



2016-17 FINAL STATE BUDGET October 2016

October 12, 2016

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

FROM: Matt Cate, CSAC Executive Director
DeAnn Baker, CSAC Deputy Executive Director of Legislative Affairs

RE: **Final 2016-17 Budget Package**

While the bulk of the 2016-17 budget was passed earlier this summer to meet the June 15 constitutional deadline, some final elements of the state's budget remained unresolved until the final days of the regular session. Budget trailer bills and other fiscal bills were among the many hundreds sent to the Governor for action before the close of the 2016 legislative year. This Budget Action Bulletin provides a comprehensive overview of the 2016-17 enacted budget and related trailer bills.

The final budget components crossing the Governor's desk were of key importance to counties but did not significantly shift the emphasis on fiscal restraint and strong reserves in anticipation of a potential economic downturn. The Governor's January Budget proposal to augment the Proposition 2 "Rainy Day Fund" by an additional \$2 billion dollars was approved by the Legislature in June, and is projected to bring the state's total reserves to \$8.5 billion. In addition, the Legislature approved a \$2 billion spending plan to renovate state offices including the Capitol Annex and address deferred maintenance. Other ongoing commitments in the June budget were made towards child care and pre-school rate increases that will grow to over \$500 million annually. The June budget provided funding, growing over four years to \$100 million annually, to add nearly 9,000 full day preschool slots. The Legislature was also successful in repealing the long-fought Maximum Family Grant rule that prohibits CalWorks recipient families from receiving augmented support if a child is born into that family.

Many key budget issues for counties were successfully addressed in the budget. CSAC budget priority highlights include:

- \$2 billion in authorized bond issuance for “No Place Like Home” local grants to provide permanent housing for persons with mental illness and who are homeless, or at risk for homelessness.
- \$140 million in cap and trade revenues dedicated to local GHG emission reduction programs.
- \$270 million for jail construction grants.
- \$25 million in grants for hard to site criminal justice facilities to cities and counties.
- \$127.3 million for group home reform.
- \$10 million in State Responsibility Area Fire Prevention Fund grants, including \$5 million in grants to local governments specific to tree mortality and tree removal and \$5 million for general fire prevention.
- \$11 million to assist in the removal and disposal of trees in high hazard zones.
- \$30 million to support local jurisdictions using the California Disaster Assistance Act Program for tree mortality and other disasters.
- \$644,000 for PILT (Payment in Lieu of Taxes).
- \$2.5 million for Williamson Act.
- Nearly \$400,000 in state backfill for counties with insufficient ERAF.

Several CSAC priority issues were left open at time of adjournment or simply unaddressed at the end of session including:

- \$400 million for affordable housing, in combination with the Governor’s “By Right” streamlining proposal for developer project approval by cities and counties.
- Comprehensive transportation funding proposal.

For more detail on these and other items of importance, see the following policy sections below or contact [CSAC legislative staff](#).

2016-17 Budget Trailer Bills	
Trailer Bill	Topic/Summary
SB 826	Budget Bill Conference Report
SB 827	Current Year Budget Augmentation
SB 828	K-14 and Early Childhood Education
AB 1602	Higher Education
AB 1603	Human Services
SB 833	Health
AB 1606	Developmental Services
AB 1607	Hospital Quality Assurance Fee
SB 836	General Government and State Administration #1
SB 837	General Government and State Administration #2
AB 1610	Transportation
SB 839	Resources and Environment
SB 840	Energy
SB 843	Public Safety
SB 844	Correctional Facilities
AB 1618	No Place Like Home program
AB 1628	No Place Like Home bond financing
SB 848	State Employees
SB 859	Cap and trade allocations

Administration of Justice

This budget reflects true collaboration between the Legislature, the Administration, and counties that address the offender population needs through investment in programs and facilities. The budget continues to focus on improving the conditions of local correctional facilities by investing in programs that reduce recidivism and targets the revolving door between the mentally ill and offender population. The budget targets prevention programs for the homeless population, mental illness, or those with the need for additional treatment services.

Local Treatment and Jail Investment Funding

The budget includes \$270 million in lease revenue bonds, with a \$20 million carve-out for Napa County, for jail construction projects. The \$20 million will help address the damage that was done to the jail during the Napa earthquake in 2014. The overall jail funding is directed to counties that have not received an allocation or a full allocation in

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the past, and additional eligibility requirements were added. Specifically, counties that compete for this round of funding will have to include space for in-person visiting and provide a description of the counties' efforts to address sexual abuse in the jail facilities.

An additional \$67.5 million was included in the budget by the Legislature for community infrastructure grants. These funds can be used to build or renovate facilities that provide mental health services or other treatment services to the offender population. The goal is to develop an infrastructure for persons with mental health needs that require treatment instead of incarceration.

Twenty-five million dollars is allocated for the Community-Based Transitional Services Program, with a focus on transitional housing for offenders released from state prison or county jail, along with at least two other services such as: life skills training, employment counseling, vocational training, continuing education, cognitive behavioral therapy, anger management training, mental health treatment and counseling, and substances abuse treatment and counseling. Applications are now available [here](#):

Key points of the proposal include:

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

Proposition 47

The final budget increased the savings for Proposition 47 by \$10 million for mental health, substance abuse treatment, reduced truancy, and improved victim services. The Board of State and Community Corrections has established an Executive Steering Committee to develop an RFP on how these funds will be allocated.

