County	248,399	348,432	100,033	40.3%
3	Kern County	661,645	839,631	177,986	26.9%
4	Imperial County	142,361	174,528	32,167	22.6%
5	Madera County	123,109	150,865	27,756	22.5%
6	San Joaquin County	563,598	685,306	121,708	21.6%
7	Merced County	210,554	255,793	45,239	21.5%
8	Tulare County	368,021	442,179	74,158	20.2%
9	Sutter County	78,930	94,737	15,807	20.0%
10	Yuba County	60,219	72,155	11,936	19.8%
11	Yolo County	168,660	200,849	32,189	19.1%
12	San Bernardino County	1,709,434	2,035,210	325,776	19.1%
13	Kings County	129,461	152,982	23,521	18.2%
14	Fresno County	799,407	930,450	131,043	16.4%
15	Sacramento County	1,223,499	1,418,788	195,289	16.0%
16	El Dorado County	156,299	181,058	24,759	15.8%
17	Stanislaus County	446,997	514,453	67,456	15.1%
18	Colusa County	18,804	21,419	2,615	13.9%
19	Tehama County	56,039	63,463	7,424	13.2%
20	Calaveras County	40,554	45,578	5,024	12.4%
21	Lake County	58,309	64,665	6,356	10.9%
22	Contra Costa County	948,816	1,049,025	100,209	10.6%
23	Mono County	12,853	14,202	1,349	10.5%
24	San Diego County	2,813,833	3,095,313	281,480	10.0%
25	Napa County	124,279	136,484	12,205	9.8%
26	Ventura County	753,197	823,318	70,121	9.3%
27	San Luis Obispo County	246,681	269,637	22,956	9.3%
28	Shasta County	163,256	177,223	13,967	8.6%
29	Amador County	35,100	38,091	2,991	8.5%
30	Butte County	203,171	220,000	16,829	8.3%
31	Nevada County	92,033	98,764	6,731	7.3%
32	Mariposa County	17,130	18,251	1,121	6.5%
33	Humboldt County	126,518	134,623	8,105	6.4%
34	Glenn County	26,453	28,122	1,669	6.3%
35	Santa Barbara County	399,347	423,895	24,548	6.1%
36	Santa Clara County	1,682,585	1,781,642	99,057	5.9%
37	Trinity County	13,022	13,786	764	5.9%
38	Orange County	2,846,289	3,010,232	163,943	5.8%
39	Sonoma County	458,614	483,878	25,264	5.5%
40	Solano County	394,542	413,344	18,802	4.8%
41	Alameda County	1,443,741	1,510,271	66,530	4.6%
42	Del Norte County	27,507	28,610	1,103	4.0%
43	San Benito County	53,234	55,269	2,035	3.8%
44	San Francisco County	776,733	805,235	28,502	3.7%
45	Inyo County	17,945	18,546	601	3.3%
46	Monterey County	401,762	415,057	13,295	3.3%
47	Lassen County	33,828	34,895	1,067	3.2%
48	Los Angeles County	9,519,338	9,818,605	299,267	3.1%
49	Santa Cruz County	255,602	262,382	6,780	2.7%
50	Modoc County	9,449	9,686	237	2.5%
51	Marin County	247,289	252,409	5,120	2.1%
52	Mendocino County	86,265	87,841	1,576	1.8%
53	San Mateo County	707,163	718,451	11,288	1.6%
54	Tuolumne County	54,504	55,365	861	1.6%
55	Siskiyou County	44,301	44,900	599	1.4%
56	Alpine County	1,208	1,175	(33)	-2.7%
57	Plumas County	20,824	20,007	(817)	-3.9%
58	Sierra County	3,555	3,240	(315)	-8.9%

City Population Rankings by County
2000 and 2010

Statewide Rank 2010	Statewide Rank 2000	City	Total Population April 1, 2000	Total Population April 1, 2010	County
		California	33,871,653	37,253,956	
8	8	Oakland	399,484	390,724	Alameda
15	14	Fremont	203,413	214,089	Alameda
37	30	Hayward	140,030	144,186	Alameda
52	53	Berkeley	102,743	112,580	Alameda
86	79	San Leandro	79,452	84,950	Alameda
92	86	Livermore	73,345	80,968	Alameda
108	89	Alameda	72,259	73,812	Alameda
112	102	Pleasanton	63,654	70,285	Alameda
114	97	Union City	66,869	69,516	Alameda
181	215	Dublin	29,973	46,036	Alameda
188	168	Newark	42,471	42,573	Alameda
300	290	Albany	16,444	18,539	Alameda
362	338	Piedmont	10,952	10,667	Alameda
371	388	Emeryville	6,882	10,080	Alameda
386	384	Ione	7,129	7,918	Amador
431	423	Jackson	3,989	4,651	Amador
448	442	Sutter Creek	2,303	2,501	Amador
468	461	Plymouth	980	1,005	Amador
479	473	Amador City	196	185	Amador
83	112	Chico	60,516	86,187	Butte
255	232	Paradise town	26,408	26,218	Butte
319	316	Oroville	13,004	15,546	Butte
409	409	Gridley	5,382	6,584	Butte
458	450	Biggs	1,793	1,707	Butte
437	437	Angels	3,004	3,836	Calaveras
412	408	Colusa	5,402	5,971	Colusa
422	428	Williams	3,670	5,123	Colusa
46	40	Concord	121,780	122,067	Contra Costa
61	57	Richmond	99,216	103,701	Contra Costa
64	66	Antioch	90,532	102,372	Contra Costa
111	157	San Ramon	44,722	72,148	Contra Costa
128	99	Walnut Creek	64,296	64,173	Contra Costa
131	126	Pittsburg	56,769	63,264	Contra Costa
164	253	Brentwood	23,302	51,481	Contra Costa
191	170	Danville town	41,715	42,039	Contra Costa
210	192	Martinez	35,866	35,824	Contra Costa
213	236	Oakley	25,619	35,432	Contra Costa
223	207	Pleasant Hill	32,837	33,152	Contra Costa
239	213	San Pablo	30,215	29,139	Contra Costa
269	274	Hercules	19,488	24,060	Contra Costa
270	246	Lafayette	23,908	23,893	Contra Costa
274	254	El Cerrito	23,171	23,549	Contra Costa
301	277	Pinole	19,039	18,390	Contra Costa
305	284	Orinda	17,599	17,643	Contra Costa
317	293	Moraga town	16,290	16,016	Contra Costa
360	341	Clayton	10,762	10,897	Contra Costa
392	377	Crescent City	7,347	7,643	Del Norte
284	250	South Lake Tahoe	23,609	21,403	El Dorado
366	354	Placerville	9,610	10,389	El Dorado
5	6	Fresno	427,652	494,665	Fresno
72	93	Clovis	68,468	95,631	Fresno
266	278	Sanger	18,931	24,270	Fresno
267	267	Reedley	20,756	24,194	Fresno
276	276	Selma	19,444	23,219	Fresno
325	336	Parlier	11,145	14,494	Fresno

332	365	Kerman	8,551	13,544	Fresno
334	294	Coalinga	16,213	13,380	Fresno
354	356	Kingsburg	9,199	11,382	Fresno
358	370	Mendota	7,890	11,014	Fresno
376	373	Orange Cove	7,722	9,078	Fresno
393	403	Firebaugh	5,743	7,549	Fresno
406	394	Huron	6,306	6,754	Fresno
416	425	Fowler	3,979	5,570	Fresno
435	434	San Joaquin	3,270	4,001	Fresno
398	395	Orland	6,281	7,291	Glenn
411	398	Willows	6,220	6,166	Glenn
250	233	Eureka	26,128	27,191	Humboldt
307	288	Arcata	16,651	17,231	Humboldt
350	344	Fortuna	10,497	11,926	Humboldt
442	435	Rio Dell	3,174	3,368	Humboldt
463	456	Ferndale	1,382	1,371	Humboldt
464	458	Blue Lake	1,135	1,253	Humboldt
476	471	Trinidad	311	367	Humboldt
187	185	El Centro	37,835	42,598	Imperial
201	228	Calexico	27,109	38,572	Imperial
263	259	Brawley	22,052	24,953	Imperial
324	376	Imperial	7,560	14,758	Imperial
389	381	Calipatria	7,289	7,705	Imperial
413	406	Holtville	5,612	5,939	Imperial
450	445	Westmorland	2,131	2,225	Imperial
436	431	Bishop	3,575	3,879	Inyo
9	12	Bakersfield	246,889	347,483	Kern
160	181	Delano	39,489	53,041	Kern
248	238	Ridgecrest	24,927	27,616	Kern
260	263	Wasco	21,263	25,545	Kern
297	318	Arvin	12,956	19,304	Kern
309	320	Shafter	12,736	16,988	Kern
326	337	Tehachapi	11,125	14,414	Kern
329	367	California City	8,385	14,120	Kern
344	352	McFarland	9,837	12,707	Kern
374	362	Taft	8,811	9,327	Kern
465	459	Maricopa	1,111	1,154	Kern
156	171	Hanford	41,686	53,967	Kings
264	266	Corcoran	20,835	24,813	Kings
265	273	Lemoore	19,712	24,531	Kings
320	305	Avenal	14,674	15,505	Kings
321	314	Clearlake	13,142	15,250	Lake
430	415	Lakeport	4,820	4,753	Lake
304	285	Susanville	17,428	17,947	Lassen
1	1	Los Angeles	3,694,742	3,792,621	Los Angeles
7	5	Long Beach	461,522	462,257	Los Angeles
22	15	Glendale	194,973	191,719	Los Angeles
24	24	Santa Clarita	151,088	176,320	Los Angeles
30	41	Lancaster	118,718	156,633	Los Angeles
32	44	Palmdale	116,670	152,750	Los Angeles
35	25	Pomona	149,473	149,058	Los Angeles
36	31	Torrance	137,946	145,438	Los Angeles
40	32	Pasadena	133,936	137,122	Los Angeles
51	45	El Monte	115,965	113,475	Los Angeles
53	49	Downey	107,323	111,772	Los Angeles
55	46	Inglewood	112,580	109,673	Los Angeles
57	50	West Covina	105,080	106,098	Los Angeles
58	51	Norwalk	104,323	105,549	Los Angeles
63	56	Burbank	100,316	103,340	Los Angeles
71	61	Compton	93,493	96,455	Los Angeles
73	58	South Gate	96,375	94,396	Los Angeles
77	68	Carson	89,730	91,714	Los Angeles

80	75	Santa Monica	84,084	89,736	Los Angeles
84	76	Whittier	83,680	85,331	Los Angeles
87	74	Hawthorne	84,112	84,293	Los Angeles
90	72	Alhambra	85,804	83,089	Los Angeles
94	80	Lakewood	79,345	80,048	Los Angeles
102	87	Bellflower	72,878	76,616	Los Angeles
105	84	Baldwin Park	75,837	75,390	Los Angeles
113	92	Lynwood	69,845	69,772	Los Angeles
121	105	Redondo Beach	63,261	66,748	Los Angeles
133	104	Pico Rivera	63,428	62,942	Los Angeles
134	108	Montebello	62,150	62,500	Los Angeles
137	114	Monterey Park	60,051	60,269	Los Angeles
142	121	Gardena	57,746	58,829	Los Angeles
145	110	Huntington Park	61,348	58,114	Los Angeles
150	139	Arcadia	53,054	56,364	Los Angeles
151	127	Diamond Bar	56,287	55,544	Los Angeles
155	130	Paramount	55,266	54,098	Los Angeles
157	138	Rosemead	53,505	53,764	Los Angeles
169	145	Glendora	49,415	50,073	Los Angeles
170	142	Cerritos	51,488	49,041	Los Angeles
173	154	La Mirada	46,783	48,527	Los Angeles
179	153	Covina	46,837	47,796	Los Angeles
180	158	Azusa	44,712	46,361	Los Angeles
190	163	Bell Gardens	44,054	42,072	Los Angeles
192	175	Rancho Palos Verdes	41,145	41,643	Los Angeles
196	177	La Puente	41,063	39,816	Los Angeles
197	179	San Gabriel	39,804	39,718	Los Angeles
200	182	Culver City	38,816	38,883	Los Angeles
208	187	Monrovia	36,929	36,590	Los Angeles
211	204	Temple City	33,377	35,558	Los Angeles
212	189	Bell	36,664	35,477	Los Angeles
214	200	Manhattan Beach	33,852	35,135	Los Angeles
216	199	Claremont	33,998	34,926	Los Angeles
219	193	West Hollywood	35,794	34,399	Los Angeles
220	202	Beverly Hills	33,784	34,109	Los Angeles
221	196	San Dimas	34,980	33,371	Los Angeles
225	208	Lawndale	31,711	32,769	Los Angeles
229	209	La Verne	31,638	31,063	Los Angeles
238	214	Walnut	30,004	29,172	Los Angeles
249	225	Maywood	28,083	27,395	Los Angeles
259	241	South Pasadena	24,292	25,619	Los Angeles
271	242	Cudahy	24,208	23,805	Los Angeles
273	251	San Fernando	23,564	23,645	Los Angeles
277	262	Calabasas	21,356	23,058	Los Angeles
285	261	Duarte	21,486	21,321	Los Angeles
290	269	Agoura Hills	20,537	20,330	Los Angeles
291	272	Lomita	20,046	20,256	Los Angeles
292	271	La Cañada Flintridge	20,318	20,246	Los Angeles
293	264	South El Monte	21,144	20,116	Los Angeles
295	281	Hermosa Beach	18,566	19,506	Los Angeles
310	296	El Segundo	16,033	16,654	Los Angeles
311	292	Artesia	16,380	16,522	Los Angeles
313	291	Santa Fe Springs	16,413	16,223	Los Angeles
328	303	Hawaiian Gardens	14,779	14,254	Los Angeles
333	311	Palos Verdes Estates	13,340	13,438	Los Angeles
337	319	San Marino	12,945	13,147	Los Angeles
343	323	Commerce	12,568	12,823	Los Angeles
345	322	Malibu	12,575	12,645	Los Angeles
357	355	Signal Hill	9,333	11,016	Los Angeles
359	343	Sierra Madre	10,578	10,917	Los Angeles
381	368	Westlake Village	8,368	8,270	Los Angeles
384	374	Rolling Hills Estates	7,676	8,067	Los Angeles

418	404	La Habra Heights	5,712	5,325	Los Angeles
438	436	Avalon	3,127	3,728	Los Angeles
455	449	Rolling Hills	1,871	1,860	Los Angeles
456	448	Hidden Hills	1,875	1,856	Los Angeles
462	455	Irwindale	1,446	1,422	Los Angeles
466	464	Bradbury	855	1,048	Los Angeles
478	467	Industry	777	219	Los Angeles
480	474	Vernon	91	112	Los Angeles
136	165	Madera	43,207	61,416	Madera
299	306	Chowchilla	14,416	18,720	Madera
147	128	San Rafael	56,063	57,713	Marin
162	151	Novato	47,630	51,904	Marin
331	310	Mill Valley	13,600	13,903	Marin
346	325	San Anselmo town	12,378	12,336	Marin
349	327	Larkspur	12,014	11,926	Marin
375	359	Corte Madera town	9,100	9,253	Marin
377	364	Tiburon town	8,666	8,962	Marin
395	379	Fairfax town	7,319	7,441	Marin
404	378	Sausalito	7,330	7,061	Marin
449	441	Ross town	2,329	2,415	Marin
452	446	Belvedere	2,125	2,068	Marin
316	301	Ukiah	15,497	16,075	Mendocino
400	390	Fort Bragg	6,814	7,273	Mendocino
427	413	Willits	5,073	4,888	Mendocino
474	469	Point Arena	474	449	Mendocino
95	101	Merced	63,893	78,958	Merced
209	235	Los Banos	25,869	35,972	Merced
244	255	Atwater	23,113	28,168	Merced
338	345	Livingston	10,473	13,058	Merced
417	416	Gustine	4,698	5,520	Merced
425	417	Dos Palos	4,581	4,950	Merced
447	440	Alturas	2,892	2,827	Modoc
382	386	Mammoth Lakes town	7,093	8,234	Mono
34	28	Salinas	142,685	150,441	Monterey
224	205	Seaside	33,097	33,025	Monterey
247	218	Monterey	29,696	27,810	Monterey
258	256	Soledad	23,015	25,738	Monterey
294	279	Marina	18,925	19,718	Monterey
312	321	Greenfield	12,648	16,330	Monterey
322	299	Pacific Grove	15,522	15,041	Monterey
340	335	King City	11,204	12,874	Monterey
383	375	Gonzales	7,564	8,187	Monterey
439	422	Carmel-by-the-Sea	4,081	3,722	Monterey
460	451	Del Rey Oaks	1,650	1,624	Monterey
477	472	Sand City	261	334	Monterey
100	88	Napa	72,585	76,915	Napa
296	353	American Canyon	9,774	19,454	Napa
414	402	St. Helena	5,950	5,814	Napa
421	412	Calistoga	5,190	5,155	Napa
446	433	Yountville	3,297	2,933	Napa
315	308	Truckee town	13,864	16,180	Nevada
342	339	Grass Valley	10,922	12,860	Nevada
444	438	Nevada City	3,001	3,068	Nevada
10	10	Anaheim	328,014	336,265	Orange
11	9	Santa Ana	337,977	324,528	Orange
16	27	Irvine	143,072	212,375	Orange
23	16	Huntington Beach	189,594	189,992	Orange
25	21	Garden Grove	165,196	170,883	Orange
41	36	Orange	128,868	136,416	Orange
42	38	Fullerton	126,003	135,161	Orange
54	48	Costa Mesa	108,724	109,960	Orange
75	62	Mission Viejo	93,102	93,305	Orange

81	71	Westminster	88,207	89,701	Orange
85	91	Newport Beach	70,032	85,186	Orange
93	81	Buena Park	78,282	80,530	Orange
99	118	Lake Forest	58,707	77,264	Orange
104	95	Tustin	67,504	75,540	Orange
127	116	Yorba Linda	58,918	64,234	Orange
130	144	San Clemente	49,936	63,522	Orange
132	109	Laguna Niguel	61,891	62,979	Orange
138	115	La Habra	58,974	60,239	Orange
153	131	Fountain Valley	54,978	55,313	Orange
168	155	Placentia	46,488	50,533	Orange
175	152	Rancho Santa Margarita	47,214	47,853	Orange
176		Aliso Viejo	N/A	47,823	Orange
178	156	Cypress	46,229	47,802	Orange
199	194	Brea	35,410	39,282	Orange
202	186	Stanton	37,403	38,186	Orange
217	201	San Juan Capistrano	33,826	34,593	Orange
222	195	Dana Point	35,110	33,351	Orange
231	216	Laguna Hills	29,939	30,344	Orange
268	244	Seal Beach	24,157	24,168	Orange
278	248	Laguna Beach	23,727	22,723	Orange
314	283	Laguna Woods	17,794	16,192	Orange
318	302	La Palma	15,408	15,568	Orange
353	331	Los Alamitos	11,536	11,449	Orange
415	401	Villa Park	5,952	5,812	Orange
47	78	Roseville	79,921	118,788	Placer
149	190	Rocklin	36,330	56,974	Placer
186	334	Lincoln	11,205	42,819	Placer
335	324	Auburn	12,462	13,330	Placer
410	396	Loomis town	6,260	6,430	Placer
453	453	Colfax	1,496	1,963	Placer
451	444	Portola	2,227	2,104	Plumas
12	11	Riverside	255,166	303,871	Riverside
21	29	Moreno Valley	142,381	193,365	Riverside
33	39	Corona	124,966	152,374	Riverside
62	160	Murrieta	44,282	103,466	Riverside
66	122	Temecula	57,716	100,097	Riverside
96	117	Hemet	58,812	78,657	Riverside
98		Menifee	N/A	77,519	Riverside
103	148	Indio	49,116	76,036	Riverside
118	191	Perris	36,189	68,386	Riverside
163	220	Lake Elsinore	28,928	51,821	Riverside
166	167	Cathedral City	42,647	51,200	Riverside
174	174	Palm Desert	41,155	48,445	Riverside
184	166	Palm Springs	42,807	44,552	Riverside
185	247	San Jacinto	23,779	44,199	Riverside
195	258	Coachella	22,724	40,704	Riverside
204	249	La Quinta	23,694	37,467	Riverside
206	333	Beaumont	11,384	36,877	Riverside
226		Wildomar	N/A	32,176	Riverside
235	252	Banning	23,562	29,603	Riverside
251	243	Norco	24,157	27,063	Riverside
256	289	Desert Hot Springs	16,582	25,938	Riverside
286	270	Blythe	20,463	20,817	Riverside
308	312	Rancho Mirage	13,249	17,218	Riverside
365	351	Canyon Lake	9,952	10,561	Riverside
387	383	Calimesa	7,139	7,879	Riverside
424	427	Indian Wells	3,816	4,958	Riverside
6	7	Sacramento	407,018	466,488	Sacramento
31		Elk Grove	N/A	153,015	Sacramento
89	73	Citrus Heights	85,071	83,301	Sacramento
110	141	Folsom	51,884	72,203	Sacramento

