

Budget Action Bulletin No. 4

2007-08 Proposed State Budget

Week of June 18, 2007

Via Electronic Mail

DATE: June 20, 2007

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

FROM: Steve Keil, CSAC Interim Executive Director and Director of Legislative Services
Jean Kinney Hurst, CSAC Legislative Representative

RE: **Budget Action Bulletin #4**

The Conference Committee last week outlined a plan for moving forward in the hopes that the conference process can result in a final budget. Specifically, the Conference Committee extended its own deadline for a final budget package from June 15 to June 30. Committee Chair Assembly Member John Laird indicated that there were discussions underway among legislative leaders, but there are no indications that there have been so-called "Big Five" meetings between legislative leadership and the Governor.

Yesterday, the Conference Committee reconvened to make considerable headway on many outstanding items. At its conclusion, Assembly Member Laird indicated a potential Thursday or Friday meeting to address, among other items, the supplemental report agenda. We understand that there are three significant items that are being discussed by the legislative leadership, the so-called "Big Four": transportation funding, Proposition 98, and the infrastructure bonds.

One particular issue that has presented a challenge to finalizing the budget is the recent announcement that May revenue receipts are down significantly. At the Conference Committee's meeting last week, the Department of Finance announced that reported receipts for the three largest revenue sources (personal income tax, bank and corporation tax, and sales and use tax) for May were down \$526 million, putting the year-to-date revenues down \$763 million. When considering all revenues, May receipts are down \$397 million, and revenues are down \$635 million year-to-date. DOF reported that May is generally a slow revenue month and that June is typically brings in significantly more revenue due to the manner in which sales and use taxes are reported and received. As a result, DOF is not changing its out-year revenue projections. However, the State Controller's Office reports that year-to-date sales tax collections are only 0.7% above last year, the slowest growth rate of the three major state revenue sources.

WHAT YOU SHOULD DO:

Stay tuned. There are lots of rumors about what happens next. We urge that you continue to talk to your legislative delegation regarding the following items (details to follow below):

Williamson Act: Contact your legislative delegation and urge them to request that funding for Williamson Act subventions be maintained in the final budget. As we've reported before, there is a rumor that Governor Schwarzenegger intends to blue pencil funding for this item when he receives the budget.

Transportation: CSAC is specifically requesting that the Legislature approve an allocation of the \$1 billion local streets and roads funds from Proposition 1B in the following manner: \$400 million in 2007-08, followed by \$150 million each of four consecutive years.

Housing: Speaker Fabian Nuñez’s measure, AB 1053, which allocates Proposition 1C funds, specifically \$850 million, for regional planning, housing, and infill development, does not currently include counties as eligible entities for receipt of these critical bond funds. CSAC is urging counties to contact their legislative delegation to ensure that California counties are eligible to compete for these funds.

Court Security: The Budget Conference Committee eliminated the budget augmentation for court security services this week. CSAC supports the Governor’s May Revision, which includes an additional \$36.6 million in funds for court security needs. Counties are urged to contact their legislative delegation to request restoration of funding for court security and communicate the importance of this program to maintaining a safe and accessible justice system.

WHAT’S BEEN HAPPENING:

ADMINISTRATION OF JUSTICE

Transfer of Juvenile Offender Population: Adopted Compromise. The Budget Conference Committee voted Tuesday to adopt a “conference compromise” on the proposal to transfer non-violent female and male juvenile offenders to county control and supervision. Although trailer bill language is not available, our best understanding of the conference action is as follows:

- **No new admissions**
 - Effective 60 days from the date the 2007–08 budget is signed, counties will no longer have the option of sending youths adjudicated for offenses outside of those defined in Welfare and Institutions Code 707(b) (hence the shorthand “non-707(b)s”) to the Division of Juvenile Justice (DJJ); intake stoppage will apply to both female and male non-violent youthful offenders.
 - Counties will be permitted to continue sending to DJJ youthful offenders subject to sex offender registration requirements.
 - The expected population kept at the local level in 2007-08 is approximately 200 total statewide. Once fully implemented — given that counties will not see the full impact of intake stoppage for a period of two to three years — the transfer is expected to result in just over 700 youthful offenders being retained in local programs and services who otherwise would have been committed to a state facility.
- **Opt-in for existing population at DJJ**
 - Counties will be given the option to bring back some or all youthful offenders now in state custody, with funds attached to each offender who is brought back.
- **Block grant mechanism**
 - Counties will be provided with a per-ward amount of \$117,000 net (based on an overall amount of \$130,000 per offender, offset by the average county savings resulting from the retention of revenue that otherwise would have covered sliding scale fees).
 - Distribution of the funds will be calculated based on each county’s total number of juvenile felony adjudications plus the at-risk (ages 10 to 17) population.
 - A minimum grant of \$58,500 is guaranteed for small counties (growing to \$117,000 in Year 2 and going forward).
 - Counties also will be provided with an additional \$15,000 per youth for non-707(b) offenders paroled after the date of implementation or who violate parole after that date.
 - An “emergency fund” (5% of the total grant) will be available to address unanticipated costs or unexpected population size.
- **Planning Grants**
 - \$10 million in one-time competitive grants will be made available for development of (1) regional approaches for care and supervision of the non-707(b) youthful offenders; (2) local services and programs to address the specialized needs of youths with histories of mental

- illness, substance abuse, violence, and other serious behavioral problems; and (3) evidence-based programs, risk and needs assessments, and a plan for a continuum of care. These grants are expected to be awarded by April 1, 2008.
- \$4.9 million in one-time planning grants will be made available to counties based on size (\$150,000 for the 10 largest counties; \$100,000 for the next 20 largest counties; and \$50,000 for the 28 smallest counties). These grants are intended to be awarded within 30 days of enactment of statutory changes carrying out the population transfer.
- Both grants would be administered through the Corrections Standards Authority in consultation with DJJ.
- **Construction Program**
 - \$100 million in lease revenue bonds will be authorized for construction of local rehabilitation and detention facilities.
- **Juvenile Justice Operational Master Plan**
 - \$600,000 in state funds to support the State Commission on Juvenile Justice (Welfare and Institutions Code 1798.5), with expected changes to composition and charge of the commission. The Commission will apply some of its appropriation to a contract with a national expert or experts to develop a master plan in conjunction with local government; areas of examination are likely to include risk/needs assessment tools, common data elements, and services along the juvenile justice continuum
- **Other Items of Note**
 - The package also will include language giving counties the flexibility to house offenders over the age of 18 in juvenile facilities.

We thank counties for the input and suggestions offered throughout this process. CSAC will continue to seek additional information and clarification, and will be sure to share any specific language as soon as it becomes available. Please note that the proposal as presented to the Budget Conference Committee retained a July 1 implementation date, but Senator Mike Machado pressed for the extension of 60 days from the date the budget is signed. We are eager to hear county reaction to the overall proposal described above.

Court Security: Adopted Assembly Version. CSAC continues to support the Governor's May Revision proposal that would provide an increase of \$36.6 million to fund court security needs, pursuant to recommendations of the Court Security Working Group. Following a very brief discussion, the Budget Conference Committee voted Tuesday to adopt the Assembly version of the budget. Recall that the Senate budget subcommittee had trimmed the May Revision proposal back to \$25.5 million, while the Assembly subcommittee rejected the Governor's proposed increase outright. This move, if sustained, would mean no budgetary augmentation to the judicial branch budget to allow the courts to keep up with actual costs for the provision of court security services.

There are other subsets of issues related to the overarching court security costs, but in the near-term, it's important that all counties contact their legislative delegations to urge restoration of funding for court security. It is possible that court security funding could be an issue for further deliberation among the Big Five, and it's important for counties make known the significance of this program and the need for funding. State support for court security is consistent with the fundamental principles of the trial court funding reforms that established a process of defining court and county functions and aligning funding responsibility with those functions. It is important that the Legislature fulfill the responsibilities and obligations of this key component of trial court operations: ensuring the provision of appropriate and necessary levels of security in our courthouses across the state.

GOVERNMENT FINANCE AND OPERATIONS

New Efforts by Local Assessors: Adopted Compromise. The Budget Conference Committee adopted a compromise proposal that includes trailer bill language to establish a process for county assessors to assess “fractionally-owned” aircraft. These aircraft are managed and maintained by an operating company, but ownership is shared among many owners, much like a time-shared real estate property. Under this new mechanism for assessment, value would be apportioned to each county based on that county’s annual share of landings and takeoffs of each aircraft type in a fleet as a proportion of total annual worldwide landings and takeoffs for those aircraft. The Conference Committee scored this new assessment practice at \$14 million state general fund savings, including back assessments from open previous years. Ongoing annual savings are estimated at \$3.5 million. Revenue to local taxing jurisdictions would amount to approximately \$7 million.