Trial Court Security

Trial court security received \$5 million, to be directed to the unmet court security needs created by the opening of new courthouses. CSAC supported this proposal.

Other One-Time Allocations

- \$20 million in City Law Enforcement Grants.
- \$10.2 million for Uninhabitable Police Station Grants.
- \$5.5 million for the City of Salinas for counter-violence and gang activity prevention.
- \$3 million for Workforce Investment Board services to ex-offenders.
- \$10 million to support grants for community groups providing services to human trafficking victims through the Office of Emergency Services.

LEAD Program

The Law Enforcement Assisted Diversion (LEAD) pilot program received \$5 million and focuses on improving public safety and reducing recidivism by increasing the availability and use of social service resources.

Board of State and Community Corrections Executive Steering Committees

The Budget compromise included updates to the Board of State and Community Corrections (BSCC) requirements for establishing Executive Steering Committees (ESC). The language removes an exemption for government employees to participate in an ESC if their agency is going to compete for the funding in which the ESC is developing criteria and guidelines. The Byrne Jag and Proposition 47 ESC's were exempted from this change.

2011 Realignment

Revenue assumptions for 2011 Realignment programs and details base and growth estimates for 2016-17 can be found in the appendix of this document (these remain unchanged since the May Revisions). The 2015-16 growth will be allocated in September based on actuals that will not be known until late August. CSAC will provide updated information as soon as it becomes available.

Agriculture, Environment and Natural Resources

The budget includes a number of proposals for the funding of environmental protection and natural resources programs. Final action includes a deal on cap and trade funding, as well as one-year allocation for Payment In Lieu of Taxes (PILT), with General Fund and other funding for increased investments in resource management and wildfire protection, funding for emergency drought response, medical marijuana regulation.

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Cap and Trade Funding

One of the last compromises reached between the Legislature and the Governor, well after the main budget bill passed, was a deal on the expenditure of the 40 percent of unallocated cap and trade revenues, totaling \$900 million in funds dedicated to a variety of programs to reduce greenhouse gas (GHG) emissions, while placing \$462 million in a reserve account for future years. While the plan is a bit of a mixed bag for counties, we are pleased to see \$140 million dedicated to a new local climate program aimed at reducing GHG emissions from variety of different sectors in disadvantaged and other communities.

In addition, the plan allocates \$40 million to programs that increase waste diversion and help reduce methane emissions from our landfills. The deal also allocates \$135 million to the Transit and Intercity Rail Program consistent with our request that cap and trade dollars be invested towards transportation programs.

However, counties did express disappointment that only \$25 million was allocated to address forest health and tree mortality in the state's most impacted areas. CSAC believes this number is woefully inadequate to deal with the over 60 million dead trees in our forests while the risk of catastrophic wildfire increases. Late-developing budget trailer bill SB 859 did accompany the allocation and does include relief for some biomass facilities, requiring retail sellers of electricity to purchase a total of 125 megawatts of power from biomass facilities that generate power from forest waste in areas impacted by tree mortality.

California Endangered Species Act Fee

SB 839, by the Senate Budget and Fiscal Review Committee, was signed by the Governor in September. This measure imposes a new application fee for permits required to comply with the California Endangered Species Act (CESA). The fees range in cost from \$7,500 to \$30,000, and will provide the Department of Fish and Wildlife (DFW) with the authority to charge an additional fee of up to \$10,000 if the original fees are deemed to be insufficient.

CSAC opposed the proposed CESA fee. The new fees could be imposed on a wide range of county projects including flood control, road and bridge work and water management activities. CSAC repeatedly noted concerns with the cumulative effect of the new fee on important public projects.

Also of interest to counties is SB 839's correction to Food and Agriculture Code Section 52334. Adopted in 2014 through enactment of Assembly Bill 2470 (Salas), this section prohibits a city, county, or district from enacting local ordinances regulating any plant, crop, or seed without obtaining prior consent from the Secretary of the California

Department of Food and Agriculture (CDFA). Replacing Section 52334 with language that states that “the declaration of a plant, seed, nursery stock, or crop as invasive is a power reserved for the secretary,” is necessary in order to be consistent with the original intent of the legislature.

This budget trailer bill also includes a wide range changes to implement the resources, environmental protection, energy, and agriculture budget actions adopted as part of the 2016-17 Budget package. These changes include provisions that:

- Increase penalties for taking an endangered, threatened, or candidate species. One-half of any collected fines or forfeitures would be deposited in the county treasury of the county in which the violation occurred and would require the other one-half to be deposited in the Endangered Species Permitting Account;
- Prohibit the breeding and theatrical performance of captive orcas in California, as well as their export out of North America, consistent with federal law;
- Propose various fee adjustments, including raising the drinking water program expenditure cap, eliminating the flat fee option for hazardous waste permits in lieu of fee for service and raising the fee on environmental license plates;
- Revise the definition of disadvantaged community to allow for public water system consolidation for communities with an annual median household income that is less than 80 percent of the statewide annual median, and that is served by a small public water system;
- Require the Natural Resources Agency to submit a report to the Legislature and the Legislative Analyst’s Office regarding the state’s response to the ongoing drought.

Forestry and Wildfire Management

CSAC helped secure a number of one-time allocations to address tree mortality and the removal of dead trees including the following:

- \$25 million in cap and trade allocations to address forest health and tree mortality.
- \$10 million in State responsibility Area Fire Prevention Funds, including \$5 million in grants to local governments specific to tree mortality and tree removal, and \$5 million for general fire prevention grants.