125		Rancho Cordova	N/A	64,776	Sacramento
272	275	Galt	19,472	23,647	Sacramento
471	465	Isleton	828	804	Sacramento
215	198	Hollister	34,413	34,928	San Benito
454	452	San Juan Bautista	1,549	1,862	San Benito
17	18	San Bernardino	185,401	209,924	San Bernardino
20	35	Fontana	128,929	196,069	San Bernardino
28	37	Rancho Cucamonga	127,743	165,269	San Bernardino
29	23	Ontario	158,007	163,924	San Bernardino
50	100	Victorville	64,029	115,903	San Bernardino
69	65	Rialto	91,873	99,171	San Bernardino
78	107	Hesperia	62,582	90,173	San Bernardino
97	96	Chino	67,168	77,983	San Bernardino
106	98	Chino Hills	66,787	74,799	San Bernardino
109	94	Upland	68,393	73,732	San Bernardino
115	137	Apple Valley town	54,239	69,135	San Bernardino
116	103	Redlands	63,591	68,747	San Bernardino
159	159	Highland	44,605	53,104	San Bernardino
161	150	Colton	47,662	52,154	San Bernardino
165	173	Yucaipa	41,207	51,367	San Bernardino
207	206	Montclair	33,049	36,664	San Bernardino
228	282	Adelanto	18,130	31,765	San Bernardino
262	304	Twentynine Palms	14,764	25,048	San Bernardino
275	280	Loma Linda	18,681	23,261	San Bernardino
280	265	Barstow	21,119	22,639	San Bernardino
287	286	Yucca Valley town	16,865	20,700	San Bernardino
348	329	Grand Terrace	11,626	12,040	San Bernardino
423	407	Big Bear Lake	5,438	5,019	San Bernardino
428	414	Needles	4,830	4,844	San Bernardino
2	2	San Diego	1,223,400	1,307,402	San Diego
14	19	Chula Vista	173,556	243,916	San Diego
27	22	Oceanside	161,029	167,086	San Diego
38	33	Escondido	133,559	143,911	San Diego
59	82	Carlsbad	78,247	105,328	San Diego
68	60	El Cajon	94,869	99,478	San Diego
74	67	Vista	89,857	93,834	San Diego
88	132	San Marcos	54,977	83,781	San Diego
140	120	Encinitas	58,014	59,518	San Diego
143	136	National City	54,260	58,582	San Diego
148	133	La Mesa	54,749	57,065	San Diego
158	140	Santee	52,975	53,413	San Diego
177	149	Poway	48,044	47,811	San Diego
254	229	Imperial Beach	26,992	26,324	San Diego
261	239	Lemon Grove	24,918	25,320	San Diego
298	245	Coronado	24,100	18,912	San Diego
341	317	Solana Beach	12,979	12,867	San Diego
434	421	Del Mar	4,389	4,161	San Diego
4	4	San Francisco	776,733	805,235	San Francisco
13	13	Stockton	243,771	291,707	San Joaquin
91	125	Tracy	56,929	82,922	San Joaquin
119	146	Manteca	49,258	67,096	San Joaquin
135	124	Lodi	56,999	62,134	San Joaquin
303	346	Lathrop	10,445	18,023	San Joaquin
327	349	Ripon	10,146	14,297	San Joaquin
402	400	Escalon	5,963	7,132	San Joaquin
183	162	San Luis Obispo	44,174	45,119	San Luis Obispo
234	240	El Paso de Robles (Paso Robles)	24,297	29,793	San Luis Obispo
243	231	Atascadero	26,411	28,310	San Luis Obispo
306	297	Arroyo Grande	15,851	17,252	San Luis Obispo
336	315	Grover Beach	13,067	13,156	San Luis Obispo
368	347	Morro Bay	10,350	10,234	San Luis Obispo
391	366	Pismo Beach	8,551	7,655	San Luis Obispo

65	52	Daly City	103,625	101,123	San Mateo
70	63	San Mateo	92,482	97,207	San Mateo
101	85	Redwood City	75,402	76,815	San Mateo
129	111	South San Francisco	60,552	63,632	San Mateo
193	178	San Bruno	40,165	41,114	San Mateo
205	183	Pacifica	38,390	37,234	San Mateo
227	212	Menlo Park	30,785	32,026	San Mateo
230	221	Foster City	28,803	30,567	San Mateo
241	224	Burlingame	28,158	28,806	San Mateo
242	226	San Carlos	27,718	28,406	San Mateo
245	219	East Palo Alto	29,506	28,155	San Mateo
257	237	Belmont	25,123	25,835	San Mateo
282	268	Millbrae	20,718	21,532	San Mateo
355	328	Half Moon Bay	11,842	11,324	San Mateo
361	340	Hillsborough town	10,825	10,825	San Mateo
405	382	Atherton town	7,194	6,914	San Mateo
419	410	Woodside town	5,352	5,287	San Mateo
432	419	Portola Valley town	4,462	4,353	San Mateo
433	430	Brisbane	3,597	4,282	San Mateo
457	457	Colma town	1,187	1,792	San Mateo
67	83	Santa Maria	77,423	99,553	Santa Barbara
82	69	Santa Barbara	89,600	88,410	Santa Barbara
189	176	Lompoc	41,103	42,434	Santa Barbara
233		Goleta	N/A	29,888	Santa Barbara
339	307	Carpinteria	14,194	13,040	Santa Barbara
403	405	Guadalupe	5,659	7,080	Santa Barbara
420	411	Solvang	5,332	5,245	Santa Barbara
429	426	Buellton	3,828	4,828	Santa Barbara
3	3	San Jose	894,943	945,942	Santa Clara
39	34	Sunnyvale	131,760	140,081	Santa Clara
48	54	Santa Clara	102,361	116,468	Santa Clara
107	90	Mountain View	70,708	74,066	Santa Clara
120	106	Milpitas	62,698	66,790	Santa Clara
126	119	Palo Alto	58,598	64,403	Santa Clara
144	143	Cupertino	50,546	58,302	Santa Clara
171	172	Gilroy	41,464	48,821	Santa Clara
198	184	Campbell	38,138	39,349	Santa Clara
203	203	Morgan Hill	33,556	37,882	Santa Clara
232	217	Saratoga	29,843	29,926	Santa Clara
236	223	Los Gatos town	28,592	29,413	Santa Clara
240	227	Los Altos	27,693	28,976	Santa Clara
385	369	Los Altos Hills town	7,902	7,922	Santa Clara
443	432	Monte Sereno	3,483	3,341	Santa Clara
139	134	Santa Cruz	54,593	59,946	Santa Cruz
167	161	Watsonville	44,265	51,199	Santa Cruz
352	332	Scotts Valley	11,385	11,580	Santa Cruz
373	350	Capitola	10,033	9,918	Santa Cruz
79	77	Redding	80,865	89,861	Shasta
370	361	Shasta Lake	9,008	10,164	Shasta
372	360	Anderson	9,022	9,932	Shasta
472	463	Loyalton	862	769	Sierra
388	380	Yreka	7,290	7,765	Siskiyou
441	429	Mount Shasta	3,621	3,394	Siskiyou
445	439	Weed	2,978	2,967	Siskiyou
459	447	Dunsmuir	1,923	1,650	Siskiyou
461	454	Montague	1,456	1,443	Siskiyou
467	460	Tulelake	1,020	1,010	Siskiyou
469	462	Dorris	886	939	Siskiyou
470	468	Fort Jones	660	839	Siskiyou
473	466	Etna	781	737	Siskiyou
49	43	Vallejo	116,760	115,942	Solano
60	59	Fairfield	96,178	105,321	Solano

76	70	Vacaville	88,625	92,428	Solano
246	234	Suisun City	26,118	28,111	Solano
252	230	Benicia	26,865	26,997	Solano
302	295	Dixon	16,103	18,351	Solano
397	418	Rio Vista	4,571	7,360	Solano
26	26	Santa Rosa	147,595	167,815	Sonoma
146	135	Petaluma	54,548	57,941	Sonoma
194	169	Rohnert Park	42,236	40,971	Sonoma
253	257	Windsor town	22,744	26,801	Sonoma
356	342	Healdsburg	10,722	11,254	Sonoma
363	358	Sonoma	9,128	10,648	Sonoma
378	389	Cloverdale	6,831	8,618	Sonoma
396	372	Sebastopol	7,774	7,379	Sonoma
401	393	Cotati	6,471	7,265	Sonoma
18	17	Modesto	188,856	201,165	Stanislaus
117	129	Turlock	55,810	68,549	Stanislaus
182	197	Ceres	34,609	45,417	Stanislaus
279	298	Riverbank	15,826	22,678	Stanislaus
288	300	Oakdale	15,503	20,675	Stanislaus
289	330	Patterson	11,606	20,413	Stanislaus
369	385	Newman	7,093	10,224	Stanislaus
379	387	Waterford	6,924	8,456	Stanislaus
407	424	Hughson	3,980	6,640	Stanislaus
124	188	Yuba City	36,758	64,925	Sutter
380	397	Live Oak	6,229	8,392	Sutter
330	313	Red Bluff	13,147	14,076	Tehama
390	391	Corning	6,741	7,663	Tehama
475	470	Tehama	432	418	Tehama
44	64	Visalia	91,877	124,442	Tulare
141	164	Tulare	43,994	59,278	Tulare
154	180	Porterville	39,615	54,165	Tulare
283	287	Dinuba	16,844	21,453	Tulare
351	348	Lindsay	10,297	11,768	Tulare
364	363	Farmersville	8,737	10,588	Tulare
367	357	Exeter	9,168	10,334	Tulare
399	392	Woodlake	6,651	7,279	Tulare
426	420	Sonora	4,423	4,903	Tuolumne
19	20	Oxnard	170,358	197,899	Ventura
43	42	Thousand Oaks	117,005	126,683	Ventura
45	47	Simi Valley	111,351	124,237	Ventura
56	55	San Buenaventura (Ventura)	100,916	106,433	Ventura
123	123	Camarillo	57,077	65,201	Ventura
218	211	Moorpark	31,415	34,421	Ventura
237	222	Santa Paula	28,598	29,321	Ventura
281	260	Port Hueneme	21,845	21,723	Ventura
323	309	Fillmore	13,643	15,002	Ventura
394	371	Ojai	7,862	7,461	Ventura
122	113	Davis	60,308	65,622	Yolo
152	147	Woodland	49,151	55,468	Yolo
172	210	West Sacramento	31,615	48,744	Yolo
408	399	Winters	6,125	6,624	Yolo
347	326	Marysville	12,268	12,072	Yuba
440	443	Wheatland	2,275	3,456	Yuba

County Revenue and Taxation Trends

Impacts of Legislative, Judicial, and Voter-Approved Actions

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

California Counties

Impact of Legislative, Judicial, and Voter-Approved Actions

EVENT	YEAR	DESCRIPTION	$ IMPACT
Proposition 13	1978	Added Article XIII A to the State Constitution. Capped property tax assessments to 1 percent of assessed value. Capped annual growth to 2 percent.	Reduced local property tax revenues by billions of dollars annually.
SB 154 (Chapter 292) AB 8 (Chapter 282)	1978 1979	Transferred property tax revenues from schools to counties, cities and special districts by an annual amount equal to the fiscal specified by SB 154, with certain adjustments. Also relieved counties of a number of Health and Welfare matching requirements.	Significantly increased local property tax revenues to counties, cities & special districts.
AB 66 (Chapter 1150)	1979	Exempted 100 percent of the assessed value of business inventories. Previous exemption had been 50 percent.	Minimal. State reimbursed local governments.
Proposition 4	1979	Added Article XIII B to the State Constitution. Limited state and local spending (appropriations) from tax source in any given year.	Unknown.
"New Federalism"	1981	Concept introduced by President Ronald Reagan. Consolidated a number of categorical and federal programs into "block" grants. Frequently, the dollar amount of the block grant was less than for the categorical program it replaced.	Unknown.
SB 102 (Chapter 101)	1981	Suspended the "deflator" originally enacted as part of AB 8. In exchange, the state took a number of actions that reduced county and city revenues.	Loss to local governments of $270 million.
AB 21/SB 1326 (Chapter 326 & 327)	1982	Suspended the "deflator" saving local governments approximately $2.4 billion. In exchange, the Legislature made a number of reductions to local government subventions.	Loss to local governments of $300 million.
SB 2001 (Chapter 1439)	1982	Enacted the Mello-Roos Community Facilities Act. Authorized local governments to create community facilities districts to be financed through bonds secured by special taxes.	Unknown.
AB 799 (Chapter 1439)	1982	State effectively transfers responsibility for Medically Indigent Adult (MIA) funding responsibility to counties.	Loss to counties in the hundreds of millions annually.
Proposition 6	1982	Repealed the state's Inheritance and Gift Tax laws.	Loss of hundreds of millions to state general fund.
Farrell Decision, State Supreme Court	1982	A tax funding general purposes of the imposing jurisdiction does not require 2/3 voter approval.	Unknown.

EVENT	YEAR	DESCRIPTION	$ IMPACT
Richmond Decision, State Supreme Court	1982	2/3 voter approval requirement for special taxes does not apply to special districts lacking property tax authority.	Unknown.
Proposition 7	1982	Amended the state's Personal Income Tax law to require "permanent full indexing."	Loss of hundreds of millions to state general fund.
AB 223 (Chapter 223)	1983	Suspended the "deflator" saving local governments approximately $875 million and provided for a more modest $348 million in subvention reductions.	Loss to local governments of $348 million.
SB 813 (Chapter 498)	1983	Established the supplemental property tax roll to fund K-12 education reform programs. Beginning in 1985-86, revenue attributable to the supplemental roll was allocated to local government according to the regular property tax roll.	Increase of hundreds of millions to local governments.
1984-85 Budget	1984	Repealed the AB 8 "deflator." Repealed the personal property tax subvention. Allocated state's share of VLF to counties.	
AB 19 (Chapter 1607)	1985	Enacted the Trial Court Funding Act.	Unknown.
Proposition 47	1986	Ensured that revenues from the Vehicle License Fee (VLF) are designated local government revenues. The state, however, retained control of the amount of revenues collected and the method of their distribution.	Unknown.
Proposition 62	1986	Required majority voter approval for local general taxes and 2/3 voter approval for local special taxes.	Unknown.
AB 999 (Chapter 1257)	1987	General Purpose Sales Tax. Permitted counties with a population of less than 300,000 to increase their sales tax by ½ percent, if approved by 2/3 of the county board of supervisors and a majority of the voters. Subsequent changes expanded the scope for which these taxes could be used. These provisions were ultimately amended to allow any county to impose the tax as long as the conditions mentioned above were met.	Unknown.
AB 1197 (Chapter 944)	1988	Repealed the Trial Court Funding Act of 1985 and enacted the Brown-Presley Trial Court Funding Act, which provided net block grant funding for trial courts at the option of the county.	Unknown.
Proposition 98	1988	Enacted the Classroom Instructional Improvement and Accountability Act that constitutionally guaranteed state funding for K-12 education and community colleges (K-14).	Unknown.
Proposition 99	1988	Enacted the Tobacco Tax and Health and Welfare Protection Act. Increased the tax for cigarette and tobacco products to fund certain health education and resources programs. Funds are deposited into the Tobacco Products Surtax Fund and disbursed to six specific accounts.	$500 million annually to state and county health and smoking prevention programs.

EVENT	YEAR	DESCRIPTION	$ IMPACT
Proposition 111	1989	Made important changes to Proposition 98 and Proposition 4. Modified factors used to calculate state and local appropriations limits, modified minimum funding level calculation for K-14 education and modified how revenue excess of the state's appropriation limit would be allocated.	Unknown.
SB 2557 (Chapter 466)	1990	Provided counties the authority to charge other local jurisdictions a property tax administration fee to cover the cost associated with the administration of the property tax and authorized counties to impose a "booking fee" based upon the costs associated with the processing a person into a county jail. Also provided counties the authority to enact a business license tax and a utility users tax.	Increase of approximately $200 million to county government.
1990-91 Budget	1990	Reductions in funding for various county programs.	Loss of $431 million to counties.
SB 910 (Chapter 1179)	1991	Medi-Cal administration claims.	Unknown, but potentially significant.
AB 1288 (Chapter 89) AB 758 (Chapter 87) AB 2181 (Chapter 85) AB 948 (Chapter 91)	1991	Realignment. Eliminated transferred state General Fund support for a number of health services to counties. The total cost to county government for these new program costs was approximately $2.3 billion. In order to fund these newly realigned programs, the state increased the sales and use tax by ½ percent and adjusted the Vehicle License Fee depreciation schedule. Combined, the VLF and sales tax increase roughly matched the new county cost under Realignment.	Unknown.
1991-92 Budget	1991	Repeal of property tax administration fees to schools, reduction in trial court funding, one-month sales tax loss.	Loss of $334 million to counties.
AB 1297 (Chapter 90)	1991	Enacted the Trial Court Realignment and Efficiency Act. Provided 50 percent of the trial court costs during 1991-92 and stated legislative intent to increase the state's share by 5 percent each year until the total state share reached 70 percent. The Act also increased a number of civil filing fees and enacted a number of efficiency and delay reduction programs.	Unknown.
SB 855 (Chapter 279)	1991	Medi-Cal disproportionate share hospital.	Unknown, but potentially significant.
Woodlake Decision, California Court of Appeals	1991	Upheld City of Woodlake's utility users tax imposed for general purposes without voter approval; Proposition 62 voter approval requirement found unconstitutional.	Unknown.
Cal-Fed Decision, State Supreme Court	1991	Found taxation to be a municipal affair that may be superseded by state statute.	Unknown.
Rider Decision, State Supreme Court	1991	Invalidated transactions and use tax imposed by the San Diego County Regional Justice Facility Financing Agency for criminal justice facilities.	Unknown.

EVENT	YEAR	DESCRIPTION	$ IMPACT
SB 617 (Chapter 699) SB 844 (Chapter 800)	1992	Shifted $1.3 billion in property tax revenues to schools (Educational Revenue Augmentation Fund - ERAF) from counties ($525 million), cities ($200 million), special districts ($375 million), and redevelopment agencies ($200 million).	Loss of $525 million to counties.
1992-93 Budget	1992	Reductions to: Trial Court Funding, VLF, Medi-Cal, Proposition 99 Funding, Alcohol and Drug Funding, Mental Health, Mandate Funding, Dependent Special Districts.	Loss of $496 million to counties.
SB 1135 (Chapter 68)	1993	Shifted $2.6 billion in property tax revenues to schools (Educational Revenue Augmentation Fund - ERAF) from counties ($1.998 billion), cities ($288 million), special districts ($244 million), and redevelopment agencies ($65 million).	Loss of $1.998 billion to counties.
SB 509 (Chapter 73) SCA 1 (Resolution, Chapter 41)	1993	Extended for six months the ½ percent state sales tax schedule to sunset June 30, 1993. These revenues, approximately $744 million, were dedicated to local government for public safety purposes. SCA 1 placed on the ballot a constitutional amendment to make both the tax and the funding permanent.	Increase to counties of approximately $744 million (one time).
Proposition 172	1993	Enacted the Local Public Safety Protection and Improvement Act that made permanent the ½ percent sales tax scheduled to expire on December 31, 1993. Requires all revenues generated from the tax to be deposited into the Local Public Safety Fund to be used exclusively for public safety purposes as defined by the Legislature.	Permanent increase to counties of $1.3 billion.
SB 742 (Chapter 130)	1993	Provided window for non-participating counties the ability to opt-in the Teeter Property Tax Administration Program.	Unknown.
1993-94 Budget	1993	Increase Williamson Act funding, mandate relief, and one-time VLF roundabout.	$110 million increase to counties.
AB 2788 (Chapter 866)	1994	Established a public safety maintenance of effort by requiring cities and counties to fund combined public safety services at the FY 1992-93 level as a condition of receiving Proposition 172 funds.	Unknown.
AB 971 (Chapter 12)	1994	"Three Strikes You're Out". Doubles the prison term for the second serious or violent felony conviction and requires imprisonment for 25 years to life for the third felony conviction, regardless of the nature of the felony.	Significant increase in the cost of adjudication and incarceration.
1994-95 Budget	1994	ERAF shift, plus property tax administration reduction. Loss of county Medi-Cal funds. Loss of probation camp funding, specialized care/options for recovery.	$307 million loss. $285 million loss. $45 million loss.
AB 818 (Chapter 914)	1995	Provided $60 million to counties for property tax administration in each of the following years: 1995-96, 1996-97, and 1997-98.	$180 million increase to counties.