The approved trailer bill language also authorizes assessors to obtain information from airports regarding aircraft utilizing their facilities, to assist in assessment of privately-owned aircraft operating in California.

Finally, trailer bill language will authorize the State Board of Equalization to include information about use tax requirements on the annual business property statement that assessors distribute to businesses. Assessors may then share the information reported on the business property statements with the BOE for the purpose of sales and use tax administration and enforcement.

The budget will include a one-time grant to assessors (not subject to any provisions of the former property tax administration program nor the proposed PARE program contained in AB 83 (Lieber)) of \$3.5 million in Item 9210. Budget bill language would allocate the funds proportionally to each county and require a finding by the Department of Finance that the level of assessments anticipated from fractionally-owned aircraft fleets has occurred prior to any grant allocations. This basically means that all counties can expect to receive a portion of the \$3.5 million grant; however, DOF wants to ensure that the assessments will be able to meet the savings estimate prior to sending the grants out.

The budget would also include \$400,000 to the State Board of Equalization for a pilot project with up to three counties for additional efforts to collect use tax. The BOE would contract with assessors’ offices to provide information about use tax requirements to businesses and to electronically transmit data from the personal property statement to BOE. The Board would analyze the information with some assistance from assessors and select a sample of businesses in the pilot counties to request more specific information and potentially audit for compliance with the requirement to pay use tax on purchases of equipment on which sales and or use tax was not collected.

Public Library Foundation: Adopted Compromise. The Budget Conference Committee compromised on funding for this program, approving the Governor’s appropriation (\$21.3 million) plus \$1 million. The Assembly Budget Committee had approved the Governor’s proposal, while the Senate increased the proposal by \$2 million.

Mandate Reimbursements: Adopted Compromise. After much negotiation, the Budget Conference Committee has approved budget trailer bill language that will allow the state to delay reimbursing local governments for state mandates until actual costs are known, in other words a year later than they have been. We have not yet seen the exact trailer bill language, but have been deeply involved in talks on this subject. Based on our understanding, local governments will submit their claims by February 15; penalties for late claims will be the lesser of 10% or \$10,000, up from the current 10% or \$1,000 penalty. Interest on unpaid claims will accrue from August 15 of that same year. The State Controller’s Office will begin making payments on either August 15 of the next year or upon passage of the next year’s budget, if later than August 15.

HEALTH AND HUMAN SERVICES

The Conference Committee closed out the last of the remaining health and human services items with surprising speed last Tuesday. Below is a short summary of their final actions. For a comprehensive review of all of the Committee's actions in the health and human services area, please refer to the attached Budget Watch document.

Proposition 36: Adopted Senate Version. The Senate provided \$120 million for Proposition 36 and \$40 million for the Offender Treatment Program.

Adult Protective Services: Adopted Assembly Version. The Assembly approved a \$12 million augmentation. This represents a victory for counties, who lobbied for an increase in funding to help cover the costs of rising APS caseloads. CSAC wishes to thank the counties who participated in these efforts.

Transitional Housing Program (THP)-Plus: Adopted Senate Version. The May Revision proposes \$15.5 million General Fund in 2007-08 for this program; the same amount was proposed in January. At the Senate hearing, the Administration announced they were revising their May Proposal and would provide an additional \$10.8 million for THP-Plus.

The Senate approved an additional \$19.7 million, the amount needed to fully fund counties with existing approved plans, while the Assembly had approved the January funding level. Again, this represents a victory for counties and can be directly attributed to county participation (calls, letters, etc.) during the budget process.

AB 2034, Integrated Services for Homeless Adults with Severe Mental Illness: Adopted Senate Version. The Governor's budget proposes to eliminate funding for AB 2034, for a savings of \$54.9 million General Fund. The Senate restored the funding.

Foster Care Payment Methodology: Adopted Compromise. The Conference Committee adopted a 5 percent increase to county foster family home base rates and specialized care increments; a 5 percent increase for Kin-Gap and the Adoptions Assistance Program; and to the group home rate system. The rate increases will become effective January 1, 2008. Foster Family Agencies were not included in this package.