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- \$11 million in General Funds monies to assist in the removal and disposal of trees in high hazard zones. Of these funds, \$6 million is dedicated to grants for local entities, including local governments, for the removal of dead and hazardous trees. There is \$5 million to support additional assistance for equipment use and personnel overtime for hazardous tree removal and fuels reduction efforts.
- \$30 million in General Fund monies to the Office of Emergency Services to support local jurisdictions using the CA Disaster Assistance Act Program, for tree mortality and other disasters.

Additionally, budget trailer bill SB 859 accompanied the cap and trade allocation plan and includes relief for some biomass facilities, requiring retail sellers of electricity to purchase a total of 125 megawatts of power from biomass facilities that generate power from forest waste in areas impacted by tree mortality.

Payment in Lieu of Taxes (PILT)

The budget includes \$644,000 in Payment in Lieu of Taxes funding to local governments. The Department of Fish and Wildlife (DFW) operates wildlife management areas throughout the state. Existing law (Fish and Game Code Section 1504) requires DFW to compensate counties for loss property taxes and assessments as a result of the establishment of a wildlife management area. These “payments in-lieu of taxes” (PILT) are equal to the county taxes levied upon the property at the time the state acquired the property plus any assessments levied upon the property by any irrigation, drainage, or reclamation district. Counties received a one-year allocation of PILT funds in the FY 15-16 budget, and this allocation is consistent with that appropriation and the Governor’s January budget.

Williamson Act

In a surprise inclusion, the Legislature added \$2.5 million in General Fund monies for the Williamson Act program. There is little supporting detail as to the purpose of this funding and whether it is dedicated for administration purposes to the Department of Conservation, or for direct subvention payments. Staff is working to obtain additional details about this proposal. As you may recall, subvention payments have not been made to counties since they were eliminated as part of the 2009-10 budget and were last funded at a total of \$34 million.

Emergency Drought Response

The budget provides \$334.5 million (\$212 million General Fund) for various drought-related activities as follows:

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>Amount (millions)</i>
Protecting Water Supplies	Department of Water Resources	Local Assistance for Small Communities	\$10.0
	Water Board	Water Curtailment	\$5.4
	Water Board	Emergency Drinking Water Projects	\$16.0
Water Conservation	Department of Water Resources	Urban Water Conservation & Save Our Water Campaign	\$12.0
	Energy Commission	Rebates for Appliances	\$30.0
	Energy Commission	Water and Energy Technology Program	\$30.0
	Department of Food and Agriculture	Agricultural Water Conservation	\$20.0
Emergency Response	Department of Forestry and Fire Protection	Enhanced Fire Protection	\$87.8
	Department of Forestry and Fire Protection	Tree Mortality	\$11.0
	Department of Water Resources	Drought Management and Response	\$12.0
	Department of Fish & Wildlife	Protection of Fish & Wildlife	\$13.5
	Department of Social Services	Drought Food Assistance	\$18.4
	Office of Emergency Services	California Disaster Assistance Act	\$52.7
	Office of Emergency Services	State Operations Center	\$4.0
	Department of Community Services & Development	Farmworker Assistance	\$7.5
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Sustainable Groundwater Management Act Implementation

The budget includes \$1 million in General Fund monies to support local public agencies with facilitation services as they implement the Groundwater Act. These funds will support efficient formation of groundwater sustainability agencies by water districts, counties, cities, and other local groups.

California Farmland Conservancy Program

The Legislature approved a one-time local assistance appropriation of \$1.14 million from the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund of 2002 (Proposition 40). Funds will be used by the California Farmland Conservancy Program to provide grants to local governments and nonprofit land trusts to permanently protect farmland from conversion to non-agricultural uses via permanent agricultural conservation easements.

Fairs

The budget bill includes two permanent positions and \$435,000 (Fair and Exposition Fund) in 2016-17 and \$392,000, ongoing, to the Department of Food and Agriculture's Fairs and Expositions Branch to improve of the oversight of the activities of the 79 fairs that make up the network of California fairs.

Medical Marijuana Regulation and Safety Act (MMRSA):

The budget the following allocations to state agencies with regulatory and/or licensing responsibilities under MMRSA:

- Department of Public Health: \$457,000 and six positions in 2015-16, \$3.4 million and eight positions in 2016- 17, \$2.5 million and two positions in 2017-18, and \$5.7 million and 21 positions in 2018-19.
- Department of Fish and Wildlife: \$7.7 million General Fund 31 permanent positions to meet the requirements of the MMRSA related to marijuana cultivation to establish the Watershed Enforcement Program and permanent multiagency task force.
- Department of Pesticide Regulation: Three positions and \$700,000 from the Department of Pesticide Regulation Fund (DPRF) pursuant to MMRSA.
- State Water Resources Control Board: 35 positions and \$5.7 million (\$5.2 million General Fund and \$472,000 Waste Discharge Permit Fund) to address water quality-related impacts of medical cannabis cultivation and the effects of water diversions and instream flows.

- Department of Food and Agriculture: \$3.3 million reimbursement authority in 2015-16, 18.0 positions and \$3.355 million to the MMRSA Fund in Fiscal Year 2016-17.
- Department of Consumer Affairs: \$3.8 million from the MMRSA Fund and 25 positions to create the Bureau of Medical Marijuana Regulation.