EVENT	YEAR	DESCRIPTION	$ IMPACT
Guardino Decision, State Supreme Court	1995	Ruled that the Santa Clara County Transit Authority sales tax for transportation required a 2/3 vote and was therefore invalid. Also overturned prior appellate cases by stating that Proposition 62 was now valid.	Unknown.
SB 861 CYA Sliding Scale	1996	Increases from $25 to $150 per month the charge for violent/serious offenders sent to the California Youth Authority (CYA). Additionally, provides that counties will be charged up to $31,000 for "low level" offenders sent to the CYA.	Up to $50 million a year, subject to programmatic changes.
Proposition 218	1996	Requires local governments to place before the voters the imposition of, increase in, and certain existing taxes, assessments and property-related fees/charges.	Unknown.
SB 3229 (Chapter 134) COPS	1996	Provided $100 million to cities and counties for law enforcement purposes. Breakdown of expenses: $75 million for "front-line" law enforcement, $12.5 million for sheriffs and jail operations, and $ 12.5 million in district attorney prosecutors.	County share of COPS funding is approximately $38 million.
AB 1584 (Chapter 289) COPS	1997	Provided $100 million to cities and counties for law enforcement purposes. Breakdown of expenses: $75 million for "front-line" law enforcement, $12.5 million for sheriffs and jail operations, and $ 12.5 million in district attorney prosecutors.	County share of COPS funding is approximately $38 million.
AB 233 (Chapter 850) Trial Court Funding Redesign	1997	Trial Court Funding Redesign implementation permits adjustment of counties' obligation to the state through a declaration process.	Unknown. Potential savings of approximately $288 million.
AB 1542 (Chapter 270) CalWORKs	1997	Established CalWORKs, California's implementation of the federal welfare reform.	Unknown. County impact dependent upon adequate funding for program operation.
AB 1126 (Chapter 623) Healthy Families	1997	Created the Healthy Families program, which is designed to provide access to health insurance for children (under two hundred percent of poverty level) who are ineligible for Medi-Cal.	Unknown. Potentially significant county savings in indigent health care costs.
AB 1590 & AB 2788 Trial Court Funding	1998	Buys out an additional 18 counties and provide 10 percent MOE relief to the remaining counties.	$96 million in savings.
AB 1656 (Budget Bill) COPS	1998	Provided $100 million to cities and counties for law enforcement purposes. Breakdown of expenses: $75 million for "front-line" law enforcement, $12.5 million for sheriffs and jail operations, and $ 12.5 million in district attorney prosecutors.	County share of COPS funding is approximately $38 million.
AB 2796 (Chapter 499) Jail & Juvenile Halls	1998	Provides $100 million to counties for repair and construction of juvenile halls, camps, and ranches.	$100 million.

EVENT	YEAR	DESCRIPTION	$ IMPACT
AB 2784 Flood Control Subventions	1998	The state's share of federal flood control project costs, in arrears, is $172 million. $40 million to be paid to counties in 1998-99 with the remaining $132 million to be paid over the next three years.	$40 million repayment to counties.
SB 491 & SB 2108 (Chapters 500 & 502) Juvenile Challenge Grant Program	1998	The measures together provide an additional $50 million for the Juvenile Challenge Grant Program over a three-year period to reduce the threat of juvenile crime and delinquency. The bills were designed to encourage counties to deliver services to juveniles in a collaborative and cooperative manner among county agencies and community based organizations.	$50 million over a three-year period.
SB 933 (Chapter 311) Foster Care/Group Homes	1998	Made numerous changes to the foster care group home system, including a requirement for monthly visits, changes out-of-state placement policies, and a rate increase for foster family agencies and group homes.	County share of rate increase totals approximately $29 million.
Proposition 10	1998	Enacted the California Children and Families Act. Raised tax on cigarettes and other tobacco products to fund early childhood development and smoking prevention programs at the state and county levels.	Approximately $700 million annually; 80% of revenues spent at the local level on programs approved by county commissions.
AB 1682 (Chapter 90)	1999	In-Home Supportive Services program (IHSS). Required that counties act as, or establish, an employer of record for IHSS personnel by January 1, 2003.	Unknown, but likely significant due to employer of record requirement.
SB 160 (Budget Bill) Local Law Enforcement Technology Block Grants	1999	Provides $30 million in one-time block grants to local law enforcement for technology and equipment purchases for crime suppression or prevention.	$30 million to local law enforcement agencies.
AB 1661 (Chapter 84)	1999	Local Government Trailer Bill to the Budget. Caps the growth on ERAF and requires that the state provide the funds to pay for the schools' fair share of property tax administration, contingent on the passage of a constitutional amendment making a change in the state/local government fiscal relationship. Returned $150 million to local governments, half on a per capita basis, and half on an ERAF basis.	$150 million to local governments: half on an ERAF basis, half on a per capita basis.
Proposition 12	1999	$2.1 billion general obligation parks bond to finance the acquisition, development, improvement, restoration, enhancement, and protection of state and local park, recreational, cultural, historical, fish and wildlife, lake, river, reservoir, coastal, and clean air resources. Includes $846.5 million in grants to local agencies.	$846.5 million in per capita, competitive, and direct grants for local park and recreation agencies.

EVENT	YEAR	DESCRIPTION	$ IMPACT
Proposition 13	1999	$1.97 billion general obligation bond to finance a variety of projects and programs aimed at improving California's water infrastructure, including safe drinking water, flood protection, watershed protection, clean water, water conservation, and water recycling.	Unknown.
Proposition 14	1999	Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act of 2000. $350 million bond for financing public library construction and renovation to be administered by the state librarian. Funds are issued based on certain priorities and require a 35 percent local match.	$350 million in grant funding for library construction and renovation.
Proposition 21	1999	Enacted the Gang Violence and Juvenile Crime Prevention Act that makes substantial changes to the juvenile and adult justice systems. Changes in three key areas represent the areas of greatest fiscal impact to counties: mandatory detention, changes to probation, and gang crime expansion and registration requirements.	$300 - $600 million in county costs.
AB 1147 (Chapter 1071)	2000	Created a new system for determining how state funds are allocated to flood control projects. Reduces the state's share of non-federal capital costs from 70 percent to 50 percent for locally sponsored flood control projects. Percentage of non-federal costs of the project paid by the state can be increased to 70 percent in the project meets specific objectives.	Unknown, potentially significant costs to counties.
AB 1396 (Chapter 903)	2000	Conference report from the conference committee on state/local fiscal reform. Allocated $200 million budget set-aside for local government fiscal relief, plus an additional $10 million for counties and $2 million for independent library, park, and recreation special districts.	$212 million to local governments: $100 million on a per capita basis, $100 million on an ERAF basis, $10 million to counties, $2 million to independent library, park, and recreation special districts.
AB 1740 (Chapter 77) Budget Bill	2000	Provides $75 million in one-time block grants to local law enforcement for technology and equipment purchases.	$75 million to local law enforcement agencies.
AB 1913 (Chapter 353)	2000	Enacted the Schiff-Cardenas Crime Prevention Act of 2000 that provides $242.6 million to be split equally between front-line law enforcement services and juvenile justice prevention programs.	$242.6 million in law enforcement and crime prevention resources.
AB 2928 (Chapter 91)	2000	Transferred state's share of sales tax on gasoline from state General Fund for transportation purposes. Cities and counties receive funds directly for rehabilitation and maintenance for 5 years.	$200 million to counties in 2000-01. $85 to $100 million over each of the next 5 years.
SB 402 (Chapter 906)	2000	Binding interest arbitration for law enforcement and fire employees.	Unknown, but potentially significant, cost to local government.

EVENT	YEAR	DESCRIPTION	$ IMPACT
SB 739 (Chapter 901)	2000	Places local agency collective bargaining disputes under the state Public Employee Relations Board (PERB).	Unknown.
SB 2140 (Chapter 1010)	2000	Establishes separate employment systems for 18,000 trial court employees.	Unknown.
Proposition 36	2000	Enacted the Substance Abuse and Crime Prevention Act of 2000 that places certain non-violent drug offenders into treatment rather than detention.	$60 million to counties for first year (2000-01) start-up costs. $120 million in program dollars for the subsequent four fiscal years (through 2005-06).
Sonoma County Decision, State Court of Appeals	2000	In a ruling for the defendants, the First District Court of Appeals ruled that the shift of property tax revenues from local governments to schools did not constitute a "new program or higher level of service" and thus did not qualify as a state mandate.	Unknown.
HR 2389	2000	The Secure Rural Schools and Community Self-Determination Act of 2000. Ensures a stable annual payment, for the next five years, to over 800 forest counties.	Affected counties will receive nearly $1.1 billion over the next five years.
Federal 2001-02 Budget	2001	Federal Bioterrorism Funding for States. States will receive $1.1 billion in federal funds for biopreparedness. California will be receiving $100 million in total funding to strengthen capacity to respond to bioterrorism and other public health emergencies resulting from terrorism.	$100 million to California; $28 million to Los Angeles County; $2.2 million to seven specified cities.
AB 443 (Chapter 205) and AB 867 (Chapter 784)	2001	Provides $500,000 for 37 designated sheriffs' departments in support of a rural and small counties local law enforcement assistance program.	$18.5 million.
SB 223 (Chapter 721)	2001	Provides $8.4 million in federal Substance Abuse Prevention and Treatment funds to provide for drug testing of Proposition 36 clients.	$8.4 million.
SB 739 (Budget Bill – Chapter 106)	2001	Provides $35 million in one-time block grants to local law enforcement for technology and equipment purchases.	$35 million to local law enforcement agencies.

EVENT	YEAR	DESCRIPTION	$ IMPACT
SB 736 (Chapter 475) and SB 739 (Budget Bill – Chapter 106)	2001	Provides one-year extension (SB 736) to the joint law enforcement and juvenile justice crime funding initiative enacted by the Schiff-Cardenas Crime Prevention Act of 2000 (Chapter 353), and appropriates (SB 739) $232.6 million to be split equally between front-line law enforcement services and juvenile justice prevention programs. *(Although the program is permanent, funding to support its implementation is subject to an annual budget appropriation.)*	$232.6 million in law enforcement and crime prevention resources.
Brewster v. Shasta County	2001	Ninth U.S. Circuit Court of Appeals decision ruling that California sheriffs are county – not state – officials, exposing counties to federal civil rights lawsuits.	Unknown.
Proposition 40	2002	Enacted the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002. Provides for a bond issuance of $2.6 billion to provide funds for the acquisition, development, restoration, protection, rehabilitation, stabilization, reconstruction, preservation, and interpretation of park, coastal, agricultural land, air, and historical resources.	Includes $832.5 million in grant funding for local parks.
Proposition 41	2002	Voting Modernization Bond Act of 2002. Provides $200 million in general obligation bonds for updated voting systems. A new five-member Voting Modernization Board will consider applications and award the bond funds to counties for new voting equipment.	$200 million to counties. A county must contribute one dollar for every three dollars of bonds funds.
Proposition 42	2002	Transportation Congestion Improvement Act. Constitutionally dedicates the sales tax on gasoline to transportation. Beginning in 2008-09, it provides that the gasoline sales tax revenues continue to be used for state and local transportation purposes under a formula that provides 40 percent to cities and counties for local streets and roads preservation, 40 percent to transportation improvement projects funded in the State Transportation Improvement Program (STIP), and 20 percent to public transportation.	Counties and cities can expect to receive approximately $560 million annually for preservation on the local system beginning in 2008-09.
Proposition 50	2002	Water Security, Clean Drinking Water, Coastal, and Beach Protection Act of 2002. Provided $3.44 billion in general obligation bonds for a variety of water and coastal projects.	Unknown.
Salinas Decision, State Court of Appeals	2002	Determined that City of Salinas' stormwater drainage fee was a user fee for a property-related service and therefore was subject to Proposition 218 voting requirements.	Unknown.
2002-03 Budget	2002	Enacted a number of reductions in the areas of Medi-Cal, CalWORKs, and Food Stamps administration, public libraries, public hospitals, Adult Protective Services, deferral of mandate reimbursement, and mental health, among others. Funding maintained for a variety of law enforcement programs.	$1.162 billion in reductions/ deferrals.

EVENT	YEAR	DESCRIPTION	$ IMPACT
SB 1732 (Chapter 1082)	2002	Establishes a process by which responsibility for court facilities are transferred from the counties to the state as a final major component of the trial court funding reform begun under AB 233 (Chapter 850, Statutes of 1997).	Significant county fiscal relief will be realized by transfer of counties' responsibility for court facilities to the state.
Homeland Security Grants	2003	Federal Department of Homeland Security allocates nearly $600 million in state fiscal assistance to help prevent, prepare for, and respond to terrorism; California received $45 million. Funds are allocated for specific equipment purchases, exercises, training, and planning.	$45 million to counties in federal fiscal year 2003
Riverside County Decision	2003	California Supreme Court ruled that SB 402 (mandated binding interest arbitration for law enforcement and fire employees) was unconstitutional.	Unknown, but potentially significant, savings to local governments.
2003-04 Budget	2003	Enacted a number of reductions/cost shifts in the areas of public safety/law enforcement, federal child support penalties, mental health managed care, public libraries, and deferral of mandate reimbursement, among others.	Approximately $1.4 billion in reductions/ deferrals.
2003-04 Budget	2003	Enacted the VLF gap "loan," a three-month period during which local governments did not receive state General Fund backfill for VLF offsets. This amount will be repaid to cities and counties by August 2006.	$1.3 billion.
2003-04 Budget/ Proposition 57 and 58	2003/ 2004	Enacted the "Triple Flip," a mechanism to provide a revenue source for funding the state's $15 billion deficit recovery bonds. The Triple Flip reduces the local Bradley-Burns sales tax rate from 1.0% to 0.75% and increases the state sales tax rate by 0.25%. Cities and counties will be reimbursed their losses on a dollar-for-dollar basis from property tax revenues currently shifted to ERAF.	$1.1 billion annually, until bonds are repaid.
2003-04 Budget	2003	Enacted a number of reductions in law enforcement assistance programs including the following: ▪ Reduction of $16.3 million from both the Citizens' Option for Public Safety (COPS) and the Juvenile Justice Crime Prevention Act (JJCPA), for a total loss of $32.6 million; ▪ Elimination of local law enforcement technology and equipment purchase program (funded most recently in the 2002–03 fiscal year at $18.5 million); ▪ Two-year suspension of the Rural and Small County Law Enforcement Assistance Program, which in previous years had provided a $500,000 assistance grant to 37 specified local sheriffs' departments for purposes of enhancing local law enforcement efforts ($18.5 million); and ▪ Elimination of the Standards and Training for Corrections (STC) program, a state-funded local assistance program to partially offset training costs for local detention facility personnel ($16.1 million)	$85.7 million in reductions/ suspensions.

EVENT	YEAR	DESCRIPTION	$ IMPACT
Homeland Security Grants	2003	Additional federal homeland security grants for various programs: ▪ In April 2003, $119.3 million for equipment, exercise, training, and planning purposes, as well as funds to reimburse public agencies for costs associated with increased security measures during past and future periods of heightened alert; ▪ In May 2003, approximately $80 million in supplemental homeland security funds allocated to enhance security of urban areas with high population areas and critical infrastructure; most of these dollars are dedicated to specific entities, with the vast majority going to city governments, transit districts, or port authorities. ▪ In November 2003, $176.5 million in awards to support three program areas: (1) State Homeland Security Grant Program; (2) Citizen Corps Grant Program; and (3) Law Enforcement Terrorism Prevention Program.	$375.8 million to local agencies in federal fiscal year 2003.
SB 20 (Chapter 526)	2003	Enacted the Electronic Waste Recycling Act of 2003 to provide for the convenient recycling of covered electronic devices in California. The Act will be financed through a recycling fee assessed on the sales of all televisions, and computers at the time of purchase.	Unknown, but potentially significant funding to local governments for their electronic waste collection activities.
SB 899 (Chapter 34)	2004	Comprehensive Workers' Compensation reform legislation affecting all employers, including public agencies.	Unknown, but potentially significant savings to local governments.
2004-05 Budget	2004	Restored funding for the Rural and Small County Law Enforcement Assistance Program, which had been suspended in the 2003-04 fiscal year. The program provides a $500,000 assistance grant to 37 specified local sheriffs' departments for purposes of enhancing local law enforcement efforts in rural and small counties.	$18.5 million to specified county sheriffs' departments.
2004-05 Budget	2004	Enacted a two-year reduction to local governments. A total $1.3 billion annual reduction is allocated as follows: $350 million to cities, $350 million to counties, $350 million to special districts, and $250 million to redevelopment agencies.	$350 million reduction.
SB 1438 (Chapter 814)	2004	Prohibits the Secretary of State from certifying any voting system unless that system includes an accessible voter verified paper audit trail (AVVPAT). Prohibits any city or county from purchasing a direct electronic voting system that does not include an accessible voter verified paper audit trail on or after January 1, 2006. Requires all current electronic systems to have an AVVPAT by January 1, 2006.	Unknown. Cost of retrofitting existing systems and new systems may be paid for with Proposition 41 funds of with Help America Vote funds, but these may include a county match.
Proposition 1A	2004	Enacted significant protections of local government revenues, including property and sales taxes and vehicle license fees. Requires the state to either fund or suspend state-local mandates and specifies that a "new program or higher level of service" includes transfer of complete or partial responsibility for a required program to cities, counties, or special districts.	Unknown, but potentially significant savings to local governments.

EVENT	YEAR	DESCRIPTION	$ IMPACT
Proposition 63	2004	Enacted the Mental Health Services Act. The measure imposes an additional 1 percent tax on individuals' taxable income over $1 million; these funds are dedicated to expanding mental health services in California. Beginning in 2004-05, Proposition 63 revenues will be used to create new county mental health programs and to expand some existing programs. These funds would not be provided through the annual state budget act; thus, amounts would not be subject to change by actions of the Legislature and Governor.	Enhanced revenues to county mental health programs; an estimated $275 million in 2004-05, $750 million in 2005-06, and $800 million in 2006-07.
SB 1102 (Chapter 227)	2004	Limits counties' ability to charge booking fees to one-half actual administrative costs effective July 1, 2005.	Estimated $20 million annual loss to county governments in 2005-06 and going forward.
2005-06 Budget	2005	Eliminated Property Tax Administration Grant Program, which provided state funds for property tax administration programs.	$60 million reduction to county property tax administration systems.
2005-06 Budget	2005	Provided early payback of the Vehicle License Fee (VLF) gap loan to cities and counties.	$1.2 billion to cities and counties.
SB 1100 (Chapter 560)	2005	Implements the Medicaid hospital financing waiver agreed to in July 2005 by California and the federal Centers for Medicare and Medicaid Services (CMS). The waiver provides California with a new mechanism for financing safety net hospitals. The legislation provides a baseline hold harmless for all hospitals – public and private. SB 1100 also disburses base and growth funds. This measure also provides a framework for implementing the waiver in California.	The federal waiver is worth $3.68 billion a year for 5 years. There are $671 million in new funds (beyond what hospitals got through the previous waiver and the Disproportionate Share Hospital program) each year for five years.
Bighorn Decision	2006	California Supreme Court ruled that charges for ongoing water delivery are subject to Proposition 218 restrictions.	Unknown.
AB 1805 (Chapter 78)	2006	Establishes Local Detention Facility Revenue Accounts to be established at the local level "exclusively for the purpose of operation, renovation, remodeling, or constructing local detention facilities and related equipment." In any year in which the state appropriates funds to the LDFRAs, counties cannot exercise their authority to impose a fee on arresting agencies for actual administrative costs associated with booking and processing arrestees. Sets threshold for state appropriation at $35 million and authorizes counties to levy prorated booking fee if the state appropriates less than that amount. Gives counties ability to charge jail access fee for low-level offenses to cities in which bookings exceed previous three-year average.	$35 million appropriation to counties to offset loss of revenue collected by counties through imposition of booking fees.

EVENT	YEAR	DESCRIPTION	$ IMPACT
2006-07 Budget Act	2006	Significant augmentations to enhance local government public safety assistance and law enforcement programs including increased front-line assistance, mentally ill diversion programs, training support for probation and correctional officers, and methamphetamine abatement programs.	Approximately $125 in additional funding to local public safety.
Proposition 1A	2006	Amended the State Constitution to further limit the conditions under which the Proposition 42 transfer of gasoline sales tax revenues for transportation uses can be suspended. In addition, it laid out a new schedule to repay the Proposition 42 suspensions that occurred in 2003-04 and 2004-05	Provides further protection of an estimated $1.5 billion annually for transportation of which counties receive 20% beginning in 2008-09.
Proposition 1B	2006	Authorized the state to sell $19.925 billion in general obligation bonds to fund transportation projects to relieve congestion, improve the movement of goods, improve air quality, and enhance the safety and security of the transportation system.	At least $1 billion for counties for local streets and roads pursuant to formula. Additional access to the other accounts pursuant to regional and state agency administration.
Proposition 1C	2006	Authorized the state to sell $2.85 billion in general obligation bonds to fund 13 new and existing housing and development programs.	County access dependent on application process through the California Housing and Community Development Department and further criteria pursuant to legislative action.
SB 113 (Chapter 2)	2007	Creates a stand-alone February Presidential primary election in California. Under SB 113, California voters will participate in a presidential primary on February 5, 2008. Prior to SB 113, the California primary was held in June.	Estimated $75 million cost to counties, actually cost $90 million.
AB 900 Corrections Reform	2007	Makes significant infrastructure investment in state and local adult detention facilities through lease revenue bonds over two phases (Phase I – $3.6 for state beds and $750 million for local beds; Phase II – $2.5 billion for state beds and $470 million for local jail beds). "Soft" county match of 25 percent (approximately $300 million) required on local jail bed investment. Over 7-year build-out program, 53,000 (16,000 state re-entry beds; 16,000 infill bed in existing state prisons; and 13,000 local jail beds) are expected to be built. Commencement of Phase II of construction for both state and local beds is conditioned upon achievement of specified benchmarks, including significant rehabilitative programming requirements.	$1.2 billion in lease revenue bonds provided for construction of county jail beds (with expected $300 million local match provided).