HOUSING, LAND USE AND TRANSPORTATION

Proposition 42/Spillover: Open. The Joint Budget Conference Committee has still not taken action on either the outstanding transportation issue (i.e. the Assembly Proposition 42/Spillover proposal) or any of the bond accounts open before the committee. We understand that these items are being discussed among legislative leadership.

WHAT'S GOING TO HAPPEN NEXT:

We expect the Conference Committee to reconvene again this week to continue to address open items. However, we may be at a point where legislative leadership must work out agreements on the remaining outstanding issues. How long that takes is anyone's guess at this point.

Stay tuned for the next Budget Action Bulletin!

If you would like to receive the Budget Action Bulletin electronically, please e-mail Jean Hurst, CSAC Legislative Representative, at jhurst@counties.org. We're happy to accommodate you!

State Budget Watch

June 20, 2007

This document outlines the components of the Governor's proposed 2007-08 budget and May Revision that affect California counties and are being monitored by CSAC. The following items represent those that are in the conference committee.

This is the **fourth** in a series of periodic updates intended to keep interested parties informed about state budget proposals that could impact local programs and services.

Administration of Justice

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Items 5225-001-0001 and 5225-101-0001</i> <i>Page 194</i> The Governor's May Revision proposes to transfer responsibility for certain juvenile offenders to the control and supervision of counties.</p>	Approved the Governor's January proposal.	Assumed \$9 million in additional state savings, approved funding for planning grants, and adopted placeholder trailer bill language.	On 6/19, the conferees adopted a conference compromise.	Increased responsibility for juvenile offender housing, programming, and supervision at the local level, with funding (total amount unknown) provided by the state as a block grant to counties.
<p><i>Item 5225-101-0001</i> <i>Page 211</i> The Governor's May Revision proposes to maintain current-year funding for the Mentally Ill Offender Crime Reduction (MICOR) grant program that serves juvenile and adult offenders, administered through the Corrections Standards Authority.</p>	Took no action.	Eliminated funding.	The Budget Conference Committee adopted the Senate version on 6/12.	Elimination of the \$50 million investment would threaten multi-agency projects and services aimed at curbing recidivism and promoting long-term stability among mentally ill offenders.
<p><i>Item 5225-101-0001</i> <i>Page 213</i> The May Revision proposes to fund the California Adult Probation Accountability and Rehabilitation Act (CAPARA) at \$25 million, down from \$50 million proposed in the January budget. This new initiative would provide support to all local probation departments to expand adult probation services, with targeted program and supervision of adult probationers aged 18 to 25.</p>	Approved \$20 million to fund four pilot projects.	Approved \$20 million to fund four pilot projects, with additional trailer bill language to define reporting requirements.	On 6/4, adopted the Senate version, along with placeholder trailer bill language that will guide pilot program design and implementation. The Budget Conference Committee indicated that it will reconsider the language, which is still being drafted, if necessary.	Investment in four pilot programs (locations as yet unspecified) will permit additional services and programming for adult probationers aged 18 to 25.

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Items 0250-101-0932, 0250-107-0932, 0250-111-0001; and 0250-117-0001</i> Page 2</p> <p>The Governor's May Revision provided a \$36.6 million augmentation to the judicial branch budget to cover court security costs.</p>	Rejected May Revision proposal	Approved \$25.6 million in funding, as well as related budget bill and trailer bill language	On 6/19, adopted the Assembly version.	The rejection of a budget augmentation creates a gap between state funding and local costs to provide court security services.
<p><i>Item 5225-101-0001</i> Page 192</p> <p>The Governor's May Revision provides \$16.9 million to fully reimburse local entities for costs of prosecuting inmate crimes, housing state inmates and other services provided to state inmates at the county level.</p>	Approved \$16.882 million	Approved \$16.878 million	On 6/6, adopted Assembly version	This augmentation will allow the state to catch up with current year local assistance payments and to cover anticipated reimbursements for 2007-08.
<p>The Governor's May Revision proposed to shift responsibility and authority for collection of court-ordered debt from the counties to the courts.</p>	Did not approve.	Did not consider.	Not before the Budget Conference Committee.	Significant impact on county investments and personnel dedicated to county-based collections program. This issue is not expected to go before the Budget Conference Committee.
<p>The Governor's May Revision maintains an overall commitment to supporting existing public safety assistance programs at current-year levels, including the Citizens' Option for Public Safety (COPS) and Juvenile Justice Crime Prevention Act (JJCPA) – \$119 million for each program; Juvenile Probation Camp Funding – \$204 million; Rural and Small County Sheriffs' Program – \$18.5 million; Local Detention Facility Funding (new booking fee paradigm) – \$35 million; Methamphetamine Abatement Efforts – \$29.5 million; and Standards for Training and Corrections – \$19.5 million</p>	Took no action.	Took no action	Not before the Budget Conference Committee.	Nearly \$600 million in support for local public safety programs ranging from intervention, prevention, apprehension, and front-line services.