The General Government and State Administration budget trailer bill includes amendments to MMRSA that:

- Change all references to medical marijuana or marijuana to medical cannabis or cannabis;
- Authorize a licensing authority to promulgate regulations, including emergency regulations;
- Require additional conditions of licensures, such as proof of bond to cover the cost of destroying product;
- Require an applicant for a license for indoor or outdoor cultivation to identify the source of water supply;
- Authorize the Board of Equalization for purposes of taxation and regulation, to have access to the Department of Food and Agriculture’s track and trace electronic database;
- Provide the Department of Public Health (DPH) cite and fine authority and the authority for mandatory recalls;
- Shift authority to license laboratories from the DPH to the Bureau of Medical Cannabis Regulation;
- Establish requirements concerning the misbranding of medical cannabis products;
- Exempt an entity from the requirement to enter into a lake or streambed alteration agreement with the Department of Fish and Wildlife for activities authorized by a license for cannabis cultivation provided specified requirement are met.

Government Finance and Administration

FINANCE AND OPERATIONS

Redevelopment Agency Dissolution Continues

As the dissolution of redevelopment agencies continues and property tax revenues are returned to local agencies, the budget assumes counties will receive \$740 million in general purpose revenues in 2015-16 and 2016-17 combined (cities will receive \$700 million and special districts \$330 million). This is unrestricted funding for local agencies. The state's general fund savings in Prop 98 obligations is estimated to be over \$1.3 billion during this same time period.

Funded and Suspended Mandates Reflect Little Change

Dozens of state mandate programs were suspended again in the 2016-17 budget that was largely consistent with previous action in the last three years (a full list of funded and suspended mandates is available in the appendix of this Budget Action Bulletin).

The budget includes a \$7.5 million payment towards Public Records Act claims in an effort to close out remaining liability following Proposition 42, which designates the Public Records Act requirements as non-reimbursable mandates.

Elections Funding Limited to State Only

Elections funding in the budget package is directed towards state level operations for the Secretary of State and Department of Motor Vehicles. In April of this year, \$16.2 million was allocated as a supplemental appropriation in the 2015-16 Budget to counties for elections administration duties related to verifying signatures on initiative petitions for the November General Election. County elections officials have reported the necessary information to the Secretary of State for payments and at time of publication, 47 eligible counties sought payment. This payment is anticipated to be made in October 2016.

Other Local Finance Provisions

- Funding the state's insufficient ERAF backfill to the counties of Alpine, Amador, and San Mateo, totaling \$393,000.
- Continuation of Pilot Program to Improve Property Tax Administration in the third and final year with review of the program to determine if continuation or expansion is warranted.

EMPLOYEE RELATIONS AND ADMINISTRATIVE SERVICES

Public Employees' Medical and Hospital Care Act

Language in the General Government budget trailer bill conditions the spending of any administrative expenses in the California Public Employees' (CalPERS) Health Care Fund (HCF) and the CalPERS' Contingency Reserve Fund (CRF) contingent upon approval in the annual state budget process, thereby discontinuing the CalPERS' Board of Administration (Board's) use of monies in the HCF to pay for other costs determined by the Board.

The CalPERS' HCF was established to fund the self-funded health benefit plans administered by CalPERS that rely upon cash flows from premiums and investment income to fund health benefit payments. Monies in the HCF includes any self-funded or minimum premium plan premiums paid by contracting agencies, the state and enrolled employees, annuitants, and family members. The CalPERS' CRF was created to fund administrative costs related to the Public Employees' Medical Health Care Act program, and as a contingency reserve for such items as increases in future rates or in future benefits.

Judicial Officer Pay

Language included in the State Employment budget trailer bill clarifies the statutory methodology used to calculate the annual salary adjustments for state judges and justices. Specifically, it amends Government Code §68203 which establishes the formula for how judicial officers in California receive pay raises. The new language increases pay by an amount that is produced by multiplying their current salary by the average percentage salary increase for the current fiscal year for California state employees – to require their average percentage salary increase to be reduced by the average percentage salary decrease resulting from the furlough or enrollment in a personal leave program of California state employees in that current fiscal year. This amendment is important to those counties which have passed ordinances tying salary increases for county supervisors to those received by state judicial officers under Government Code Section 68203.

Health and Human Services

No Place Like Home Program

The Senate proposed the "No Place Like Home" program in January, which was created to provide bond funding to counties for permanent supportive housing for people who

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are homeless and living with a mental illness. The funding source for the bonds is an annual portion of Mental Health Services Act (MHSA) funds.

Ultimately, the Legislature passed two No Place Like Home bills: AB 1618, which contains the program parameters, signed in June, and AB 1628, which contains the bonding and some financing language, signed in August. CSAC negotiated a significant portion of AB 1618 to ensure it would work for counties, and supported the bill. CSAC did not take a position on AB 1628.

In sum, AB 1618 divides potential bond funding into two pots: a competitive pot (\$1.8 billion) and a non-competitive pot (\$200 million). Within the competitive pot of funding, counties will be grouped into four tiers based on total population, within which they will compete for funding if applicable: Los Angeles County; large counties with a population over 750,000; medium counties with a population between 200,000 and 750,000; and small counties with a population under 200,000. Awards in the competitive pot are not based on a counties' homeless count, and the small county tier will make eight percent of funds available.

There is also an alternative competitive process available for those counties with more than five percent of the statewide homeless population to access funding directly. However, this option limits the total amount of funding that the county can access overall. If money is left over in any of the tiers, it reverts back to the statewide fund and will be made available to other counties to access. AB 1618 requires four funding rounds outside the non-competitive dollars.