EVENT	YEAR	DESCRIPTION	$ IMPACT
SB 81 (Chapter 175) and AB 191 (Chapter 257)	2007	Transfers responsibility for supervision and treatment of certain juvenile offenders at the local level. Over a period of three-year implementation, counties will retain, supervise and treat approximately 700 juvenile offenders that previously were eligible for placement in state detention facilities. Counties will receive a state general fund appropriation through the Youthful Offender Block Grant intended to cover the costs of this new responsibility. The full impact of the transfer is expected to be felt in 2009-10.	Counties received $24 million in 2007-08; $66 million is proposed in 2008-09; and the block grant amount is expected to increase to $92 million in 2009-10.
SB 81 (Chapter 175)	2007	Authorizes $100 million in lease revenue bonds for purposes of renovating or constructing youthful offender rehabilitative facilities to house the youthful offender population transferred to county control and supervision pursuant to this same measure.	$100 million in lease revenue bonds for facility construction and/or renovation, with expected local match of up to $25 million.
AB 70 (Chapter 367)	2007	Requires cities and counties to share the liability with the state when a court determines the state is liable for property damage caused by a flood.	Unknown.
AB 1491 (Chapter 9)	2008	Reauthorizes the court facility transfer process — begun under SB 1732 (2002) — through December 31, 2009.	Unknown, but significant future savings, as it relieves counties of future costs and liability associated with operating and maintaining trial court facilities.
SB 1407 (Chapter 311)	2008	Authorizes the issuance of up to $5 billion in lease revenue bonds for purposes of financing the planning, design, construction, rehabilitation, renovation, replacement, leasing or acquisition of state trial court facilities. In addition, authorizes a variety of increases to penalties and fees as revenue sources for the bonds; the proceeds from these increases and surcharges will be deposited into a new account, the Immediate and Critical Needs Account, within the State Court Facilities Construction Fund.	$200 to $300 million annually to support state court facility construction and renovation projects
SB 1147 (Chapter 546)	2008	Allows for the suspension rather than termination of juvenile offenders' Medi-Cal eligibility while in a county juvenile detention facility.	Unknown, but in the $5 to $10 million range annually
2009-10 Budget Compromise (ABX3 3 (Chapter 18) and SB X3 8 (Chapter 4))	2009	Increased the vehicle license fee (VLF) by 0.5 percent as of May 19, 2009 (through 7/1/2011), with a portion (0.15 percent of the VLF) dedicated to local public safety programs. (ABX3 3 authorizes the VLF rate increase; SBX3 8 specifies apportionment of funds to specific public safety programs benefiting primarily sheriff, probation, and district attorneys' offices.) The programs that benefit from the dedicated funding source previously were supported through the state General Fund, subject to the annual state budget process.	Estimated $416 million in annual revenue dedicated to local public safety programs

EVENT	YEAR	DESCRIPTION	$ IMPACT
2009-10 Budget Compromise (ABX4 14 (Chapter 13) ABX4 15 (Chapter 14), and SB 67 (Chapter 634))	2009	As part of the 2009-10 budget, the state used suspension provisions of Proposition 1A (2004) and borrowed $2 billion from local agencies' property tax allocations, which the Constitution requires be repaid within three years. Most local agencies securitized the receivable through CSCDA in a transaction for which the state bears the credit risk.	Counties that securitized saw no change in the amount or timing of revenues.
SB X3 18 (Chapter 28)	2009	Makes various policy changes affecting the state and local corrections system, aimed at achieving significant savings of up to $1.2 billion: ▪ Increases to property crime thresholds to reflect inflation; ▪ Adjustments and enhancements to inmate credit earning, which incentivize the completion of various rehabilitative, educational, and vocational programs; ▪ Various parole reforms and establishment of summary/banked parole, which direct resources to higher-risk offenders; lower to moderate risk offenders will be placed on banked caseloads, subject to search and seizure, but not eligible for parole revocation; and ▪ Provisions to carry out the Parole Reentry Accountability Program, a parolee reentry court program with enhanced supervision and services for parole violators; funding for this program was dedicated out of the Byrne-JAG federal stimulus grants apportioned in AB X4 1 by the Legislature in late July.	Offsetting costs and benefits (of undetermined magnitude) to counties
SB 678 (Chapter 608)	2009	Established the California Community Corrections Performance Incentives Act of 2009, which creates performance incentives for local governments to develop community corrections strategies that reduce prison commitments. Based on a jurisdiction's success — measured in the reduction of felony probationers who are sent to prison — the state would share its savings derived from the lowered prison population. Those resources would be driven back into the adult probation system for enhanced supervision, monitoring, and targeted services. In separate action (AB X4 1), the state dedicated $45 million in federal stimulus funds (Byrne Justice Assistance Grants) for purposes of program start-up.	$45 million in start-up funds; unknown, but potentially significant additional resources in out-years for county adult probation programs

EVENT	YEAR	DESCRIPTION	$ IMPACT
AB X8 6 (Chapter 11) AB 8X 9 (Chapter 12)	2010	Eliminates the sales tax on gas and replaces it with a 17.3-cent excise tax increase on gasoline, indexed to keep pace with what the sales tax on gasoline would have generated in a given fiscal year. The funding scenario in FY 2010-11 is different that in FY 2011-12 and into the future. FY 2010-11, the 17.3-cent excise tax increase will generate $2.52 billion and be distributed as follows: ▪ $603 million general fund transportation bond debt service ▪ $629 million State Transportation Improvement Program (STIP) ▪ $629 million Local Streets and Roads (LSR) ▪ $650 million in additional Article XIX transportation revenues for future appropriation by the Legislature In FY 2011-12 and into the future, the 17.3-cent excise tax increase will generate various amounts as it is adjusted to keep pace with what the sales tax on fuels would have generated. In FY 2011-12 it is estimated to generate $2.4 billion and will provide the following: ▪ $727 million to general fund transportation bond debt service ▪ 44% for the STIP ▪ 44% for Local Streets and Roads ▪ 12% for the State Highway Operation and Protection Program Counties are held harmless under the transportation tax swap and are slated to receive $390 million in FY 2010-11. However, the new revenue is more susceptible to state redirection.	Revenue neutral – no immediate impact on counties
Proposition 22	2010	The initiative more thoroughly secures certain revenue streams that partly or completely flow to local agencies, mostly related to redevelopment, transportation, and transit. Specifically, the measure: ▪ Prohibits the suspension of Proposition 1A (2004). ▪ Prohibits property tax transfers to pay for new local mandates. ▪ Prohibits paying for new local mandates by reallocating 0.65% VLF. ▪ Locks down HUTA funds for public transit infrastructure and for streets and roads costs. ▪ Requires 2/3 legislative vote, four public hearings of the CTC, and a 90-day waiting period to modify the allocation of HUTA from June 30, 2009 formulas. ▪ Limits HUTA use for bonds to 1/4 of state revenues for state bonds and 1/4 of revenues for local bonds. ▪ Restores traditional (pre-2001) Public Transportation Account (PTA) allocations and declares it a trust fund. ▪ Prohibits any allocation of Bradley-Burns sales tax to local transportation funds from being reduced below 2008 allocation percentage. ▪ Locks down Proposition 42 sales tax on gas funding allocations; requires same process as HUTA above for modifying formula. ▪ Protects redevelopment property taxes from state redirection.	

EVENT	YEAR	DESCRIPTION	$ IMPACT
Proposition 26	2010	Defines "taxes" in the California Constitution; includes some charges previously considered fees. In doing so, raises the hurdles to enacting them in the future at both the state and local level. Also strengthens the Constitutional language that specifies when a revenue measure requires a two-thirds legislative vote to pass. Taxes now include all levies, charges, and exactions of any kind, with several exceptions, including criminal penalties, charges for specific privileges, regulatory fees directly attributable to issuing permits, performing investigations, etc, and, for locals, charges imposed as a condition of property development and assessments and fees imposed pursuant to Proposition 218.	
AB 109 (Chapter 15)	2011	Established a framework for several components of the 2011 criminal justice realignment. Implementation of the measure is conditioned 1) the creation of a community corrections grant program and 2) an appropriation to fund such a program. The key elements of the programs shifts set forth in AB 109 include the following: ▪ Transfers responsibility of a specified low-level offender population that previously would have been sentence to a term in state prison; ▪ Requires the Local Community Corrections Partnership established pursuant to SB 678 (Chapter No. 608, Statutes of 2009) to develop and recommend a 2011 realignment plan to the county board of supervisors ▪ Establishes the Post-Release Community Supervision Act of 2011, which reflects counties' responsibility for supervising adult parolees at the local level; and ▪ Vests full responsibility for the juvenile justice system with counties, but allows for contracting back for housing and treatment with the state.	Unknown, but likely several hundreds of millions in new responsibilities shifted to counties, but, once funded, offset by revenues that roughly approximate the costs of delivering those services.

2011 Fiscal Issues Facing California Counties

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

2011 Fiscal Issues Facing California Counties

California's 2011-12 Budget

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

Budget Overview

California's budget process is never quite the same from year to year. This year is Governor Brown's first chance in the modern era to take a shot at solving the state's long-running fiscal crisis. He has publicly resolved to do so without using borrowing, gimmicks, or one-time solutions, by trimming wasteful spending, making major cuts to programs, and extending tax rates due to expire this year.

This is also a year of great change for the Legislature. Firstly because it is the first time the majority party has had the power to pass the Budget Bill and legislation related to it without Republican votes, thanks to Proposition 25. Legislators also face substantial uncertainty in their upcoming elections, for two reasons. One is redistricting, which for the first time an independent citizens commission will execute; legislators therefore do not know the makeup of the districts they will live in for the 2012 election cycle. The other is that the 2012 primary cycle will be the first under the provisions of Proposition 14, which implemented a top-two system; under this scheme, the top two vote-getters in the primary will face off in the general election, regardless of party affiliation. How, or even whether, these changes will affect legislators' decisions is unknown.

The Governor released his proposed 2011-12 state budget on January 10, outlining a strategy to eliminate a combined $25.4 billion deficit: $8.2 billion in 2010-11 and $17.2 billion in 2011-12. In doing so, he proposed major changes to state and local programs, including eliminating local redevelopment agencies and realigning public safety, mental health, and human services to counties.

The Governor wanted the Legislature to implement the cuts sometime in March and call a special election to be held by June for voters to decide whether to extend the temporary taxes that otherwise expire this year. Pursuing this goal, the Legislature sped through their budget hearings and adopted parts of the budget in mid-March. However, the Governor was unable to close the deal with enough Republicans to put the measure before voters in June. His new strategy appears to be for the Legislature to extend the tax rates until November, at which time the electorate could decide whether to retain them or not. Of course, that plan also requires Republican votes. If the current tax rates are not extended, the result will be catastrophic cuts to every sector of government, including counties, schools, prisons, and universities.

Shortfall in 2010-11 Governor's Budget
(dollars in billions)

June 30, 2011, Reserve Projected as of 2010 Budget Act		$1.3
Workload Adjustments:		-26.7
Additional Federal Funds Assumed in 2010-11 Did Not Materialize	-3.6	
Erosions of Other Enacted Solutions in 2010-11	-1.7	
Revenue Decline in 2010-11	-3.1	
Proposition 22 impact in 2010-11 and 2011-12	-1.6	
Other Workload Adjustments	-2.1	
Sunset of Temporary Increases in Tax Rates and Other Revenue Changes in 2011-12	-7.2	
Federal Stimulus Funds Previously Approved by the Federal Government are Expiring	-4.0	
Other One-Time Value of Enacted Solutions in 2010-11	-3.4	
Rebuild Reserve		-1.0
Solutions Proposed		-26.4

Proposed Budget Solutions
(dollars in millions)

	2010-11	2011-12	Total	
Expenditure Reductions	$422	$12,075	$12,497	47%
Revenues	3,163	8,864	12,027	46%
Other	506	1,379	1,885	7%
Total	$4,091	$22,318	$26,409	

General Fund Revenue Sources
(dollars in millions)

	2010-11 at Budget Act	Revised 2010-11	Proposed 2011-12	Dollar Change	Percent Change
Personal Income Tax	$47,127	$47,784	$49,741	$1,957	4.1
Sales Tax	27,044	26,709	24,050	-2,659	-10.0%
Corporation Tax	10,897	11,509	10,966	-543	-4.7%
Motor Vehicle Fees	1,490	1,506	185	-1,321	-87.7%
Insurance Tax	2,072	1,838	1,974	136	7.4%
Estate Taxes	782	0	0	0	0.0%
Liquor Tax	331	318	326	8	2.5%
Tobacco Taxes	94	93	90	-3	-3.2%
Other	4,393	4,437	2,364	-2,073	-46.7%
Total	**$94,230**	**$94,194**	**$89,696**	**$(4,498)**	**-4.8%**

General Fund Expenditures by Agency
(dollars in millions)

	2010-11 at Budget Act	Revised 2010-11	Proposed 2011-12	Dollar Change	Percent Change
Legislative, Judicial, Executive	$3,149	$3,167	$2,507	$(600)	-20.8%
State and Consumer Services	598	586	597	11	1.9%
Business, Transportation & Housing	905	507	691	184	36.3%
Natural Resources	2,108	2,032	2,066	34	1.7%
Environmental Protection	77	75	63	-12	-16.0%
Health and Human Services	26,346	26,961	21,175	-5,786	-21.5%
Corrections and Rehabilitation	8,931	9,257	9,165	-92	-1.0%
K-12 Education	36,079	36,353	36,211	-142	-0.4%
Higher Education	11,490	11,651	9,814	-1,837	-15.8%
Labor and Workforce Development	58	42	414	372	885.7%
General Government:					
Non-Agency Departments	586	547	541	-6	-1.1%
Tax Relief/Local Government	534	977	1,003	26	2.7%
Statewide Expenditures	-4,309	54	367	313	579.6%
Total	**$86,552**	**$92,209**	**$84,614**	**$(7,595)**	**-8.2%**

Partial Solution

In mid-April, the Legislature passed a number of budget-related bills, including the Budget Bill itself. However, in a curious maneuver, they have not yet sent the Budget Bill itself to the Governor's office for his consideration. Not among those bills were the ones to eliminate redevelopment agencies and the constitutional amendment that would both extend the tax rates and provide counties the protections they need to support the Governor's realignment plan.

Categorizations of what a cut is differ, but the bills below cut between $5.4 and $8.2 billion of state spending. They raise about $336 in revenue, mainly through a tax shelter amnesty program. Altogether, the Governor says that the bills solve about $11.17 billion of the $26.6 billion shortfall. The unsigned bills would bring the total solutions to $14 billion.

The largest cuts were to Medi-Cal ($1.675 billion, some of which the federal government must approve), UC and CSU ($1.075 billion), using transportation weight fees to pay debt service ($1.039 billion), CalWORKs ($1.021 billion), and shifting local and state Proposition 10 funds to Medi-Cal ($1 billion). The bills also borrow and transfer money from various special funds, totaling nearly $2.5 billion.

Passed – Wednesday, March 16
AB 97 Health Care Services
AB 99 Proposition 10
AB 100 Proposition 63
AB 105 Transportation/Gas Tax Swap
SB 72 Human Services
SB 74 Developmental Disabilities Services
SB 80 General Government
SB 82 Cash Management

Passed – Thursday, March 17
AB 95 Resources
AB 109 Criminal Justice
AB 111 AB 900
SB 69 Budget Conference Report
SB 70 Education
SB 78 Judiciary
SB 84 Loans
SB 86 Tax Compliance

Agriculture and Natural Resources

Williamson Act. The Governor signed SB 80, the general government budget trailer bill, on March 24, 2011. This bill strikes from statute SB 863, the Williamson Act alternative funding mechanism, and cuts the $10 million subvention appropriation from last year.

During a hearing of the Budget and Fiscal Review Committee several weeks prior, Senator Wolk addressed the elimination of SB 863 in SB 80 and asked the Department of Finance (DOF) why the repeal was included in the trailer bill. DOF replied that they viewed the program language and the $10 million appropriation from last year as a package. Senator Wolk indicated that she felt that the policy could be de-coupled from the $10 million cut, and that the local funding option should be preserved to give counties the opportunity to continue the program in their communities. Senator Leno indicated that the issue could be revisited in during the spring. The bill was subsequently signed into law.

However, AB 1265, by Assembly Member Jim Nielsen, was later amended to include the SB 863 language. This bill is the vehicle to seek reinstatement of the Williamson Act alternative funding mechanism.

Fairs, Parks, and Water Plans. The Governor signed AB 95, the resources budget trailer bill, on March 24, 2011. This bill eliminates state support for the California Network of Fairs, including any General Fund support. It also repeals provisions related to fairs including reporting, auditing, and program management. The resources bill also provides criteria for the Department of Parks to determine which state parks it will close in order to implement the reduction to its budget. Parks targeted for closure will be based, in part, on visitation rates and historical significance.

AB 95 also includes implementation language for the State Water Board's fee increases to cover regulatory and programmatic costs for basin planning activities, the development of water quality control plans and state policies for water quality control.

Administration of Justice

The Governor enacted several justice-related trailer bills sent to him by the Legislature. Two of the bills — AB 109 and AB 111 — are related to his 2011 realignment proposal; SB 78 is the judiciary trailer bill. Below are summaries of the core components of each measure.

AB 109 – Public Safety Realignment

AB 109 contains provisions that enact a portion of the criminal justice realignment as contemplated in the Governor's proposed 2011-12 budget. In very broad terms, AB 109 outlines the low-level offender population for which counties would assume responsibility; defines post-release community supervision, which is effectively counties' newly defined role in supervision of adult parolees; and gives counties responsibility – and ability to contract back – for the juvenile offender population that previously was placed with the Division of Juvenile Justice (DJJ).

It is important to note that the terms of AB 109 specify that it becomes effective only after a community corrections grant program is established and an appropriation is made to support the program. The Governor's signing message reiterates that point and underscores the need for stable and constitutionally protected funding to support a shift in program responsibilities. Many details regarding future implementation will require extensive work among counties, our local public safety partners, and state agencies – the Department of Finance, California Department of Corrections and Rehabilitation, and Administrative Office of the Courts among them.

The key components of AB 109 are as follows:

- *Defines the Low Level Offender Population to be Shifted to the Local Level*
  - Changes the sentencing construct for low level offenders – those convicted of non-serious, non-violent, non-sex offenses – by having this class of offenders serve their time locally in county jails pursuant to newly added Penal Code §1170(h);
  - Amends and/or adds provisions related to alternative custody, involuntary home detention, and work furlough programs to provide local correctional administrators (sheriffs and correctional directors) more flexibility in dealing with the local offender population.

- *Requires the Local Community Corrections Partnership pursuant to SB 678 (Chapter No. 608, Statutes of 2009) to develop and recommend a 2011 realignment plan to the county board of supervisors*
  - Creates an executive committee of the local partnership to include: the chief probation officer, a chief of police, the sheriff, a county supervisor or county administrative officer, and the director of county social services that will develop and present the plan to maximize effective investment of the criminal justice resources.

- *Establishes the Post-Release Community Supervision Act of 2011*
  - Shifts low-level prison inmates – those convicted of non-violent, non-serious and non-sex offenses – released from state prison to the responsibility of counties (rather than state parole) and allows each county to determine what county department supervises this new population.
  - Vests local courts with the authority and responsibility to handle ***all*** parole revocations beginning July 1, 2011;
  - Requires that counties house parole violators sanctioned by the court to serve 30 days or less in detention; however, any state supervised parolee will return to state supervision upon serving time for their parole violation;
  - Limits the term of post release community supervision to three years; and,
  - Sets broad terms of post-release community supervision for state inmates discharging onto the program and allows the court and county to set more defined and individualized supervision terms once the offender is in the community.

- *Vests Full Responsibility of the Juvenile Justice Population with Counties*
  - Requires counties to keep all juvenile offenders locally, on a prospective basis;
  - Requires counties to enter into a Memorandum of Understanding with DJJ; and,
  - Allows counties to contract with DJJ for the housing juvenile offenders

AB 111 – Revisions to AB 900

AB 111 recasts certain aspects of AB 900, the Public Safety and Offender Rehabilitation Services Act of 2007, with a view toward accelerating investment in local jail construction projects. Specifically, it does all of the following:

- Moves $132.9 million in uncommitted jail construction dollars from Phase I to Phase II of AB 900;
- Eliminates funding preference tied to counties assisting the state in siting reentry facilities and mental health day treatment centers;
- Gives preference points to counties that commit the largest percentage of inmates to state custody relative to the total inmate population of CDCR in 2010; and,
- Eliminates certain milestones required before Phase II expenditures can be made (i.e., construction of at least 4,000 local jail beds and 2,000 reentry beds).