Agriculture and Natural Resources

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 9100-101-0001</i> The May Revision proposes to permanently eliminate <u>all</u> funding, amounting to approximately \$39.1 million, for subventions to counties for property tax losses incurred by enrolling agricultural land in Williamson Act contracts.</p>	<p>Approved \$39.1 million GF. No action on the May Revise.</p>	<p>Approved \$39.1 million GF. No action on the May Revise.</p>	<p>No action taken.</p>	<p>Loss of discretionary dollars will impact county's ability to provide important public health and safety services.</p>

Government Finance and Operations

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 6120-221-0001</i> <i>Page 261</i> Appropriates \$21.3 million for the Public Library Foundation.</p>	<p>No action.</p>	<p>Augmented appropriation by \$2 million.</p>	<p>Augmented appropriation by \$1 million.</p>	<p>Near last year's appropriation. The program has never received full funding, which is tens of millions higher than \$20 million. Localities may use the funds freely so long as the funds serve the public library purposes stated in the law.</p>
<p><i>Item 8885-001-0001</i> <i>Page 289</i> Would delay mandate reimbursements by one year.</p>	<p>Trailer bill placeholder.</p>	<p>Trailer bill placeholder.</p>	<p>Approved delay process: locals submit claims by 2/15, late claims penalized lesser of 10% or \$10,000, SCO pays claims later of 8/15 or upon passage of budget.</p>	<p>Would delay state mandate reimbursements until year after the mandate is performed, instead of current system of making estimated payment in the same year and truing up the next. I.e., there will be one year (07-08) of no mandate reimbursement (except for 06-07 true-up).</p>

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 0860-001-0001</i> <i>Page 41</i> Trailer bill language to authorize assessors to assess "fractional" aircraft and private aircraft. Also, includes a partnership program between the State Board of Equalization and county assessors to identify businesses who have an outstanding use tax liability.</p>	Trailer bill placeholder.	No action.	Approved trailer bill language that would authorize assessment of "fractional" aircraft and private aircraft. Authorizes a partnership program on a pilot basis between State Board of Equalization and county assessors to identify businesses who have an outstanding use tax liability. Includes \$3.5 million one-time grants to assessors for property tax administration purposes (contained in Item 9210).	Potential increased revenue to local governments of \$3.5 million for the "fractional" aircraft. \$3.5 million in state General Fund for one-time grants to assessors.

Health and Human Services

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 4200-105-0001</i> <i>Page 143</i> The Governor proposed \$60 million for Proposition 36 and \$60 million for the Offender Treatment Program (OTP). This is a \$25 million decrease in funding compared to 2006-07.</p>	<p>Approved \$85 million for Proposition 36.</p> <p>Approved \$60 million for OTP.</p> <p>Total: \$145 million</p>	<p>Approved \$120 million for Proposition 36.</p> <p>Approved \$40 million for OTP.</p> <p>Total: \$160 million</p>	The Conference Committee approved the Senate version for both Prop. 36 and OTP funding for a total of \$160 million.	Based on surveys conducted in 2005, counties believe that \$230-265 million is needed statewide to adequately fund the appropriate levels of treatment and supervision for Proposition 36. Counties' ability to make program improvements, as required by OTP, while funding is declining will be difficult.

Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 5180-151-0001</i> <i>Page 185</i> The Governor's budget includes \$88.3 million (\$50.1 million General Fund) for APS.</p>	<p>Approved \$12 million augmentation for APS.</p>	<p>Approved \$10 million augmentation for APS.</p>	<p>The Conference Committee adopted the Assembly version for a total \$12 million augmentation to the program.</p>	<p>Funding for APS has been flat for the past six years, while the number of reported cases of abuse and neglect for this population has increased by 34 percent since 2000. This augmentation will assist with APS cases.</p>
<p><i>Item 4440-101-0001</i> <i>Page 172</i> The Governor's budget proposes to eliminate funding for AB 2034, Integrated Services for Homeless Adults with Severe Mental Illness. The proposed cut would save \$54.9 million GF.</p>	<p>Did not provide funding for this program.</p>	<p>Approved \$54.9 million GF.</p>	<p>The Conference Committee adopted the Senate Version, restoring \$54.9 million GF for the program.</p>	<p>Counties believe that the proposed funding cut is contrary to the Mental Health Services Act of 2005 (Proposition 63).</p>
<p><i>Item 5180-151-0001</i> <i>Page 181</i> The May Revision proposes \$15.5 million GF in 2007-08 for this program; the same amount proposed in January. At the Senate hearing the Administration announced they were revising their May Proposal and would provide an additional \$10.8 million for THP-Plus, for a total of \$26.3 million.</p>	<p>Approved the January budget.</p>	<p>Approved \$35.2 million in total funds for THP-Plus.</p>	<p>The Conference Committee adopted the Senate Version, which included a \$19.7 million augmentation to the Governor's proposal of \$15.5 million in the May Revision, for a total of \$35.2 million.</p>	<p>The Senate's action fully funds all counties with existing approved plans to continue their programs in 2007-08.</p>

Housing, Land Use and Transportation

Proposed Changes to Local	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 9350-104-6065</i> <i>Page 72</i> Appropriates \$600 million for cities and counties from the \$2 Billion Local Streets and Roads Account contained in Proposition 1B (Transportation Bond) for FY 2007-08. Also appropriates a total of \$1.050 billion over a 3-year time period.</p>	<p>Approved appropriation; item will go before the Conference Committee. Rejected Governor's multi-year appropriation proposal for LSR.</p>	<p>Reduced appropriation by \$200 million down to \$400 million; item will go before the Conference Committee. Rejected Governor's multi-year appropriations proposal for LSR.</p>	<p>Item left open.</p>	<p>Counties would receive half of the Local Streets and Roads bond proceeds for traffic congestion relief, preservation, transit, traffic safety, and other projects to improve the local transportation system.</p>

Proposed Changes to Local	Assembly Action	Senate Action	Conference Committee	Impact on Local Government
<p><i>Item 2660-001-0046</i> <i>Page 71</i> Proposes no changes to the Proposition 42 formula allocations or formula splits between the STIP, cities, counties and transit.</p> <p>Proposes to divert the projected \$827 million of the spillover in FY 2007-08 as follows: \$340 million to debt service for Prop 1B and the balance to various other programs to relieve general fund obligations.</p>	<p>Approved motion to capture spillover revenue under Prop 42 and change allocation formula in FY 2008-09 as follows: Reduce the STIP share from 40% to 35%; Reduce the cities share from 20% to 15%; Reduce the counties share from 20% to 15%; and Increase the transit share from 20% to 35%.</p> <p>Item will go before the Conference Committee.</p> <p>Approved Governor's proposal for \$340 million of spillover to pay the general obligation debt and \$129 million towards regional center transportation for a total of \$469 million in General Fund relief from transit, however, rejected the balance of the Governor's proposal to divert additional transit funding.</p>	<p>Proposed no changes to the Proposition 42 formula allocations or formula splits between the STIP, cities, counties and transit.</p> <p>Rejected the Governor's proposal to shift spillover and PTA transit funding to relieve the General Fund.</p>	<p>Item left open.</p>	<p>While in the short-term the added spillover revenue (projected to be \$0.94 billion in FY 2008-09; \$0.97 billion in FY 2009-10; and \$1.07 billion in FY 2010-11) may compensate for the reduced percentages in Prop 42 for counties, the spillover is highly volatile and almost impossible to predict into the long-term future therefore the affect is difficult to measure.</p> <p>Additionally, the spillover revenues are not constitutionally protected like the Prop 42 revenues so the new formula can be easily changed in statute.</p> <p>For these reasons, the Assembly proposal may have significant long-term effects difficult to estimate into the future for local streets and roads funding.</p>