The \$200 million in non-competitive funding relies on a county's homeless count, which will be developed under the bill's guidelines, and includes a \$500,000 minimum award for counties with low homeless counts.

Some money is set aside for implementation assistance and administration. AB 1618 includes up to \$2 million for technical assistance to counties based on size and uses up to five percent of funds for state administrative costs. Additionally, four percent of the competitive pot is set aside for a default reserve.

AB 1628 includes language that caps the amount of MHSA funding that can be leveraged at \$140 million annually, which provides a better sense of the potential cost of the program to counties who rely on MHSA funds to support valuable local programs for their residents. It also details the flow of funds from MHSA funds for NPLH as well as how the bonds will function.

CSAC is now working with the Department of Housing and Community Development on initial implementation efforts.

MEDI-CAL

County Medi-Cal Administration Costs

The Legislature upheld the January proposal of \$169 million in the current year for county Medi-Cal administration costs, plus that amount over baseline in the 2016-17 budget year. The County Welfare Directors have indicated that this amount is reasonable for county costs. As part of this deal, the Department of Finance will begin a time- and work-study to inform the development of a new cost methodology. It is hoped that a fair methodology will stabilize funding for these critical local services.

The budget does not include General Fund for shortfalls in county Medi-Cal Administration costs in 2013-14 and 2014-15.

As has been done for the past 15 years, the county COLA for county eligibility administration for 2016-17 was suspended.

The Legislature also adopted several technical and clarifying changes to Medi-Cal, including limiting the State's estate recovery efforts to conform to federal law and restoring acupuncture services as a covered benefit. The annual General Fund limit for state administrative costs for implementing the Medi-Cal Electronic Health Records Incentive Program was increased from \$200,000 to \$450,000.

Medi-Cal Hospital Quality Assurance Fee

The Legislature passed the extension for the hospital quality assurance fee until January 1, 2018, after which the outcome of the hospital fee ballot measure, Proposition 52, set for November, will be known. CSAC supports Proposition 52.

AB 85 Redirection Estimate

The Legislature approved \$57.6 million General Fund for lower-than-expected state savings under AB 85. This was done to account for increased initial state costs under the new Medicaid Section 1115 Waiver. Furthermore, the first "true up" calculation from the AB 85 2013-14 redirection amounts has been finalized, and the state directly reimbursed 12 counties about \$170 million.

MENTAL HEALTH

New Children's Crisis Services Grant Program

The Legislature established a one-time grant program to expand the continuum of mental health crisis services for children and youth, including adding child and youth specific mobile crisis and community-based crisis stabilization support teams, additional

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triage personnel, additional crisis stabilization unit services, additional child and youth crisis residential services, family respite care, and family support services training.

HUMAN SERVICES

Continuum of Care Reform (AB 403 Group Home Reform)

The Legislature did not approve additional funding above the Governor's May Revision for county implementation of AB 403, the Continuum of Care Reform (CCR). This major reform seeks to eliminate the foster and probation youth group home system in California, and is a major undertaking for county Child Welfare Services, county Mental Health Plans, and Probation. CSAC has been advocating for increased first-year funding for AB 403, which is slated to be implemented on January 1, 2017. Currently, the 2016-17 budget includes \$127.3 million in total funds for child welfare and county probation departments to implement AB 403.

The Legislature did adopt language requiring the Department of Social Services (DSS) and the Department of Health Care Services to update the Budget Committees of the Legislature on the implementation of the CCR. DSS is additionally required to discuss the proposed foster care rates and rate structure with stakeholders and legislative staff by July 1, 2016.

Child Near Fatality Language

AB 1626 and SB 855, the Human Services Budget Trailer Bills, were amended in August to reflect a compromise on the child near fatality language. The federal law that governs state and federal activities to address child abuse and neglect, the Child Abuse Prevention and Treatment Act (CAPTA), was recently amended to require states to develop procedures for the release of information related to near fatalities that occur to children as the result of abuse or neglect. Federal guidance to the states indicates that a state may determine its procedures for how to release information in accordance with the updates to CAPTA.

The language in AB 1626 and SB 855 would require counties to release information about near-fatalities in the form of a written summary, in addition to releasing a number of specified documents. These documents would be redacted to remove information that is not relevant to the near fatality, which allow the counties to provide important information in a way that accomplishes the goals of the public information sharing requirements in CAPTA while preserving the privacy of the living child, their siblings, and others connected to the family who are innocent of any wrongdoing. AB 1626 and SB 855 additionally preserve the state's ability to continue drawing down \$4.8 million in federal child abuse prevention funding by coming into compliance with the federal CAPTA requirements.

Family Resource Agency Money

AB 1623, part of the Budget Act for the 2016-17 fiscal year, was amended to include more funding for resource family agencies. The additional \$200,000 that the budget now provides for resource family agencies reflects the importance of providing adequate resources to implement AB 403's group home reform, also known as the Continuum of Care Reform.

Additionally, in the Public Social Services trailer bill, AB 1603, the Legislature made several significant policy changes as outlined below.

CalWORKs

The Legislature repealed the Maximum Family Grant (MFG) Rule using "leftover" funds from the Child Poverty and Family Support Subaccount in 2011 Realignment, as well as some General Fund. The Legislature additionally increased the maximum aid payment under CalWORKs by 1.43% starting July 1, 2016, which is in line with the Governor's recommendation.