In the Governor's accompanying signing message, he expresses his intent to lower the required county match from 25 to 10 percent of overall project costs. In fact, the Legislature recently passed AB 94 (Assembly Committee on Budget), which would lower county match from 25 to 10 percent. It is widely expected that the Governor will sign this measure within the next few days.

SB 78 – Judiciary trailer bill

SB 78 contains the following elements of interest to counties:

- Recasts the court security "fee" to a court security "charge" and extends the authority for the $40 charge through July 1, 2013. The charge reverts to $30 thereafter;
- Conditions implementation of the Omnibus Conservatorship and Guardianship Reform Act of 2006 (AB 1363, Jones) on an appropriation;
- Creates the California Judicial Branch Contract Law for contracts entered into or amended by judicial branch entities on or after October 1, 2011;
- Enacts various provisions to judicial branch regarding procurement and contracting for trial court construction; and,
- Mandates reports on the status of the state Court Case Management System.

Budget Bill Cuts

As noted earlier, the Governor has not yet acted on the Budget Bill itself. However, that bill does contain two cuts of note in the justice area:

Judiciary. The Committee approved a $200 million reduction to the trial court funding, with the majority of the reduction applied to trial courts ($176.8 million) and the remainder ($23.2 million) to state operations. In taking this action, the Committee made clear that the reduction will be implemented in a way that is intended to avoid court closures and minimizes the impact on court operations

California Department of Corrections and Rehabilitation (CDCR). The CDCR budget was reduced by $636 million ($245 million cut to the receiver's office and $391 million to CDCR) to reflect state savings that will be realized if the low-level offender population is shifted to the local level, as per realignment.

Vehicle License Fee – Dedicated Funding for Local Public Safety

Local entities – primarily sheriffs, district attorneys, probation departments, and local police agencies – receive state subventions for a variety of local public safety programs and services. For about a decade, these programs were supported by the state General Fund. However, pursuant to a February 2009 revision of the 2009-10 budget, the source shifted: the Vehicle License Fee was temporarily increased, with a portion (0.15% of the VLF rate) dedicated to fund those same programs.

The 0.15% of the VLF is directed to the Local Safety and Protection Account (LSPA). Within the LSPA, specific programs receive a defined percentage of the VLF public safety increment, as detailed below.

Program	Percentage of LSPA	Statutory Reference
Citizens' Option for Public Safety (COPS)	21.30%	Government Code §30061
Juvenile Justice Crime Prevention Act (JJCPA) Grants	21.30%	GC §30061
Booking Fees (Local Detention Facility Revenue)	6.26%	GC §29553
Small and Rural County Sheriffs Grants	3.68%	GC §30070
Juvenile Probation Funding	30.19%	Welfare & Institutions Code §18220
Juvenile Camps and Ranches Funding	5.85%	WIC §18220.1
Cal EMA Local Assistance Programs (each program listed below receives a defined share of the 11.42%): ▪ California Multidisciplinary Methamphetamine Enforcement Teams (Cal-MMET) ▪ Multi-Agency Gang Enforcement Consortium ▪ CALGANG ▪ Evidentiary Medical Training Program ▪ Public Prosecutors and Public Defenders Legal Training ▪ Sexual Assault Felony Enforcement (SAFE) Teams ▪ Vertical Prosecution Block Grants ▪ High Technology Theft Apprehension and Prosecution Program ▪ Gang Violence Suppression Program ▪ Central Valley and Central Coast Rural Crime Prevention Programs	11.42%	Penal Code §13821
Total	100.00%	

Prior to the shift to the VLF funding source, the aggregate state General Fund support for these local programs was about $500 million annually. The first full year of program funding through the LSPA yielded just over $414 million; the state Department of Finance estimates $438 million for the public safety VLF increment in 2010-11. (Actual revenues through the third quarter of 2010-11 are just over $283 million.)

Absent legislative action that provides for an alternative funding source, if the temporary VLF increase dedicated to local public safety that statutorily expires on June 30, 2011 is not extended, state funding for all the programs listed in the table above will end.

Government Finance and Operations

GENERAL GOVERNMENT

SB 77/AB 101 (Not yet passed by Legislature) – Redevelopment agencies

The Legislature has not passed the trailer bill that would eliminate redevelopment agencies, SB 77/AB 101. The bill failed to achieve the required two-thirds vote in the Assembly.

The Governor's plan would prohibit existing redevelopment agencies (RDAs) from creating new contracts or obligations effective upon the enactment of emergency legislation. By July 1, existing agencies would be dissolved and successor local agencies set up to collect tax increment to retire existing RDA debts and contractual obligations. The Department of Finance estimates this cost at $2.2 billion in 2011-12, leaving about $3 billion in tax increment remaining. From this amount, the proposal shifts $1.1 billion to those agencies that would have otherwise received statutory pass-through payments. The remainder would be directed to offset state General Fund costs for Medi-Cal ($840 million) and to trial courts ($860 million); $210 million would be distributed to cities, counties, and special districts proportionate to their current property tax shares.

In 2012-13 and for the future, the Governor proposes that amounts remaining after the payment of pre-existing redevelopment debts and contractual obligations will be distributed proportionally to cities, counties, non-enterprise special districts, and K-14 schools. $50 million that would otherwise be distributed to enterprise special districts (those that are fee-supported, like water and waste disposal districts) will instead be directed to counties. The Department of Finance indicates that, in 2012-13, local agencies would realize an increase in annual local revenues (above the amounts anticipated to be received in pass-through payments) of approximately $1 billion for schools, $290 million for counties, $490 million for cities, and $100 million for non-enterprise special districts. Funds received by K-14 schools would not count toward the Proposition 98 guarantee.

Amounts in RDAs low- and moderate-income housing funds would be shifted to local housing authorities for use.

Successor agencies would continue the process of retiring RDA debt, which is expected to take at least 20 years. As RDA debt is retired, the property taxes formerly used for debt service payments will flow to local agencies as prescribed. Funds that flow to local agencies would be available for general purpose use.

The California Redevelopment Association has circulated among legislators a proposed alternative to the elimination. It would rely on voluntary contributions from redevelopment agencies, in return for which they would gain an extension of their time limits. Since the program would be voluntary, it is impossible to predict the proposal's effect on the state's General Fund or on counties' property taxes.

During Conference Committee discussions, several Democrats spoke of their regret at voting for the proposal, but also their frustration at being unable to reform the system sufficiently within the bounds of Proposition 22. They said they look forward to creating a new local economic development program over the course of the year. Republicans wanted to score the savings of $1.7 billion, but leave the issue open to either of a couple of compromises.

SB 69 (Remains unsigned by Governor) – Budget bill (Mandates and Libraries)

The Legislature voted to suspend election-related mandates, which require counties to provide mail ballots to all who request them, and to defer the $94 million payment owed to local agencies for pre-2004 mandates.

They rejected the Governor's proposal to suspend the reimbursable pieces of the Open Meeting/Brown Act mandate, which relate to agendizing public meetings. However, counties should note that language similar to the Governor's budget proposal also appeared in the Administration's draft constitutional amendment for realignment.

The Governor proposed eliminating $30.4 million of funding for local libraries, which represents the great majority of local library assistance from the state. The cuts were to eliminate General Fund support for the Public Library Foundation, the California Library Literacy and English Acquisition Services, and the California Library Services Act. The Legislature voted to restore half of that funding as follows:

- Public Library Foundation: $3 million.
- Service Act: $8.5 million.
- English Acquisition: $3.7 million.

SB 79/AB 103 (Not yet passed by Legislature) – Enterprise zones

The Legislature has not passed SB 79/AB 103, which would do two things: eliminate enterprise zones and require multi-state corporations to use the single sales factor formula to calculate taxes instead of giving them the option to do so.

SB 82 – State cash resources

The Governor signed SB 82, which allows the state to defer certain payments to local agencies and schools. It allows the state to defer social services payments to counties, not to exceed $1 billion, including CalWORKs assistance payments. Counties with population of less than 50,000 are exempt from the deferrals.

Employee Relations

SB 69 (Remains unsigned by Governor) – Budget bill (Unemployment Insurance Fund and veterans provisions)

The Governor has not yet signed the main budget bill, which includes the $362.3 million transfer from the Unemployment Compensation Disability Fund to the General Fund.

A $13.4 billion deficit in the Unemployment Insurance Fund (UI Fund) is expected by the end of 2011, due to an imbalance between annual employer contributions and benefit payouts. To continue paying benefits out of the UI Fund without interruption, the California Employee Development Department borrowed funds from the Federal Unemployment Account starting in January 2009. A $362.3 million interest payment on this loan is due in September 2011. The transfer of funds contained in SB 69 will cover this interest payment with the funds being repaid from the General Fund over the next four fiscal years.

Also included in the unsigned SB 69 is the $7.1 million in General Fund savings scored phasing in levels of care and delaying admissions at the Veterans Homes of California in Redding and Redding and Fresno. The Budget Conference Committee restored funding for County Veterans Services Offices and the Operation Welcome Home Program that had been cut in the Governor's budget proposal.

SB 80 – General government trailer bill (CalPERS and unemployment benefit provisions)

SB 80, signed by the Governor on April 1, will require the California Public Employees' Retirement System (CalPERS), beginning in 2012-13, to negotiate with health benefit plans to add a core health plan option to its existing portfolio of health plans and/or implement other measure to achieve ongoing savings in CalPERS' Health Benefit Program. CalPERS currently does not have specific information available regarding the core health plan or whether it will be offered to contracting agencies.

Also included in SB 80 is the adoption in statute of the federal option of a three-year look-back related to the determination of state eligibility for FED-ED extended unemployment benefits. In 2010, Congress adopted legislation allowing states to compare current unemployment rates to the rates for the corresponding period in the three preceding years (previously only two), which will enable California to remain eligible for FED-ED longer. If the three-year look back had not been adopted, California would not have been eligible, triggering a $1-2.6 billion in loss of benefits to unemployed Californians.

Health and Human Services

Of the $12.5 billion in spending reductions the Legislature approved, $6 billion are in health and human service programs.

AB 97 – Health trailer bill

AB 97 contains the major provisions related to the health budget.

Fund shifts from local Emergency Medical Services Funds – also known as “Maddy Funds” – were originally included in the budget, but were amended out. However, the Legislature indicated that they would continue to work on changes to Maddy funds to achieve $55 million in budget savings beginning in 2011-12. These funds are local funds and are intended to help hospitals, physicians and counties pay for some of the costs of providing emergency services to uninsured patients.

The main provisions of AB 97 include:

Medi-Cal

A 10 percent rate reduction to Medi-Cal providers. These reductions affect most Medi-Cal providers, including, but not limited to: physicians, optometrists, hearing aid dispensers, emergency and nonemergency medical transportation providers, home health providers, and pharmacies. The cut would save an estimated $9.5 million in the current year and $709 million in 2011-12.

A "soft cap" on the number of physician office and clinic visits for physician services provided by a physician, or under the direction of a physician, to seven visits per year. This cap does not apply to: pregnancy care, mental health care, children, and long-term care in a skilled nursing facility or ICF-DD. Physician and clinic visits exceeding seven per year must be certified by the physician attesting that the care met at least one of the following: 1) will prevent the need for emergency department care; 2) will prevent the need for inpatient hospital care; 3) will avoid disruption to ongoing medical therapy; or, 4) constitutes a diagnostic work-up in progress that would prevent the need for hospital care. This soft cap applies to both managed care and fee-for-service Medi-Cal. The cap would save $44.9 million General Fund in Medi-Cal.

Increased Co-Pays. The Budget raises co-pays for Medi-Cal recipients to save the state an estimated $557.2 million in 2011-12. The co-pays are as follows: $5 for a physician or clinic visit; $3 for generic drugs or $5 per prescription; $50 for emergency room visits and $100 per day in the hospital, with a maximum of $200 per admission; and $5 for each dental visit. The co-pay increase is estimated to save $557.2 million in 2011-12.

Provider Rate Cut. The Governor proposed and the Legislature approved a 10 percent cut to the payments the state provides to physicians, pharmacies, clinics, medical transport companies, home health providers, Adult Day Health Care (ADHC), certain hospitals, and nursing facilities for Medi-Cal services. They also reduce payments to long-term care facilities – including nursing homes – but this requires federal approval. These measures save about $10 million in the current year and $748 million in 2011-12.

Over-the-Counter Cough and Cold Products. Elimination of Medi-Cal coverage of over-the-counter cough and cold products for adults.

Hearing Aids. Maximum annual dollar cap of $1,510 on hearing aids for adult Medi-Cal beneficiaries.

Enteral Nutrition Products. Elimination of Medi-Cal coverage of over-the-counter enteral nutrition products that are consumed orally for adults. Medi-Cal would still cover these products for adults who must be tube-fed. This bill authorizes the Department of Health Care Services to provide exemptions for patients for whom these products prevent serious disability or death.

County Administration of Medi-Cal. Suspension of the cost-of-living adjustment for the 2011-12 budget year for counties for their administration of eligibility functions for the Medi-Cal Program.

Adult Day Health Care (ADHC). Elimination of Adult Day Health Care as a Medi-Cal optional benefit. This bill also establishes guidelines for the Department of Health Care Services to make funds included in the Budget Act available to assist with transitioning ADHC beneficiaries to other services and for more narrowly-defined services to be provided under a new program, Keeping Adults Free from Institutions. The elimination saves $176.6 million in 2011-12.

Healthy Families Program. Increase of family monthly premiums and increase mandatory co-payments on hospital services in the Healthy Families Program for a savings of $27.7 million.

SB 72 – Human services trailer bill

The major provisions of the human services trailer bill include the following:

Child Support. Suspends, for one year, the county share of child support funds that are recovered by the government in cases where the custodial family has received cash assistance. Those funds will instead be retained by the state. This change results in $24 million General Fund savings in the 2011-12 fiscal year.

CalWORKs

- Effective June 1, 2011 or 90 days after enactment of this legislation, whichever is later, reduces the number of months parents or caregiver relatives can receive aid from 60 to 48. Also makes related changes, including deletion of self-sufficiency reviews and revised time limit and sanction policies that would otherwise take effect on July 1, 2011 as enacted by AB 8 X4 (Chapter 8, Statutes of 2009-10 Fourth Extraordinary Session). This saves $158 million in 2011-12.

- Effective June 1, 2011 or 90 days after enactment of this legislation, whichever is later, reduces the Maximum Aid Payment in effect on July 1, 2009 by an additional eight percent, which saves approximately $300 million.

- Effective June 1, 2011 or 90 days after enactment of this legislation, whichever is later, further reduces, by five percent increments (for a maximum total reduction of 15 percent), grants for children in cases without an aided adult who have received assistance for more than 60, 72, and 84 months, respectively. This change is anticipated to result in $100 million ongoing, annual General Fund savings.

- Lowers funding for these purposes in the counties' single allocation by $427 million General Fund in the 2011-12 fiscal year. Correspondingly, extends and expands upon exemptions from welfare-to-work requirements for parents of very young children (i.e., one child up to the age of 35 months or two children under the age of six years). Also grants counties flexibility to redirect between and among specified funding for employment assistance, substance abuse treatment, or mental health services during that same year. In addition, the reduction from 60 months to 48 (see first bullet above) reduces the single allocation by an additional $110 million, most of which comes out of employment services.

- Suspends for one year the case management services and sanctions otherwise available under the CalLearn program for pregnant and parenting teenagers. These teenagers would instead be eligible for regular welfare-to-work services that are available in their counties.

- Amends the state's current policy of disregarding the first $225 of earned income and 50 percent of each dollar earned beyond $225 when calculating a family's monthly grant. Instead disregards the first $112 of earned income and then 50 percent of all other relevant earnings.

- Makes cost-neutral changes to expand the state's participation in an existing subsidized employment program and align the program more closely with operation of a related program that existed under the federal American Recovery and Reinvestment Act of 2009's (Public Law 111-5) Emergency Contingency Fund. As a result, the state would participate in half of the costs of the subsidized employment participant's wages, up to the amount that the state would instead have paid for the family's assistance grant.

In-Home Supportive Services (IHSS)

- Requires applicants for and recipients of IHSS to obtain certification from a licensed health care professional, as specified, declaring that the applicant or recipient is unable to perform one or more activities of daily living independently, and that without one or more IHSS services, the applicant or recipient is at risk of placement in out-of-home care. The state estimates a savings of $152 million General Fund in 2011-12.

- Requires the Department of Health Care Services to assess and determine whether it would be cost-efficient for the state to exercise the Community First Choice Option made available under section 1915(k) of the federal Social Security Act (42 U.S.C. Sec. 1396n(k)). This new state plan option becomes available October 1, 2011. States that take up the option receive a six percentage point increase in federal matching payments for costs associated with the covered home and community-based services programs. Adopted $121 million in savings due to expected approval.

- Suspends the mandate for local IHSS Advisory Committees, but also still provides $3,000 for each local committee. This means that IHSS Advisory Committees are optional, but no longer required by the state. This saves the state $1.4 million.

- Cuts $83.4 million General Fund from the program due to caseload savings in 2010-11 and 2011-12.

Medication Dispensing Pilot Project. Creates a Medication Dispensing Pilot Project. SB 72 requires DHCS to identify individuals who receive Medi-Cal benefits on a fee-for-service basis and who are at high risk of not taking their medications as prescribed. To the extent necessary, also requires the DHCS to procure automated medication dispensing machines to be installed in participants' homes and monitored as indicated. Further requires the DHCS to report on and evaluate the pilot project. Also allows the DHCS to terminate the pilot project under specified circumstances. These changes are anticipated to result in $140 million ongoing, annual General Fund savings.

If DOF determines that data reported regarding the pilot project does not demonstrate the ability to achieve annualized net savings of $140 million General Fund (after offsetting administrative costs), the Director shall notify the Legislature by April 10, 2012, and request the passage of legislation by July 1, 2012 that provides alternative options for achieving any additional savings needed to reach this target. If the pilot and any subsequent legislation requested by DOF are not anticipated to result in $140 million annualized General Fund savings, requires the Department of Social Services to implement an across-the-board reduction in IHSS services beginning October 1, 2012, with specified exceptions.

Supplemental Security Income/State Supplementary Payment (SSI/SSP). Reduces to the minimum amount required by federal maintenance of effort requirements, as specified, the State Supplementary Payment (SSP) portion of grants for individuals. As a result, the maximum combined Supplemental Security Income (SSI/SSP) grant for most individuals would be reduced from $845 to $830. The cut saves the state $14.7 million in 2010-11 and $177.3 million in 2011-12.

AB 99 – Changes to First Five (Proposition 10)

AB 99 contains the provisions to shift $1 billion in First 5 (Proposition 10) funds to the Medi-Cal program to support medical services for children 0-5 years of age. The bill specifies that, of this $1 billion, $50 million is to come from the state reserves and $950 million is to come from County First 5 Commissions.

Each county commission is to transfer 50 percent of its reserves to the state by no later than June 30, 2012. The bill exempts the small rural counties (those with less than $600,000 in annual Proposition 10 revenue). This bill also makes findings and declarations establishing the fact that this action does not in any way violate the existing Proposition 10 statute, particularly as it pertains to the non-supplantation requirement, in light of the state's fiscal emergency and inability to maintain funding for core medical services for young children at this time.

Several county First 5 Commissions have filed suit against the Brown Administration over the state's redirection of $1 billion in First 5 funds to Medi-Cal.

The county First 5 commissions in Los Angeles, Orange, Fresno, Madera, Marin, and Merced have joined in two lawsuits alleging that the state's one-time take of money from the local commissions is illegal. Riverside and Kern County First 5 Commissions are considering joining in the legal action as well.

The local First 5 commissions contend that Proposition 10, which voters approved and which levies a 50-cent tobacco tax to fund early childhood development programs, requires a vote of the people to modify. However, the state took a different route, instead enacting AB 99 by a two-thirds majority vote in both houses, insisting that using the funding for early childhood health care is in keeping with the intent of the proposition.

Local First 5 commissions point out that the proposition prohibits using the tobacco tax revenue to supplant state or local general funds or pay for existing levels of service. Both suits indicate that the state's taking of the funds is illegal and a violation of Proposition 10.

AB 100 – Changes to Mental Health Services Act (Proposition 63)

AB 100 contains the provisions to shift Mental Health Services Act (Proposition 63) funds to the state on a one-time basis in 2011-12. The measure shifts $862 million in Proposition 63 reserves to the state for support of the following mental health programs administered by the California Department of Mental Health:

- $183.6 million for the Mental Health Managed Care (MHMC) program, beginning July 1, 2011, based on a formula to be determined by the state in consultation with the California Mental Health Directors Association (CMHDA);
- $98.6 million for mental health services for special education students, as required by the "AB 3632 Program" (for 2011-12 costs), upon completion of the distribution of funds for MHMC; and,
- $579 million for the Early Periodic Screening Diagnosis & Treatment Program (to be allocated to counties on a quarterly basis, upon completion of the distribution of the first 50 percent of funding for county MHSA services).

Additionally, the measure reduces the State Administration cap on MHSA funds from 5 percent to 3.5 percent and makes numerous reductions in state staff, eliminates the review of County MHSA Plans by both the California Department of Mental Health and the Oversight & Accountability Commission, and makes other changes to the program to achieve savings at the state level.

AB 100 also specifies that MHSA funding for counties will be distributed as follows:

- 50 percent of the funding (up to $488 million) upon completion of the distribution of funds for AB 3632 Program services, beginning August 1, 2011; and,
- 50 percent on a monthly basis by April 30, 2012.

SB 70 – Education finance trailer bill (Child Care and Mental Health Services for Special Education Students (AB 3632) provisions)

This is the Legislature's K-12 budget trailer bill, which the Governor signed into law on March 24. It includes $76.6 million in funding for schools to pay for mental health-related services required by students' Individual Education Plan programs for 2010-11. This funding was included because the AB 3632 mandate on counties was suspended for the 2010-11 fiscal year.

Relating to child care, the following actions save $501 million:

- Income eligibility: Reduce income eligibility for subsidized child care from 75 percent of state median income to 70 percent, (Governor had proposed 60 percent) for a savings of $30.084 million.
- Age eligibility: De-prioritize 11- and 12-year olds, but prioritize them for before and after school programs. Includes exempted children who are in non-traditional hours of care and children who are disabled, at risk of abuse, or homeless. This action scores a total savings of $38.5 million.
- Subsidy reduction and co-pay: The compromise is a 10 percent increase in the family fee as opposed to the 35 percent co-pay proposed by the Governor, for savings of $12 million.

Across-the- Board Reduction: The budget includes a reduction of 15 percent across-the-board, excluding CalWORKs Stages 1 and 2, for savings of $267 million.

Reimbursement - License-exempt: The budget reduces reimbursement to license-exempt providers from 80 percent to 60 percent of the licensed provider rate for savings of $44.1 million.

Reimbursement: Approve a reduction of up to 10 percent for the Title 5 Standard Reimbursement Rate, based on final Prop 98 funding package for savings of $109 million.

Housing, Land Use, and Transportation

AB 105 – Transportation trailer bill

The Governor signed AB 105, the transportation budget trailer bill that does a number of important things for transportation and counties.

First, it validates the "gas tax swap" (swap) legislation initially passed by the Legislature in March 2010. Recall that the swap repealed the sales tax on gasoline (Prop 42 and spillover) and replaced it with a 17.3-cent increase in the gasoline excise tax (HUTA) and a 1.75 percent increase in the sales tax on diesel, which corresponded to the amount of revenue the sales tax on gasoline was generating at the time the legislation was passed. Further, the bill also requires an annual adjustment to ensure the new HUTA increases commensurate with what the sales tax on gas would have generated. This is important as the sales tax on gas is expected to grow, while the per gallon gas excise tax is projected to decline.

Due to the passage of Proposition 22 and Proposition 26 this validation is necessary to preserve the state General Fund savings agreed to under the swap, achieved by the transfer of truck weight fees from the State Highway Account to the General Fund, which are backfilled by a portion of the 17.3-cent excise tax revenues that otherwise would have gone directly to debt service. It also continues $1.5 billion in critical transportation funding for state highways, local streets and roads, and transit. Under the swap and the validation of the taxes contained in AB 105, counties remain whole into the future with respect to transportation funding.

AB 105 also included the two technical changes requested by CSAC. The first technical fix extends the use-it-or-lose-it period for expenditure of Prop 1B local streets and roads funds by one year due to previous HUTA deferrals. New use-it-or-lose-it deadlines are as follows:

- For allocations made in 2007-08, the use-it-or-lose-it is now June 30, 2012;
- For allocations made in 2008-09, the use-it-or-lose-it is now June 30, 2013;
- For allocations made in 2009-10, the use-it-or-lose-it is now June 30, 2014.

The second technical fix relates to ensuring that Proposition 42 provisions, such as maintenance of effort, use-it-or-lose-it, and limitations on project eligibility types, do not apply to the new HUTA funds under the swap. Therefore, all HUTA or gas tax monies will be treated equally.

Highway User Tax Account

The State did defer Highway User Tax Account (HUTA) subventions to counties from July through October 2010 per the FY 2010-11 adopted State Budget. Specifically, the FY 2010-11 State Budget authorized the State to defer up to $50 million from counties and cities for a 9-month period from July 2010 to March 2011. However, the passage of Proposition 22 in November 2010 prohibits such deferrals. Therefore, the State stopped HUTA deferrals after the November election and counties and cities were repaid deferred revenues on May 2, 2011. Again, Prop 22 prohibits HUTA deferrals and therefore we anticipate seeing uninterrupted payments into the future.

Proposition 1B Bond Sales

Proposition 1B Appropriations. The Governor's January FY 2011-12 budget proposal would appropriate Proposition 1B (Transportation Bond, 2006) funds from the following accounts:

- $631.2 million for corridor mobility.
- $972.3 million for trade corridors.
- $117 million for public transit modernization.
- $200 million for state-local partnership projects.
- $22 million for local bridge seismic safety.
- $391.9 million for State Route 99.

While none of the above listed bond funds are directly allocated to counties, these transportation projects have statewide benefit. However, the Administration recently announced that it would not pursue a spring bond sale due to the remaining structural budget deficit and that the likelihood of a fall bond sale remains unknown at this time.

2011 Fiscal Issues Facing California Counties

Federal Legislative Issues

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

Indian Fee to Trust Reform

In addressing the implications of the Supreme Court's decision in Carcieri v. Salazar, Congress must fix long-standing problems in the fee to trust process while defining the respective roles of Congress and the executive branch in trust land decisions. Specific legislative reforms must include the following:

- **Notice and Transparency** – As part of the trust application process, local governments should be given notice immediately when an application is filed and should receive a complete description of the proposed trust land and planned acquisition purposes (similar to the public information required for planning, zoning, and permitting on the local level). Legislation should remedy the serious problem that counties currently do not receive any notice of tribal requests for determinations of whether an acquisition is considered "Indian lands" and therefore eligible for casino gaming.
- **Consultation** – Provide sufficient opportunity for public comment and consultation. Under Part 151 fee to trust regulations, BIA does not provide notice to or invite comment from non-jurisdictional parties, even though they may experience major negative impacts. BIA only invites comments from the affected state and the local governments with legal jurisdiction over the land and only on the question of tax revenue loss and regulatory jurisdictional conflicts. As a result, trust acquisition requests are reviewed under a one-sided and incomplete record. Consultation should be encouraged to take place before an application is submitted and efforts should be made to include counties in the NEPA process as "cooperating agencies." Counties further should be provided an opportunity to comment on tribal requests for gaming determinations on whether proposed acquisitions qualify as "Indian lands."
- **Enforceable Intergovernmental Agreements** – Legislation must ensure that off-reservation significant adverse impacts of a project are sufficiently addressed through Intergovernmental Agreements between tribes and local governments to provide for the mitigation of environmental and economic impacts from the transfer of land into trust. It should be noted that such an approach is required and working well under recent California State gaming compacts.

Reauthorization of SAFETEA-LU

Streamline the regulatory and project delivery processes, increase safety on existing transportation system, and protect previous and future investments via system maintenance and preservation. Specific requests include the following:

- Designate California as a permanent participant in the Surface Transportation Project Delivery Pilot Program.
- Support approval of CEQA-NEPA reciprocity pilot program, which would build upon California's successful implementation of the aforementioned Surface Transportation Project Delivery Pilot Program and would allow for even greater project streamlining and enhanced efficiency.
- Support streamlining of federal regulations/requirements to facilitate more expeditious project delivery. Mandate federal permitting agencies to meet the prescribed scheduled and deadlines that are specified in the environmental review process, reduce overhead, eliminate waste, and reduce documentation that is redundant with processes required under state law.
- Increase funding for safety infrastructure projects, with an emphasis on programs aimed at reducing fatalities, especially on the rural road system where fatality rates are the highest. Specifically, support and increase funding for the High Risk Rural Roads (HRRR) Program.
- Provide increased funding for adequate maintenance and preservation of the existing local and state transportation systems, including funding for the Highway Bridge Program.

Reauthorization of the Secure Rural Schools Act

- Approve a long-term reauthorization of the Secure Rural Schools and Community Self-Determination Act (SRS).
- As the national economy continues to struggle, it is more critical than ever that Congress approve a long-term SRS reauthorization, as the first individuals to feel the effects of a sagging economy live in rural America.

Army Corps of Engineers Levee Vegetation Removal Policy

Support a delay in the implementation of U.S. Army Corps of Engineers policy on levee vegetation management. Seek modifications to the policy that:

- Considers regional variation across the nation.
- Includes a variance and exemption provision where appropriate.
- Conforms to other federal and state laws.
- Includes local government in a transparent and collaborative process.

Clean Water Act — Section 404 Permitting

- Amend Section 404 of the Clean Water Act (CWA) to provide a maintenance exemption for removal of sediment, debris and vegetation from flood control and drainage facilities. In addition, amend the Act to extend the general permit term from five to 10 years.

State Criminal Alien Assistance Program

- Fund the State Criminal Alien Assistance Program at $950 million in fiscal year 2012.
- Seek approval of legislation that would allow jurisdictions to be reimbursed for the costs associated with the incarceration of undocumented immigrants that are convicted and accused of certain crimes.
- Protect and increase funding for the Southwest Border Prosecution Initiative.

Federal Renewable Energy Policy

- Seek legislative and regulatory solutions to provide for the continuation of the Property Assessed Clean Energy (PACE) program, which allows local governments to invest in projects that reduce energy consumption and greenhouse gas (GHG) emissions.
- Provide incentives that encourage the development and use of renewable energy sources such as wind, solar, biomass, hydropower, and post-recycled municipal solid waste. Additionally, support legislation that would allow the widest possible range of renewable energy sources to qualify as resources to help California and the nation meet renewable energy goals.
- Provide adequate funding for the Energy Efficiency and Conservation Block Grant (EECBG) to assist local governments in implementing energy efficiency and conservation strategies.
- Provide financial incentives to States that adopt GHG emissions reductions targets and programs. In addition, provide funding to mitigate GHG emissions impacts.
- Provide financial support for regional and countywide planning processes – such as California's Regional Blueprint Planning Program – that integrate transportation and land use to reduce projected vehicle miles traveled, promote jobs/housing proximity, and transit-oriented development.
- Provide assistance for data collection and quantifying GHG emission sources and levels, vehicle miles traveled, and other data to assist local governments and regional agencies in addressing climate change in environmental documents for long-range transportation plans.
- Oppose legislation that allows federal standards to supersede California's ability to adopt stricter vehicle standards.

Temporary Assistance for Needy Families Program

- Reauthorize the Temporary Assistance for Needy Families (TANF) program to restore and enhance state and county flexibility to tailor work and support services that move families into self-sufficiency based on their unique needs.
- Support provisions maintaining the overall work focus of the TANF program and provide a permanent authorization and appropriation of funding for TANF subsidized employment programs. The reauthorization bill should measure states' performance in a fair and comprehensive manner that recognizes multiple potential positive outcomes for families.

Indian Fee to Trust Reform

County Position

In considering the implications of the Supreme Court's decision in Carcieri v. Salazar, Congress should take advantage of this important opportunity to address critical problems in the fee to trust process rather than compounding them by advancing a "quick fix." In doing so, the respective roles of Congress and the executive branch in trust land decisions must be better defined, clear and specific congressional trust acquisition standards established, and a more transparent process put into place. Specific legislative reforms must include the following:

- Notice and Transparency – As part of the trust application process, local governments should be given notice immediately when an application is filed (even if incomplete), and should receive a complete description of the proposed trust land and planned acquisition purposes. This level of disclosure is not unlike the public information required for planning, zoning, and permitting on the local level. A copy of the trust application should be made readily available. Legislation should remedy the serious problem that counties currently do not receive any notice of tribal requests for determinations of whether an acquisition is considered "Indian lands" and therefore eligible for casino gaming.
- Consultation – Provide sufficient opportunity for public comment and consultation. Under the Part 151 fee to trust regulations, BIA does not provide notice to or invite comment from non-jurisdictional parties, even though nearby governments and private parties may experience major negative impacts. BIA only invites comments from the affected state and the local governments with legal jurisdiction over the land and, from those parties, only on the narrow question of tax revenue loss and regulatory jurisdictional conflicts. As a result, trust acquisition requests are reviewed under a very one-sided and incomplete record that does not provide real consultation or an adequate representation of the consequences of the decision. Consultation should be encouraged to take place before an application is submitted and efforts should be made to include counties in the NEPA process as "cooperating agencies." Counties further should be provided an opportunity to comment on tribal requests for gaming determinations on whether proposed acquisitions qualify as "Indian lands."
- Enforceable Intergovernmental Agreements – Legislation must ensure that off-reservation significant adverse impacts of a project are sufficiently addressed through Intergovernmental Agreements between tribes and local governments to provide for the mitigation of environmental and economic impacts from the transfer of land into trust. It should be noted that such an approach is required and working well under recent California State gaming compacts.

Background

On February 24, 2009, the U.S. Supreme Court issued its landmark decision on Indian trust lands in Carcieri v. Salazar. The decision held that the Secretary of the Interior lacks authority to take land into trust on behalf of Indian tribes that were not under the jurisdiction of the federal government upon enactment of the Indian Reorganization Act (IRA) in 1934.

In the wake of this significant court decision, several members of the 111th Congress introduced legislation (S 1703/HR 3742/HR 3697) that would have reversed the Supreme Court's ruling by providing the Secretary of Interior with authority to take land into trust for all tribes. Unfortunately, the legislation did not include any trust land reform provisions.

With regard to the new 112th Congress, to date, Carcieri-related legislation has not been introduced in either the House or the Senate. It is expected that the House Committee on Natural Resources and the Senate Indian Affairs Committee will hold Carcieri hearings, as was done in the previous Congress.

Reauthorization of SAFETEA-LU

County Position

Support a more streamlined and flexible approach to allocating federal transportation funds. Federal law should provide state, regional, and local agencies with the authority to spend federal funds for a wide range of highway, transit, local road, and bicycle/pedestrian improvements based on need. More specific actions include the following:

Streamline the Regulatory and Project Delivery Processes

- Designate California as a permanent participant in the Surface Transportation Project Delivery Pilot Program.
- Support approval of CEQA-NEPA reciprocity pilot program, which would build upon California's successful implementation of the aforementioned pilot program and would allow for even greater project streamlining and enhanced efficiency.
- Support streamlining of federal regulations/requirements to facilitate more expeditious project delivery. Mandate federal permitting agencies to meet the prescribed scheduled and deadlines that are specified in the environmental review process, reduce overhead, eliminate waste, and reduce documentation that is redundant with processes required under state law.
- Ensure that federal project oversight is commensurate to the amount of federal funding.

Increase Safety on Existing Transportation System

- Increase funding for safety infrastructure projects, with an emphasis on programs aimed at reducing fatalities, especially on the rural road system where fatality rates are the highest. Specifically, support and increase funding for the High Risk Rural Roads (HRRR) Program.

Protect Previous and Future Investments via System Maintenance and Preservation

- Provide increased funding for adequate maintenance and preservation of the existing local and state transportation systems, including funding for the Highway Bridge Program.

Protect and Enhance Transportation Revenues and Expenditures

- Enhance revenues, keep the Highway Trust Fund solvent, and find a long-term solution for a stable funding source. This includes support for an increase and/or index of the federal gas tax.

Improve Environmental Stewardship and Address Climate Change Concerns

- Provide incentives in current programs and/or provide new funding sources for climate change neutral or friendly transportation projects and programs, including local street and road maintenance and preservation programs.
- Provide financial incentives for rural sustainability.
- Provide financial support for regional and local planning processes, such as California's Regional Blueprint Planning Program.
- Provide assistance for data collection and determining and quantifying greenhouse gas emission sources/levels and vehicle miles traveled in order to assist local and regional agencies in efforts aimed at addressing climate change.
- Provide funding for retrofitting equipment and for alternate fuel infrastructure.

Increase State, Regional, and Local Agency Flexibility to Respond to Needs

- Maximize the use and flexibility of federal funds by not requiring minimum federal matches.
- Eliminate the need to program multiple phases for small projects.
- Eliminate need for TIP programming for air quality neutral projects.

Reauthorization of the Secure Rural Schools Act

County Position
Approve a long-term reauthorization of the Secure Rural Schools and Community Self-Determination Act.

Background
In 1908, Congress passed legislation that created a funding mechanism to offset the effects of removing National Forest System lands from economic development. The Act specified that 25 percent of all revenues generated from the multiple-use management of the National Forests be shared with counties to support public roads and schools.

The initial revenue sharing mechanism worked well from 1908 to about 1986. After 1986, however, the multiple-use management of the National Forests sharply dropped, followed by a commensurate drop in revenues. Largely as a result of county and school officials banding together, Congress approved in 2000 the SRS. The law stabilized the share of forest receipts for counties by allowing jurisdictions to collect 25 percent of the current year's receipts or the average of the highest three years since 1986, whichever is greater. Counties spend SRS funds for a variety of projects, including forest-related education and road maintenance and rehabilitation.

On October 3, 2008, a continuation of the SRS program was signed into law (PL 110-343) that maintains county payments through 2011. Approval of the extension ensured that forest counties and schools could avert a major budgetary crisis that would have resulted in massive cuts to education programs and huge reductions in various county services.

With the onset of 2011, more than 600 rural counties and 4,400 school districts nationwide are again facing a major budgetary emergency due to the absence of an SRS renewal. Counties in California – which received over $49 million in 2010 SRS funding – rely on the program to maintain local roads and other public infrastructure, operate search and rescue missions, and provide many other essential local services. If Congress does not act to reauthorize the SRS program, counties will begin the process of laying off employees, cancelling contracts, and reducing services.

Finally, as the national economy continues to struggle, it is more critical that Congress approve a long-term reauthorization of the SRS. The first individuals to feel the effects of a sagging economy live in rural America, where communities are ill-equipped to adapt to a weak U.S. dollar and local governments do not have ample budgetary reserves to respond to a recession. Moreover, rural communities that are heavily dependent upon timber sales are especially at risk given the fact that timber harvests on federal lands have declined as a result of the dramatic slowdown in the housing market.

Army Corps of Engineers Levee Vegetation Removal Policy

County Position

Support a delay in the implementation of U.S. Army Corps of Engineers (Corps) policy on levee vegetation management. In addition, seek modifications to the policy that: (1) considers regional variation across the nation; (2) includes a variance and exemption provision where appropriate; (3) conforms to other federal and state laws; and, (4) includes local government in a transparent and collaborative process.

Background

The Corps has constructed thousands of miles of levees throughout the United States to help reduce the threat of flooding. In many communities, the local sponsors of these levees are flood control agencies. The Corps began reassessing its levee maintenance policies following extensive flooding in New Orleans from Hurricane Katrina, and, shortly thereafter, started to enforce its vegetation policy more rigorously. In essence, the policy requires all vegetation to be removed from levees in order to allow for easier inspections and to reduce any potential weakening of levees from root growth.

In February 2010, the Corps issued a draft variance procedure regarding trees, brush and other vegetation growing on levees to add some flexibility to the policy. Unfortunately, this draft procedure does not address regional differences in climate, hydrology, and geology throughout the nation and has proven to be unworkable.

It should be noted that the Corps policy is in direct conflict with some federal and/or state regulations that require trees and other plants to provide habitat for endangered or threatened species. Additionally, the California Department of Water Resources (DWR) has not seen evidence that well-managed vegetation that allows access for inspection and flood fighting poses significant risk to levee safety. In fact, in a preliminary review of levee performance records, DWR has found that of 329 documented levee failures in the Central Valley, none could be attributed to levee vegetation. Furthermore, out of 5,089 documented levee performance incidents (that did not result in failure), only eight incidents could be associated with vegetation management issues. DWR expects to complete its engineering evaluation of 2,100 miles of levees comprising the Central Valley Flood Control System in December of 2012.

If the Corps vegetation policy is not modified, it will drastically change the scope of the original flood protection project authorized by Congress for most projects maintained by local agencies (3,000 miles of river and creek levees in California are impacted by this policy). If implemented, the policy would force local agencies to strip the valuable ecosystem habitat from levees, as well as force projects to be redesigned at higher costs to taxpayers. DWR estimates that the minimum cost of implementing the vegetation policy is approximately $7 billion. CSAC and other stakeholders strongly believe that it would be fiscally and environmentally irresponsible to expend such an enormous amount of public funds to remove vegetation features absent a commensurate, demonstrable increase in public safety.

Clean Water Act — Section 404 Permitting

County Position

Amend Section 404 of the Clean Water Act (CWA) to provide a maintenance exemption for removal of sediment, debris and vegetation from flood control and drainage facilities. In addition, amend the Act to extend the general permit term from five to 10 years.