The once-in-a-lifetime payment provided to families who have lost their housing allowance by the Homeless Assistance Program (HAP) was repealed by the Legislature. A family now could be allowed to receive HAP once in a twelve month period. CSAC has supported legislation to this effect in past years.

The Legislature also streamlined two CalWORKs subsidized employment programs: the AB 98 program established in 2012 and the Expanded Subsidized Employment Program enacted in 2013.

Bringing Families Home

The Legislature established the Bringing Families Home program with \$10 million General Fund, to award program funds to counties for the purpose of providing housing-related supports to eligible families experiencing homelessness. Counties that receive state funds through the Bringing Families Home Program will match that funding on a dollar-for-dollar basis.

Commercial Exploitation of Children (CSEC)

The Legislature approved an additional \$12 million General Fund for the county CSEC program, bringing the annual appropriation to \$47 million. This program is administered by counties and the charge to increase funding was led by the County Welfare Directors Association (CWDA).

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Housing Support Program

The Legislature approved a \$12 million augmentation for the Housing Support Program (HSP), bringing the 2016-17 appropriation up to \$37 million. This program is administered by counties through the CalWORKs program.

Approved Relative Caregiver (ARC) Program

The Legislature made several changes to the ARC Program, including clarifying that children participating in the ARC Program should receive a \$50 child support disregard. The Legislature additionally clarified that a relative who has been approved under the resource family approval process and who is federally ineligible for AFDC-FC is authorized to receive a CalWORKs grant and a supplement amount equal to the resource family basic amount paid to children who are federally eligible for AFDC-FC. The changes adopted by the Legislature also allow non-federally eligible foster youth placed with relative caregivers under the jurisdiction of the tribal court receive a foster care basic rate amount equal to payments made to federally-eligible relative caregivers in tribes that possess a Title IV-E Agreement with the state.

Adult Protective Services

The Conference Committee approved \$3 million in one-time funding to create a statewide Adult Protective Services training program for county staff. CSAC had joined CWDA in calling for \$5 million for this purpose; the \$3 million appropriation will allow the training to be developed, which is a good start.

IN-HOME SUPPORTIVE SERVICES

Service Hours Restoration

The 2016-17 budget includes a restoration of the seven percent across-the-board IHSS service hours reduction, which costs \$571.8 million in total funds. This restoration will remain in effect until the Managed Care Organization tax expires in three years pursuant to current law.

IHSS Contract Mode Language

The Department of Finance rescinded its proposed budget trailer bill language that would have negatively impacted counties that are currently in “contract mode” for IHSS services. The County Welfare Directors Association worked hard to explain that the costs for counties in contract mode – which is a very specific designation limited only to counties that contract with an outside entity to administer the local IHSS system – include both locally negotiated costs, such as wages and benefits, but also other costs, such as administration and overhead. CSAC supported these efforts.

Housing, Land Use and Transportation

Transportation Funding Unresolved – Possible Lame Duck Session Action

The ongoing state and local transportation funding shortfall was not addressed during the regular legislative session. The Legislature was able to approve by majority vote a ten-dollar vehicle registration fee increase to support the California Highway Patrol and the Department of Motor Vehicles. The Motor Vehicle Account, which supports the activities of these departments, has faced an operational shortfall in recent years as expenditures outpaced its revenues, which primarily come from registration fees and driver's license fees. Unfortunately, these revenues are limited to the regulatory activities of these agencies and will not be allocated to local streets and roads or other transportation projects.

Counties will recall that budget committees in both houses rejected the Governor's transportation funding plan without prejudice early in the budget season. This \$3.6 billion annual funding plan would include approximately \$1 billion in new annual funding for local streets and roads. In late August, the chairmen of each house's transportation committees unveiled a joint funding plan that would provide \$7.4 billion in new funding, with approximately \$2.5 billion annually for local streets and roads.

However, the transportation and infrastructure special session remains open until the end of November, so while there was no transportation funding fix in the budget adopted by the Legislature, these two plans may shape the outline of the ongoing funding debate. CSAC and our coalition partners continue to urge the Legislature to take up a transportation funding package within the special session immediately following the upcoming elections.

Multifamily Housing Permitting and Affordable Housing Funding Unresolved

The Legislature did not take action on the Budget Conference Committee deal to include \$400 million in one-time General Fund support for affordable housing. The Governor indicate that his approval of such an appropriation was contingent on streamlining the development review process for multifamily housing projects consistent with local zoning and general plans. The Governor's so-called "by-right" housing plan stalled in the final months of the regular legislative session. Many affordable housing stakeholders close to the by-right negotiations have speculated that the Administration may still require streamlining of the development and permitting process in order to access any general fund support for affordable housing in the future, so debate over the Governor's "by-right" proposal will likely continue during the 2017-18 session.

ACTION

If you would like to receive the Budget Action Bulletin electronically, please e-mail Karen Schmelzer, CSAC Legislative Assistant at kschmelzer@counties.org.

ADDITIONAL RESOURCES

2016-17 State Budget – List of Mandates

FUNDED MANDATES – \$46,181,000

- (a) Accounting for Local Revenue Realignment (Ch. 162, Stats. 2003; Ch. 211, Stats. 2004; Ch. 610, Stats. 2004) (05-TC-01)... \$97,000
 - (b) Allocation of Property Tax Revenues (Ch. 697, Stats. 1992) (CSM 4448)... \$611,000
 - (c) California Public Records Act (Ch. 463, Stats. 1992; Ch. 982, Stats. 2000; Ch. 355, Stats. 2001) (02-TC-10 and 02-TC-51)... \$7,578,000
 - (d) Crime Victims' Domestic Violence Incident Reports (Ch. 1022, Stats. 1999) (99-TC- 08)... \$166,000
 - (e) Custody of Minors-Child Abduction and Recovery (Ch. 1399, Stats. 1976; Ch. 162, Stats. 1992; and Ch. 988, Stats. 1996) (CSM 4237)... \$13,328,000
 - (f) Domestic Violence Arrest Policies (Ch. 246, Stats. 1995) (CSM 96- 362-02)... \$8,494,000
 - (g) Domestic Violence Arrests and Victims Assistance (Chs. 698 and 702, Stats. 1998) (98-TC-14)... \$2,725,000
 - (h) Domestic Violence Treatment Services (Ch. 183, Stats. 1992) (CSM 96- 281-01)... \$2,019,000
 - (i) Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25)... \$2,943,000
 - (j) Local Agency Ethics (Ch. 700, Stats. 2005) (07-TC- 04)... \$0
 - (k) Medi-Cal Beneficiary Death Notices (Chs. 102 and 1163, Stats. 1981) (CSM 4032)... \$26,000
 - (l) Medi-Cal Eligibility of Juvenile Offenders (Ch. 657, Stats. 2006) (08-TC-04)... \$11,000
 - (m) Peace Officer Personnel Records: Unfounded Complaints and Discovery (Ch. 630, Stats. 1978; Ch. 741, Stats. 1994) (00-TC-24)... \$548,000
 - (n) Rape Victim Counseling (Ch. 999, Stats. 1991) (CSM 4426)... \$353,000
 - (o) Sexually Violent Predators (Chs. 762 and 763, Stats. 1995) (CSM 4509)... \$5,129,000
 - (p) State Authorized Risk Assessment Tool for Sex Offenders (Chs. 336, 337, and 886, Stats. 2006; Ch. 579, Stats. 2007) (08-7C-03)... \$725,000
 - (q) Threats Against Peace Officers (Ch. 1249, Stats. 1992; Ch. 666, Stats. 1995) (CSM 96-365-02)... \$263,000
 - (r) Tuberculosis Control (Ch. 676, Stats. 1993; Ch. 685, Stats. 1994; Ch. 116, Stats. 1997; and Ch. 763, Stats. 2002) (03-TC- 14)... \$83,000
 - (s) Unitary Countywide Tax Rates (Ch. 921, Stats. 1987) (CSM 4317 and CSM 4355)... \$456,000
 - (t) Post Election Manual Tally (2 Cal. Code Regs., 20120 to 20127, incl.) (10-TC-08)... \$626,000
- Administrative License Suspension Mandates: Per Se (Ch. 1460, Stats. 1989) (98-TC- 16)... \$2,374,000
- Pesticide Use Reports: (Ch. 1200, Stats. 1989) (CSM 4420)... \$37,000

EMPLOYEE RELATIONS MANDATES NOT FUNDED AND NOT SUSPENDED (ALLOWED BY ART. XIII, SEC. 6)

Peace Officers' Procedural Bill of Rights Act (Ch. 675, Stats. 1990) (CSM 4499)
Peace Officers Procedural Bill of Rights II (Ch. 465, Stats. 1976; Ch. 786, Stats. 1998; Ch. 209, Stats. 2000; Ch. 170, Stats. 2000) (03-TC-18)
Local Government Employment Relations Mandate (Ch. 901, Stats. 2000) (01-TC-30)

SUSPENDED MANDATES

- (a) Absentee Ballots (Ch. 77, Stats. 1978 and Ch. 1032, Stats. 2002) (CSM 3713)
- (b) Absentee Ballots – Tabulation by Precinct (Ch. 697, Stats. 1999) (00-TC- 08)
- (c) AIDS/Search Warrant (Ch. 1088, Stats. 1988) (CSM 4392)
- (d) Airport Land Use Commission/Plans (Ch. 644, Stats. 1994) (CSM 4507)
- (e) Animal Adoption (Ch. 752, Stats. 1998 and Ch. 313, Stats. 2004) (04-PGA- 01 and 98-TC- 11)
- (f) Brendon Maguire Act (Ch. 391, Stats. 1988) (CSM 4357)
- (g) Conservatorship: Developmentally Disabled Adults (Ch. 1304, Stats. 1980) (04-LM- 13)
- (h) Coroners' Costs (Ch. 498, Stats. 1977) (04-LM- 07)
- (i) Crime Statistics Reports for the Department of Justice (Ch. 1172, Stats. 1989; Ch. 1338, Stats. 1992; Ch. 1230, Stats. 1993; Ch. 933, Stats. 1998; Ch. 571, Stats. 1999; and Ch. 626, Stats. 2000) (02-TC- 04 and 02-TC- 11) and Crime Statistics Reports for the Department of Justice Amended (Ch. 700, Stats. 2004) (07-TC- 10)
- (j) Crime Victims' Domestic Violence Incident Reports II (Ch. 483, Stats. 2001; Ch. 833, Stats. 2002) (02-TC-18)
- (k) Developmentally Disabled Attorneys' Services (Ch. 694, Stats. 1975) (04-LM- 03)
- (l) DNA Database & Amendments to Postmortem Examinations: Unidentified Bodies (Ch. 822, Stats. 2000; Ch. 467, Stats. 2001) (00-TC- 27 and 02-TC- 39)
- (m) Domestic Violence Background Checks (Ch. 713, Stats. 2001) (01-TC- 29)
- (n) Domestic Violence Information (Ch. 1609, Stats. 1984 and Ch. 668, Stats. 1985) (CSM 4222)
- (o) Elder Abuse, Law Enforcement Training (Ch. 444, Stats. 1997) (98-TC- 12)
- (p) Extended Commitment, Youth Authority (Ch. 267, Stats. 1998 and Ch. 546, Stats. 1984) (98-TC-13)
- (q) False Reports of Police Misconduct (Ch. 590, Stats. 1995 and Ch. 289, Stats. 2000) (00-TC-26)
- (r) Firearm Hearings for Discharged Inpatients (Ch. 578, Stats. 1999) (99-TC-11)
- (s) Grand Jury Proceedings (Ch. 1170, Stats. 1996; Ch. 443, Stats. 1997; and Ch. 230, Stats. 1998) (98-TC-27)
- (t) Interagency Child Abuse and Neglect (ICAN) Investigation Reports (Ch. 958, Stats. 1977; Ch. 1071, Stats. 1980; Ch. 435, Stats. 1981; Chs. 162 and 905, Stats. 1982; Chs. 1423 and 1613, Stats. 1984; Ch. 1598, Stats. 1985; Chs. 1289 and 1496, Stats. 1986; Chs. 82, 531, and 1459, Stats. 1987; Chs. 269,1497, and 1580, Stats. 1988; Ch. 153, Stats. 1989; Chs. 650, 1330,