Background

The CWA and subsequent amendments have had a positive impact on the health of many of the nation's rivers and streams. One of the unintended consequences of the Act, however, is its impact on the maintenance of flood protection and drainage facilities.

The CWA, first authorized in 1972 and amended in 1977 and 1987, governs the discharge of "dredge or fill material" into waters of the United States and exempts certain activities from requiring permits, including activities performed "for the purpose of maintenance of currently serviceable structures." Counties and other local entities are required to obtain Section 404 permits from the U.S Army Corps of Engineers (Corps) to perform maintenance removal of sediment, debris, and overgrown vegetation from flood protection facilities.

Section 404(f)(1)(B) of the CWA defines non-prohibited discharge of dredge or fill material as… "discharge of dredge or fill material for purposes of maintenance including reconstruction…," leading to the conclusion that Congress intended for maintenance activities of currently serviceable flood protection facilities to be exempt from 404 permit requirements.

However, the Corps has interpreted that the maintenance exemption of Section 404 does not apply to routine maintenance removal of accumulated sediment, debris, and overgrown vegetation from flood protection facilities and drainage ditches. This narrow interpretation that some Corps' districts have adopted increases their workload, causing a significant backlog in permit processing that is thwarting local agencies' efforts to perform their maintenance in a timely and responsive manner.

Failure to perform essential maintenance activities results in undue liability for flood damages on local flood protection agencies. Further, the processing time – normally one to three years – and compensatory mitigation required to obtain Section 404 permits, have become an impediment for local entities to provide critical flood protection. It should be noted that this proposal is not applicable when endangered specie is present in the directly affected maintenance area.

State Criminal Alien Assistance Program

County Position

Fund the State Criminal Alien Assistance Program (SCAAP) at $950 million in fiscal year 2012. In addition, seek approval of legislation that would allow jurisdictions to be reimbursed for the costs associated with the incarceration of undocumented immigrants that are convicted and accused of certain crimes. Finally, protect and increase funding for the Southwest Border Prosecution Initiative.

Background

The SCAAP program, first authorized by the Immigration and Nationality Act of 1990 and amended by the 1994 Crime Act, partially reimburses states and localities for the costs of incarcerating undocumented criminals. Specifically, the program provides federal assistance to states and local agencies to do the following: (1) offset the costs incurred for the imprisonment of undocumented criminals who are convicted of felony offenses or two or more misdemeanors; (2) better identify undocumented individuals; and (3) expedite the process of transferring undocumented criminals from state and local correctional facilities to federal custody in preparation for deportation.

In fiscal year 2010, the State of California received over $88 million in SCAAP funding, with the state's counties receiving nearly $41 million. This combined $129 million represents roughly 40 percent of the funds allocated nationwide.

Although California receives a significant portion of overall SCAAP dollars, the program remains greatly underfunded by Congress. By way of illustration, the State of California and its counties are estimated to spend over $1 billion annually to incarcerate undocumented criminals while the total nationwide appropriation for SCAAP is only $330 million.

On a related matter, legislation was introduced in the 111th Congress (HR 1314/S 168) that would have the effect of boosting SCAAP awards to California's counties, which are responsible for housing pre-trial offenders. Specifically, the bills would modify the SCAAP program so that jurisdictions receive reimbursement for the costs associated with housing undocumented individuals regardless of when or if the individual is convicted. The legislation may be reintroduced in the 112th Congress.

Finally, the authorization for SCAAP expired at the end of fiscal year 2011. Accordingly, it is expected that legislation will be introduced to provide for a multi-year reauthorization of the program.

Federal Renewable Energy Policy

County Position

- Seek legislative and regulatory solutions to provide for the continuation of the Property Assessed Clean Energy (PACE) program, which allows local governments to invest in projects that reduce energy consumption and greenhouse gas (GHG) emissions.
- Provide incentives that encourage the development and use of renewable energy sources such as wind, solar, biomass, hydropower, and post-recycled municipal solid waste. Additionally, support legislation that would allow the widest possible range of renewable energy sources to qualify as resources to help California and the nation meet renewable energy goals.
- Provide adequate funding for the Energy Efficiency and Conservation Block Grant (EECBG) to assist local governments in implementing energy efficiency and conservation strategies.
- Provide financial incentives to States that adopt GHG emissions reductions targets and programs. In addition, provide funding to mitigate GHG emissions impacts.
- Provide financial support for regional and countywide planning processes – such as California's Regional Blueprint Planning Program – that integrate transportation and land use to reduce projected vehicle miles traveled, promote jobs/housing proximity, and transit-oriented development.
- Provide assistance for data collection and quantifying GHG emission sources and levels, vehicle miles traveled, and other data to assist local governments and regional agencies in addressing climate change in environmental documents for long-range transportation plans.
- Oppose legislation that allows federal standards to supersede California's ability to adopt stricter vehicle standards.

Background

In the 111th Congress, lawmakers debated a range of energy and climate bills aimed at enhancing America's energy independence. In the House, lawmakers approved comprehensive global warming legislation (HR 2454) designed to cap the emissions of GHGs at 17 percent below current levels by 2020 via an emissions allowance trading program; the bill also would have required utilities to produce 20 percent of the nation's electricity from renewable energy sources by 2020. Across Capitol Hill, there were a number of cap-and-trade bills introduced in the Senate, as well as several variations of renewable energy legislation. The leading renewable energy bill, S 1462, would have required electric utilities to meet 15 percent of their electricity sales through renewable sources of energy by 2021.

In the new 112th Congress, it is expected that there will be less emphasis placed on passage of a cap-and-trade bill, with a renewed push to approve a nationwide renewable energy standard. For his part, President Obama has proposed deriving 80 percent of U.S. power from clean sources, including emission-free nuclear power, clean coal and natural gas, as well as wind and solar energy, by 2035.

At the state level, the California Legislature in 2006 approved the landmark Global Warming Solutions Act (AB 32), the first-of-its-kind law requiring the State of California to reduce GHG emissions to 1990 levels no later than 2020. Under the act, the California Air Resources Board is granted broad authority to reduce pollution via regulations, market mechanisms, and other actions.

In order to establish a framework to achieve the global warming goals of AB 32, the Legislature passed in 2008 legislation (SB 375) that provides incentives for local governments and developers to follow new conscientiously-planned growth patterns through improved land use and transportation planning.

Temporary Assistance for Needy Families Reauthorization

County Position

Reauthorize the Temporary Assistance for Needy Families (TANF) program to restore and enhance state and county flexibility to tailor work and support services that move families into self-sufficiency based on their unique needs. CSAC supports provisions maintaining the overall work focus of the program, while recognizing that “work first” does not mean “work only.” CSAC supports a permanent authorization and appropriation of funding for TANF subsidized employment programs. The reauthorization bill also should measure states’ performance in a fair and comprehensive manner that recognizes multiple potential positive outcomes for families.

Background

Congress approved a one-year TANF extension in 2010 and included some modifications to the program’s reporting requirements that are due to the U.S. Department of Health and Human Services (HHS) and Congress late this summer. Those reports are intended to provide a more comprehensive compilation of the different levels of participation in work activities and receipt of other non-cash assistance supports. Those reports from HHS are intended to assist Congress as it crafts changes to TANF during the reauthorization process.

For its part, the Obama administration did not recommend any specific policy proposals for TANF reauthorization as part of its fiscal year 2012 budget request. Instead, the administration highlighted three areas in which it wants to work closely with members of Congress in the development of a new TANF bill. The areas the administration wants to address are:

- Developing a variety of strategies to strengthen the TANF program’s capacity to improve outcomes for families and children, including helping more parents succeed by building on recent successes with subsidized employment.
- Using performance indicators to drive program improvement; and,
- Preparing the TANF program to respond more effectively in the event of a future economic downturn.

To date, the House Ways and Means Subcommittee on Human Resources has not scheduled any reauthorization hearings. A mark up of legislation may not occur until fall, which is the time that HHS is expected to complete the reports to Congress mentioned above.

2011 Fiscal Issues Facing California Counties

2011 Realignment

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

Realignment

One of the chief components of the Governor's proposed budget, and certainly the most important to counties is a "vast and historic" realignment of programs from the state to counties. Most of the programs fall under an expansive definition of public safety, and they orbit around shifting responsibility for the supervision and rehabilitation of low-level felons to counties. The Governor proposed to fund realigned programs for the first five years with an extension of the soon-to-expire sales tax and vehicle license fees rates. The tax extensions and protections for counties were included in a constitutional amendment that voters were to decide in June, before the beginning of the fiscal year.

The plan ran into trouble, as many Republicans refused to place the choice before voters. The few that seemed willing to do so requested major concessions in return, mainly related to pension reform, regulatory reform, and a stricter state spending cap. The Governor and these Republicans were unable to reach a deal in time to put the measure on a June special election ballot.

Realignment is a major aspect of solving the state's ongoing budget dilemma, as it reduces the load on the General Fund by almost $6 billion. If the plan should fail, the alternative seems to be something close to an all-cuts budget. An all-cuts budget would almost certainly be catastrophic for counties, schools, and all other recipients of state funds.

The Governor proposed a second phase of realignment to be negotiated and implemented in the future, relating to health programs , but the proposal lacks detail and focus continues to be on working on the details for Phase 1 realignment.

Below are summaries of the realignment plan's programs and revenues, the protections counties negotiated with the Governor, the inclusive process the Association used to analyze and amend the proposal, and the highly cooperative relationship this Administration has taken care to build with counties. These summaries are based on the most recent version of the proposal.

Realignment Programs

The plan would realign public safety programs to counties, using the broadest possible definition of "public safety." This would allow, and in fact require, extraordinary flexibility and creativity in carrying out responsibilities currently the state's. Doing so would allow the state to reduce its bureaucracy substantially. Shifting offenders to local supervision would also remove them from the purview of the federal receiver reforming the state prisons' health care system.

Counties would become responsible for newly sentenced lower-level felons, parole violators, adult parolees, juveniles offenders not yet realigned, and court security. Other realigned programs include substance use disorder treatment programs, mental health services, foster care, child welfare services, and adult protective services. The state would also shift the funding source for some programs to the new Local Revenue Fund 2011, including a number of local public safety programs, some reimbursable state mandates, and the mental health programs currently funded by the 1991 realignment. The money used to fund those mental health programs would instead by used to fund a portion of CalWORKs grants.

By including both public safety, health, and human service programs in the realignment proposal, the Administration is hoping to encourage creative models of integrated services for the realigned populations and those already in counties' other programs, including those at high risk of becoming future offenders.

Likewise, the Governor would allow counties to devise new ways of supervising and rehabilitating the offenders. Minor parole violations would no longer require a return incarceration. Counties could fulfill custody requirements by, instead of jailing offenders for their full term, providing substance abuse treatment, mental health treatment, or job training, or counties could monitor offenders electronically.

Counties would have full authority over the realigned programs to the extent permitted by federal law, and would have the challenge of operating them successfully within the bounds of the revenue provided, as outlined below. The precise mix of realigned programs would be determined by bills passed this year. New requirements imposed by the state would have to be funded before they were implemented.

Realignment Revenues

Primarily, the proposed constitutional amendment guarantees and dedicates funds generated from a specific revenue source (1% of the sales and use tax rate and 0.5% of the Vehicle License Fee rate for the first five years) to counties to fund realigned programs.

After the taxes expire (2016-17 and after), the State must provide revenues to fund realigned programs. Those funds must be equal to or greater than the amount of revenue that the 1% sales and use tax rate and 0.5% Vehicle License Fee rate would have generated for as long as the realigned programs remain counties' responsibility.

If the State fails to annually appropriate the funds, the Constitution would direct the State Controller to transfer funds from the General Fund to the Local Revenue Fund 2011 in an amount equal to or greater than the amount that would have been generated by the 1% sales and use tax rate and 0.5% of the Vehicle License Fee rate. This payment would be a priority only below school funding and general obligation bond debt, ensuring sufficient revenue capacity to meet the obligation.

Realignment Protections

The constitutional protections counties require were informed by their experience with the 1991 realignment of health and human service programs. That realignment did not include constitutional protections.

The main protection is of the revenue, the ironclad transfer of the tax revenue for the first five years and the continuous appropriation from the state thereafter. The state would have to provide funding for any state legislation, executive orders, or other actions enacted after October 9, 2011 that has the overall effect of increasing costs for the realigned programs.

The state would be required to provide at least half of the increased costs caused by changes in federal laws and regulations related to social services, mental health, and substance use disorder programs, as well as for judicial settlements or judicial orders that impose penalties or increase counties' costs.

Realignment Process

CSAC convened a large, inclusive group of county officials and employees, and representatives from all county-affiliated associations related to the realignment programs. This group met in person or by conference call at least weekly throughout the analysis and negotiation process. Subordinate to this large group were several technical working groups, each focusing on a different aspect of the realignment plan and also inclusive of many county representatives. Many of these technical working groups also convened weekly as they rigorously vetted the proposal within an extremely compressed timeline. Throughout the process, CSAC acted as liaison between counties, county-affiliated groups, and the Administration.

At the end of the process the CSAC's Board of Directors voted 45-4 to support the constitutional amendment.

Realignment Relationships

Notably, the Governor came to CSAC's offices on his first full day in office to discuss realignment with the association's officers. This meeting signaled not only the Governor's commitment to realigning programs, but also to working collaboratively with counties. It was the first of several in-person meetings between Governor Brown and CSAC leaders, at which he repeatedly confirmed his commitments and collaboration.

Realignment Implementation
Even without the Legislature approving the Governor's realignment proposal, planning continues. One possibility is that the Legislature will temporarily increase taxes by their own authority, and place the taxes and constitutional amendment on a November statewide ballot (many counties run elections in November in odd years for local jurisdictions). If this in fact occurs, implementing legislation will need to be ready or even already passed to implement the realignment plan.

Implementation will require resolution of many complicated issues. Among the more critical: statewideness requirements for federal assistance programs, precise drafting of program requirements and allowable flexibility, allocation of funds between program categories, and allocation of funds among counties. These are in addition to many dozens of details specific to one program or another. These discussions, like those for the protections, will need to be carried out in a very short period of time and with input from many relevant county stakeholders.

However, if the Governor, counties, the Legislature, and voters are all able to agree on a plan, it will be the defining policy change of this generation for both counties and the state, and could lead to significantly improved communities for Californians.

2011 Fiscal Issues Facing California Counties

Federal Section 1115 Medicaid Waiver: Bridge to Reform Demonstration

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

California's Section 1115 Medicaid Waiver: Bridge to Reform Demonstration

California and the federal government concluded their negotiations on California's five-year, Medicaid Section 1115 waiver on November 2. The new waiver – effective from November 1, 2010 to October 31, 2015 – is titled, "California Bridge to Reform Demonstration."

California could receive approximately $10 billion in federal funds over five years. These federal funds will be invested in California's health care delivery system to prepare for national health care reform and to sustain the Medi-Cal program. The waiver offers California the opportunity to expand coverage to childless adults, promote public hospital delivery system improvements, preserve the safety net, and improve care coordination.

Timeline

The Bridge to Reform Waiver is considered an extension of the 2005 Medicaid Hospital Financing Waiver. As such, each year of the waiver is identified as follows:

	Start Date	End Date
Demonstration Year 6	November 1, 2010	June 30, 2011
Demonstration Year 7	July 1, 2011	June 30, 2012
Demonstration Year 8	July 1, 2012	June 30, 2013
Demonstration Year 9	July 1, 2013	June 30, 2014
Demonstration Year 10	July 1, 2014	October 31, 2015

Key Elements

The waiver includes the following key elements:

- **Coverage Expansion.** The waiver builds on the existing Coverage Initiatives and expands them to all counties that wish to participate, with new standards and requirements for each program. While the terms and conditions (the legal document governing the waiver) uses different names for coverage of adults with incomes between 0-133% and 134-200% of the Federal Poverty Level (FPL), it appears the state will be using the term Low-Income Health Program (LIHP) to describe the projects going forward. As part of the LIHP projects counties may enroll persons in state prisons and county jails for inpatient hospital services. Essentially, inmates who leave the grounds of the prison or county jail for an inpatient stay at a community hospital would become eligible for Medi-Cal or a LIHP project.

- **Delivery System Reform Incentive Pool.** The waiver includes the potential for $3.3 billion in federal funds over five years for public hospitals through the Delivery System Reform Incentive Pool. This funding will be contingent upon public hospitals' achievement of specific milestones and deliverables related to infrastructure development, innovation and redesign, population-focused improvements and urgent improvement in care. The waiver provides the possibility that portion of these funds could be used to for incentive payments to private or district DSH hospitals if such a program is developed at the State level.

- **Safety Net Care Pool.** A Safety Net Care Pool is continued under the new waiver, with a series of components, including partial reimbursements to public hospitals for uncompensated uninsured care costs; the DSRIP described above; and federal match for designated state programs, for which the state can access up to $400 million annually.

- **Care Coordination.** The waiver requires mandatory enrollment of seniors and persons with disabilities into Medi-Cal managed care. The waiver also includes a pilot program for the California Children's Services (CCS) program.

Funding Streams

The new waiver continues the funding streams from the 2005 waiver for public hospitals:

- **Medi-Cal Fee-for-Service.** Provides funding for inpatient services provided to Medi-Cal patients enrolled on a fee-for-service basis. Public hospitals draw down the federal matching funds using Certified Public Expenditures (CPEs). As more patients move from fee-for-service into managed care, this funding stream will decline.

- **Medi-Cal Inpatient Fee-for-Service Physician Services.** Provides funding for professional physician services provided to Medi-Cal patients. CMS specified that physician services are not included in the regular Medi-Cal inpatient fee-for-service reimbursement. Public hospitals draw down the federal matching funds using CPEs. As more patients move from fee-for-service into managed care, this funding stream will decline.

- **Disproportionate Share Hospital (DSH).** Provides funding for hospital-based services – inpatient and outpatient – to uninsured patients, including undocumented immigrants. Public hospitals use a combination of Intergovernmental Transfers (IGTs) and CPEs to draw down DSH payments. Federal DSH funding remains subject to annual cap, which has historically been approximately $1 billion.

- **Safety Net Care Pool Uncompensated Uninsured Care.** Provides funding for inpatient, physician and hospital- and non-hospital-based outpatient and other services provided to uninsured patients. However, this pool excludes undocumented immigrants. Public hospitals draw down the federal matching funds using CPEs.

- **Coverage Initiatives.** $180 million a year, for three years, was included in the 2005 waiver to create health coverage initiatives. This funding is included in the Safety Net Care Pool. Ten counties created these programs. The counties provide the match to draw down the federal funds using CPEs. The ten programs have expanded coverage to more than 100,000 adults with incomes up to 200% FPL. The new waiver provides $180 million per year for Demonstration Years 6, 7, and 8 and $90 million for Demonstration Year 9 to continue these projects for persons with incomes between 134 and 200% FPL. However, it is unclear whether counties will be able to access this funding to expand coverage for this patient population, due to requirements for the coverage expansion described below. Enrollees currently in existing CIs who have incomes between 134% and 200% FPL are anticipated to be grandfathered into coverage. For any funding not used for grandfathered enrollees or programs covering persons between 134% and 200%, it may be possible for the $180 million to be rolled over to the SNCP for uncompensated uninsured costs or to increase the Delivery System Reform Incentive Pool, subject to CMS approval.

The waiver also includes new funding streams:

- **Coverage Expansions.** Under the waiver all counties will have the option to expand coverage. Counties that opt to develop and implement Low-Income Health Program (LIHP) projects will be able to draw down federal funds for these projects. The federal funds designated for the LIHP projects to cover adults with incomes from 0 to 133% FPL are uncapped. Counties may elect to set income eligibility limits at a level within 0-133% FPL in order to minimize wait lists. If counties choose to include persons with incomes up to 133% FPL, they may also draw down Coverage Initiative funding described above to cover people with incomes between 134 and 200% FPL; however, these dollars are capped.

- **Delivery System Reform Incentive Pool.** The waiver makes available $3.3 billion over five years for the Delivery System Reform Incentive Pool. This pool will be a subset of the Safety Net Care Pool and will be financed using intergovernmental transfers. The pool, which will be tied to milestones and achievements, will provide public hospitals with the opportunity to improve and transform their delivery systems. As noted, a portion of this funding could be made available for financing incentive payments to private DSH and district DSH hospitals, if such a program is developed at the State level.

Additionally, please note that public hospitals are continuing to work with DHCS on the workability of providing IGTs as part of the funding mechanism to provide payments to health plans for the mandatory enrollment of Seniors and Persons with Disabilities into Medi-Cal Managed care.

Coverage Expansion: Low-Income Health Program (LIHP)

The waiver builds on the existing Coverage Initiatives and expands them to all counties. This expanded coverage project is called the Low-Income Health Program (LIHP).

In 2005, $180 million a year, for three years, was included in the waiver to create health coverage initiatives (CIs). This funding was included in the Safety Net Care Pool. Ten counties created these programs. The counties provide the match to draw down the federal funds using CPEs. The 10 programs have expanded coverage to more than 100,000 adults with incomes up to 200 percent FPL.

The new waiver provides $180 million per year for Demonstration Years 6, 7, and 8 and $90 million for Demonstration Year 9 to continue these projects for persons with incomes between 134-200 percent FPL. However, it is unclear whether counties will be able to access this funding to expand coverage for this patient population, due to requirements for the coverage expansion described below. Enrollees currently in existing CIs who have incomes between 134-200 percent FPL are anticipated to be grandfathered into coverage. For any funding not used for grandfathered enrollees or programs covering persons between 134-200 percent, it may be possible for the $180 million to be rolled over to the SNCP for uncompensated uninsured costs or to increase the Delivery System Reform Incentive Pool, subject to CMS approval.

There are two components to the LIHP program:

- **Medicaid Coverage Expansion (MCE).** Covers adults between 19 and 64 years of age with family incomes at or below 133 percent FPL. This program is considered early expansion of Medicaid for childless adults, which will start in 2014 with 100 percent federal funds for three years. Because of this early Medicaid expansion, federal funds will be uncapped (not part of the $10 billion in total waiver funds) and program capacity will be contingent upon the availability of county matching funds. MCEs will also be subject to all Medicaid rules, except those explicitly waived through the terms and conditions.

- **Health Care Coverage Initiative (HCCI).** Covers adults between 19 and 64 years of age with family incomes between 134-200 percent FPL. Federal funds for the HCCI are capped at $180 million per year and included in the SNCP. Benefit requirements for the HCCI population are less than those for the MCE.

Eligibility

Each participating county must provide to the state (to be forwarded to CMS): (1) the actual upper income limit elected by the county for their MCE and HCCI program; (2) the projected enrollment under each program; and (3) the projected expenditure for each program, as well as any county-specific eligibility standards or methodologies used. Counties may make adjustments to income levels and establish enrollment caps and wait lists if, based on advance budget projections made by the county, funding will not be sufficient. However, counties may not serve the HCCI population if they have any eligibility restrictions on the MCE population (except for grandfathered current enrollees of HCCIs).

State Law. Sets eligibility at 0-133 percent of the federal poverty level, and allows the option to expand coverage to 134-200 percent of the federal poverty level if federal funds are available. The project is not an entitlement. Projects will have the option to set eligibility levels. Projects may limit enrollment, to the extent the federal government allows it. If a project opts to change eligibility levels after projects begins, the county board of supervisors and the state must approve the change.

AB 342 also requires standardized eligibility and enrollment procedures that interface with Medi-Cal processes according to milestones to be developed in consultation with county representatives.

Maintenance of Effort (MOE)
The state must demonstrate that non-federal (i.e. county) expenditures for the LIHP is equal to or exceeds FY 2006 county expenditure levels for their Medically Indigent Adult (MIA) programs.

Benefit Package
The waiver establishes baseline minimum packages, for the MCE and HCCI populations.

MCE Core Benefits	HCCI Core Benefits
Medical equipment and supplies	Medical equipment and supplies
Emergency Care Services (including transportation)	Emergency Care Services
Acute Inpatient Hospital Services	Acute Inpatient Hospital Services
Laboratory Services	Laboratory Services
Outpatient Hospital Services	Outpatient Hospital Services
Physical Therapy	Physical Therapy
Physician services, including specialty care	Physician services
Prescription and limited non-prescription medications	Prescription and limited non-prescription medications
Prosthetic and orthotic appliances and devices	Prosthetic and orthotic appliances and devices
Radiology	Radiology
Mental Health Benefits, including ▪ Up to 10 days per year of acute inpatient hospitalization in an acute care hospital, psychiatric hospital or psychiatric health facility; ▪ Psychiatric pharmaceuticals; ▪ Up to 12 outpatient encounters per year.	
Prior-authorized Non-Emergency Medical Transportation	
Podiatry	

Mental health services may be provided through a carve-out. Counties may receive matching federal funds for additional Medicaid eligible services beyond those defined in the waiver, subject to approval of CMS. In addition organ transplants, bariatric surgery and infertility relates services are explicitly excluded benefits.

Delivery Systems/Network Adequacy
CMS considers LIHP delivery systems with a closed network of providers to be a managed care delivery system, and, therefore, must meet network adequacy and timely access standards. The state will establish alternative access standards for rural areas. Office hours the same as for Medi-Cal patients – 24/7 when medically necessary. There is a rural exemption to access standards, with the state required to establish access standards for rural areas.

State Law. AB 342 requires a provider network and service delivery system that seeks to promote the “viability of the existing safety net health care system that serves the population to be covered by the (LIHP) project.”

Federally Qualified Health Centers (FQHCs)
The waiver requires that LIHPs reimburse FQHCs at their Prospective Payment System (PPS) rates. Additionally, a LIHP must contract with or provide services through at least one FQHC.

Out-of-Network Emergency Coverage
All LIHP programs must provide coverage for out-of-network emergency and post-stabilization care services. LIHP programs may pay out-of-network providers at 30 percent of applicable regulatory fee-for-service rates. Out-of-network providers must accept these rates as payment in full.

Prisoner/County Jail Inmate Coverage

State Law. AB 1628 (Chapter 729, Statutes of 2010) authorizes DHCS the option to require a county that submits an application for a LIHP project to agree to include prison inmates in their LIHP project for inpatient hospital services. Essentially, prison inmates who leave the grounds of the prison for an inpatient stay at a community hospital would become eligible for Medi-Cal or a LIHP project. The LIHP project would be compensated by the Department of Corrections and Rehabilitation (CDCR) for these costs. The intent is that there will be no net increase in county expenditures; CDCR and federal funds would cover the county cost, including administrative costs. Eligibility would be based on county of last legal residence prior to arrest.

In addition, counties will be able to seek federal reimbursement for the care of adult inmates incarcerated in county correctional facilities for expenditures incurred for inpatient services in community hospitals if the county determines the inmates to be eligible for Medi-Cal or the local projects. Counties that choose this option will remain responsible for the non-federal share of the costs to serve county inmates eligible for Medi-Cal or LIHP projects. In order to get the jail inmate benefit, the county must agree to include the prison population in its local LIHP project.

Financing
LIHP projects can be funded through an actuarially-based rate or through Certified Public Expenditures (CPEs), as done in the current CIs. LIHP project funding will be based on funding voluntarily provided by the participating entity, subject to any limitations imposed by the terms and conditions. Federal financial participation will be available for administrative activities.

Outstanding Work to be Done
The State is in the process of developing a number of elements of the LIHPs, including
- Actuarial rates
- Due process and get approval from CMS
- Access standards for rural areas

The State released the application process in January and all 58 counties, one city and one Indian Rural Health district have submitted applications or intent to submit applications.

Delivery System Reform Incentive Pool (DSRIP)

The waiver includes the opportunity for public hospitals to receive up to $3.3 billion over five years through the Delivery System Reform Incentive Pool (DSRIP). This pool will be a subset of the Safety Net Care Pool. The DSRIP is intended to support California's public hospitals' efforts in enhancing the quality of care and the health of the patients and families they serve.

Individual public hospital systems will submit proposals for state and federal approval that are focused on improving the experience of care, improving the health of populations, and reducing per capita costs of health care. Federal funding will be contingent upon the achievement of specific milestones or deliverables in four areas:

- **Infrastructure development.** Includes investments in technology, tools and human resources. Examples of initiatives may include increases in primary care capacity, introduction of telemedicine, enhanced interpretation services, enhanced improvement capacity.
- **Innovation and Design.** Includes investments in new and innovated models of care delivery that have the potential to impact patient experience, cost and disease management. Examples include

expansion of medical homes, expansion of chronic disease management systems, primary care redesign, redesign for cost savings.

- **Population-focused Improvement.** Includes investments in enhancing care delivery for the 5-10 highest burden conditions in public hospital systems. Examples include improved diabetes care management and outcomes, improved chronic care managements and outcomes, reduction of readmissions, improved quality.
- **Urgent Improvement in Care.** Top-level performance on two or three interventions whether there is evidence that major improvement in care is possible within 5 years. These are hospital specific initiatives and will be developed jointly by hospitals, the State, and CMS.

Potential DRSIP Funding Available
The following chart details the federal funding potentially available through the DRSIP:

Demonstration Year 6	$600 million
Demonstration Year 7	$650 million
Demonstration Year 8	$700 million
Demonstration Year 9	$700 million
Demonstration Year 10	$700 million

Public hospitals will provide the nonfederal share for these federal funds through intergovernmental transfers.

The Waiver STCs do provide the possibility that a portion of the $3.3B in federal funding could be utilized to fund incentive payments to private DSH and district DSH hospitals, if such a program is developed and agreed to at the State level in consultation with the public hospitals.

Safety Net Care Pool

The existing structure of the Safety Net Care Pool (SNCP) is continued under the new waiver and continues to be based on certified public expenditures.

The SNCP includes $7.1 billion over five years. The bulk of the money in the pool will be for reimbursing public hospitals for uncompensated care costs. The state will be able to access up to $400 million annually for designated state programs.

Components of the SNCP

- **State Programs.** The state may claim up to $400 million in federal match for the following programs:
    a) Breast and Cervical Cancer Treatment Program
    b) Medically Indigent Adults/Long Term Care (MIA/LTC) Program
    c) California Children's Services Program, state-only
    d) Genetically Handicapped Persons Program (GHPP)
    e) Expanded Access to Primary Care
    f) AIDS Drug Assistance Program (ADAP)
    g) Department of Developmental Services (DDS)
    h) County Mental Health Services
    i) Workforce Development programs, including
        1) Song Brown Health Care Workforce Training,
        2) Health Professions Education Foundation Loan Repayment,
        3) Mental Health Loan Assumption,
        4) Training programs for medical professionals at California Community Colleges, California State Universities and the University of California.

- **Uncompensated Care Pool.** The SNCP provides funds for uncompensated care provided to individuals with no source of third party coverage for the services they received by hospitals or other providers. The following chart identifies approximately how much will be available for uncompensated care.

Demonstration Year 6	$415 million
Demonstration Year 7	$415 million
Demonstration Year 8	$380 million
Demonstration Year 9	$300 million
Demonstration Year 10	$235 million

- **Low Income Health Plan: Health Care Coverage Initiative.** California may access $180 million per year in Demonstration Years 6-8 and $90 million in Demonstration Year 9 on expenditures related to coverage expansions for persons with incomes between 134-200 percent FPL. Enrollees currently in existing Coverage Initiatives (CIs) who have incomes between 134 – 200 percent FPL are anticipated to be grandfathered into coverage. For any funding not used for grandfathered enrollees or programs covering persons between 134 – 200 percent FPL, it may be possible for the $180 million to be rolled over to the SNCP for uncompensated uninsured costs or to increase the Delivery System Reform Incentive Pool, subject to CMS approval.

- **Delivery System Reform Incentive Pool.** The waiver includes the opportunity for public hospitals to receive up to $3.3 billion over five years through the Delivery System Reform Incentive Pool (DSRIP). This pool is a subset of the Safety Net Care Pool. The DSRIP is intended to support California's public hospitals' efforts in enhancing the quality of care and the health of the patients and families they serve. Individual public hospital systems will submit proposals for state and federal approval that are focused on improving the experience of care, improving the health of populations, and reducing per capita costs of health care.

Care Coordination

The waiver allows California to mandatorily enroll of seniors and persons with disabilities into Medi-Cal managed care. The waiver also includes a pilot program for the California Children's Services (CCS) program. Last spring, the Administration discussed trying to include a project focused on individuals dually eligible for Medi-Cal and Medicare; however, nothing focused on duals was ultimately included in the final waiver.

Seniors and Persons with Disabilities
Under the waiver, California will be able to mandatorily enroll approximately 380,000 seniors and persons with disabilities into Medi-Cal managed care. These are seniors and persons with disabilities who are not enrolled in Medicare or do not have an unmet share of cost or other health coverage.

The terms and conditions include a number of requirements on the state related to the mandatory enrollment of seniors and persons with disabilities into Medi-Cal managed care.

- Enrollment will begin in June 2011 and continue for a year.
- CMS must approve the plan contracts prior to the state enrolling seniors and persons with disabilities. California must submit its contracts to CMS by April 1, 2011.
- The state is required to use appropriate risk adjustment in the development of its capitation payments.
- CMS is requiring the state to maintain a managed care advisory group comprised of individuals and interested parties impacted by the mandatory enrollment of seniors and persons with disabilities into Medi-Cal managed care.
- The state must submit to CMS it approach for plan default (when a beneficiary does not choose plan, a plan must be assigned).

- Requires the state to work with CMS on its Money Follows the Person Demonstration, “California Community Transitions” to increase opportunities for eligible individuals to access home and community based services upon discharge from hospitals and nursing facilities.
- Other requirements include care continuity, person-centered planning and service design, sufficient specialty health care provider pool, geographic accessibility, physical accessibility, interpreter services and transportation.

Additionally, please note that public hospitals are continuing to work with DHCS on the workability of providing IGTs as part of the funding mechanism to provide payments to health plans for the mandatory enrollment of Seniors and Persons with Disabilities into Medi-Cal Managed care.

California Children’s Services (CCS)
The waiver allows California to submit a plan to test up to four health care delivery models for children enrolled in the California Children’s Services (CCS) program. The state must provide CMS with 180-days notice and CMS must approve the plans. In addition, the plan shall include a sufficient network of appropriate providers and timely access to out of network care. The plan shall also include specific criteria for evaluating the models. The CCS pilots shall be eligible for FFP from the date of CMS approval through December 31, 2015.

The four models of care delivery include:
- An enhance primary care case management (EPCCM) program
- A provider-based accountable care organization (ACO)
- A specialty health care plan (SHCP)
- Utilization of existing Medi-Cal managed care plans.

The state will be developing a Request for Proposal (RFP) for the CCS pilots.

Public Hospitals Identified in the Waiver

County Hospitals

Facility	County
Harbor/UCLA Medical Center	Los Angeles
Olive View Medical Center	Los Angeles
Rancho Los Amigos National Rehabilitation Center	Los Angeles
University of Southern California (USC) Medical Center	Los Angeles
Alameda County Medical Center	Alameda
Arrowhead Regional Medical Center	San Bernardino
Contra Costa Regional Medical Center	Contra Costa
Kern Medical Center	Kern
Natividad Medical Center	Monterey
Riverside County Regional Medical Center	Riverside
San Francisco General Hospital	San Francisco
San Joaquin General Hospital	San Joaquin
San Mateo County General Hospital	San Mateo
Santa Clara Valley Medical Center	Santa Clara
Ventura County Medical Center	Ventura

University of California Hospitals

Facility	County
UC Davis Medical Center	Sacramento
UC Irvine Medical Center	Orange
UC San Diego Medical Center	San Diego
UC San Francisco Medical Center	San Francisco
UC Los Angeles Medical Center	Los Angeles
Santa Monica UCLA Medical Center	Los Angeles

2011 Fiscal Issues Facing California Counties

Health Care Reform

California State Association of Counties
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

Federal Health Care Reform:
County Implementation Issues & Concerns

	ISSUES
FINANCING	▪ How will current county spending on health care change post-health reform? ▪ Will the state attempt to retain or redirect portions of health and mental health realignment funding? ▪ How would loss of realignment funding impact county hospitals, clinics, mental health and public health? ▪ How would loss of realignment funding impact the Medicaid Section 1115 Waiver?
NEAR-UNIVERSAL COVERAGE	▪ How will Welfare and Institutions Code Section 17000 be impacted by reform? ▪ What will the remaining county responsibility to provide indigent care be? ▪ How to estimate the number and income level of those who remain uninsured? ▪ What is the role of public health? ▪ State will want to retain realignment funding. ▪ How will documentation requirements impact enrollment in Medi-Cal? ▪ Where will undocumented persons receive health care? How will they impact county systems?
COUNTY HOSPITALS AND CLINICS	▪ Role of county facilities in providing access to care. ▪ Continued need for community benefit roles – trauma, medical education training, etc. ▪ Role of county facilities as medical homes and primary care providers in new world? ▪ How will rates (Medi-Cal and Exchange) and patient mix affect viability of public facilities? ▪ County role in serving the remaining uninsured.
CAPACITY	▪ Will public programs be able to expand capacity to ensure access to services for newly eligibles? ▪ What are the workforce development needs of the public and private sectors? Primary care? Mental health? Alcohol and drug? Rural and underserved areas?
MENTAL HEALTH AND SUBSTANCE ABUSE	▪ What will benefits for behavioral health services look like in the Medicaid expansion? ▪ How does parity dovetail with Medicaid expansion and reforms? ▪ The behavioral health services currently offered under Medi-Cal are very different than the services typically offered by commercial health plans. Will health reform change this? ▪ How does Drug Medi-Cal need to change? ▪ What will the remaining county responsibility to provide mental health services to indigent adults be? Will there be funds to provide mental health services?

	ISSUES
ELIGIBILITY	▪ How will eligibility systems change in 2014? ▪ What is the role of counties? ▪ What will happen to county computer consortiums? MEDS? ▪ How will county eligibility systems interact with the Exchange? ▪ What resources will be available for eligibility? County eligibility staff have been affected by state budget cuts. Eligibility systems will need to be prepared to process another 1.5 million applications through Medi-Cal.
MEDICAID EXPANSION	▪ Should CSAC advocate for Medi-Cal option to expand to 200% FPL? ▪ What will benefit package look like for Medi-Cal expansion? Will it be different than today? ▪ Will the financing arrangement create disincentives for disability determinations (SSI) and SSI advocacy? How will that impact counties? ▪ How will IHSS impacted by health reform?
PUBLIC HEALTH	▪ Will prevention focus decrease the need for local health departments to provide preventative services? How will access (provider shortages) impact prevention? ▪ Program grants will be highly competitive. ▪ Grants will create inequities across health departments.
EMPLOYER ISSUES FOR COUNTIES	▪ How will counties be impacted by the employer provisions?
IN-HOME SUPPORTIVE SERVICES	▪ How are In-Home Supportive Services providers impacted by health reform?

2011 Fiscal Issues Facing California Counties

Pensions

CALIFORNIA STATE ASSOCIATION OF COUNTIES
1100 K Street, Suite 101 • Sacramento, CA • 95814
(916) 327-7500 • FAX: (916) 441-5507
www.csac.counties.org

Pensions

Governor Proposes Pension Reform

Governor Jerry Brown in March released his pension reform proposals, a few of which have been included in various pieces of legislation which are currently being heard in various legislative committees. The proposals include eliminating the purchase of additional retirement service credit for all state and local retirement system members, prohibiting pension holidays for public agencies, prohibiting employers from making employee pension contributions which fund the normal cost of employee retirement benefits in whole or in part, prohibiting pension spiking by redefining compensation that may be used to calculate pension benefits and prohibiting retroactive pension benefit increases. As this package of proposals will likely receive considerable pushback from public employee unions, its future is unclear.

Pension Changes for Public Employees

The 2010-11 state budget package included pension benefits for newly hired state employees at levels that were in place for employees prior to 1999. In addition, all future state employees will have their pension benefits calculated based on their highest average annual pay over any consecutive three years of employment, rather than the one-year period applicable for some current state employees. These requirements did not affect pension benefits for then-current state employees and retirees when the budget was passed.

Additionally, a statewide initiative has been proposed by former legislator Roger Niello which would include setting the public employee retirement age at 62 years, prohibit public agencies from providing retroactive pension increases, require public employees to contribute an amount equal to the employer's contributions to fund the retirement and require public employees to be employed for five consecutive years by a public agency to receive any retirement benefits. This proposal has not yet received a title and summary from the state Attorney General, the first step in the initiative process.

The Legislature is also considering pension reform in 2011. Assembly Member Warren Furutani and Senator Joe Simitian have introduced bills would would address the issue of pension spiking (the practice of securing pay increases or maximizing opportunities to cash out vacation and other benefits to increase a retirement allowance). Other legislation places limits on the amount public retirement system members can receive from a defined benefit plan, restricts public retirement system members from retiring prior to age 55, and places restrictions on final compensation calculation.

Changes to pension benefits through formula changes for new employees have occurred at the local collective bargaining table with many counties negotiating such changes. Sacramento and Contra Costa counties have recently reached agreement on contract changes that address the long-term sustainability of the pension benefits provided to public safety employees in those counties.

Prepared by CSAC Legislative Staff, April 2011

Administration of Justice:
Elizabeth Howard Espinsoa, Legislative Representative
Rosemary McCool, Legislative Analyst

Agriculture and Natural Resources:
Karen Keene, Legislative Representative
Cara Martinson, Legislative Analyst

Employee Relations:
Eraina Ortega, Legislative Representative
Faith Conley, Legislative Analyst

Health and Human Services:
Kelly Brooks, Legislative Representative
Farrah McDaid Ting, Legislative Analyst

Housing, Land Use and Transportation:
DeAnn Baker, Legislative Representative
Kiana Buss, Legislative Analyst

Revenue and Taxation:
Jean Kinney Hurst, Legislative Representative
Geoffrey Neill, Legislative Analyst

For additional information or questions, please call (916) 327-7500.