- 1363, and 1603, Stats. 1990; Chs. 163, 459, and 1338, Stats. 1992; Chs. 219 and 510, Stats. 1993; Chs. 1080 and 1081, Stats. 1996; Chs. 842, 843, and 844, Stats. 1997; Chs. 475 and 1012, Stats. 1999; and Ch. 916, Stats. 2000) (00-TC-22)
- (u) Identity Theft (Ch. 956, Stats. 2000) (03-TC- 08)
 - (v) In-Home Supportive Services II (Ch. 445, Stats. 2000 and Ch. 90, Stats. 1999) (00-TC-23)
 - (w) Inmate AIDS Testing (Ch. 1579, Stats. 1988 and Ch. 768, Stats. 1991) (CSM 4369 and CSM 4429)
 - (x) Judiciary Proceedings (Ch. 644, Stats. 1980) (CSM 4366)
 - (y) Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC- 07)
 - (z) Local Coastal Plans (Ch. 1330, Stats. 1976) (CSM 4431)
 - (aa) Mandate Reimbursement Process (Ch. 486, Stats. 1975 and Ch. 1459, Stats. 1984) (CSM 4204 and CSM 4485)
 - (bb) Mandate Reimbursement Process II (Ch. 890, Stats. 2004) (05-TC-05) (Suspension of Mandate Reimbursement Process and Mandate Reimbursement Process II includes suspension of the Consolidation of Mandate Reimbursement Processes I and II)
 - (cc) Mentally Disordered Offenders: Treatment as a Condition of Parole (Ch. 228, Stats. 1989 and Ch. 706, Stats. 1994) (00-TC-28 and 05-TC-06)
 - (dd) Mentally Disordered Offenders' Extended Commitments Proceedings (Ch. 435, Stats. 1991; Ch. 1418, Stats. 1985; Ch. 858, Stats. 1986; Ch. 687, Stats. 1987; Chs. 657 and 658, Stats. 1988; Ch. 228, Stats. 1989; and Ch. 324, Stats. 2000) (98-TC- 09)
 - (ee) Mentally Disordered Sex Offenders' Recommitments (Ch. 1036, Stats. 1978) (04-LM-09)
 - (ff) Mentally Retarded Defendants Representation (Ch. 1253, Stats. 1980) (04-LM-12)
 - (gg) Missing Persons Report (Ch. 1456, Stats. 1988 and Ch. 59, Stats. 1993) (CSM 4255, CSM 4368, and CSM 4484)
 - (hh) Modified Primary Election (Ch. 898, Stats. 2000) (01-TC- 13)
 - (ii) Not Guilty by Reason of Insanity (Ch. 1114, Stats. 1979 and Ch. 650, Stats. 1982) (CSM 2753) (05-PGA- 35)
 - (jj) Open Meetings Act/Brown Act Reform (Ch. 641, Stats. 1986 and Chs. 1136, 1137, and 1138, Stats. 1993) (CSM 4257 and CSM 4469)
 - (kk) Pacific Beach Safety: Water Quality and Closures (Ch. 961, Stats. 1992) (CSM 4432)
 - (ll) Perinatal Services (Ch. 1603, Stats. 1990) (CSM 4397) (05-PGA- 38)
 - (mm) Permanent Absent Voters II (Ch. 922, Stats. 2001, Ch. 664, Stats. 2002, and Ch. 347, Stats. 2003) (03-TC-11)
 - (nn) Personal Safety Alarm Devices (8 Cal. Code Regs. 3401 (c)) (CSM 4087)
 - (oo) Photographic Record of Evidence (Ch. 875, Stats. 1985; Ch. 734, Stats. 1986; and Ch. 382, Stats. 1990) (98-TC- 07)
 - (pp) Pocket Masks (Ch. 1334, Stats. 1987) (CSM 4291)
 - (qq) Post Conviction: DNA Court Proceedings (Ch. 943, Stats. 2001 and Ch. 821, Stats. 2000) (00-TC-21 and 01-TC-08)
 - (rr) Postmortem Examinations: Unidentified Bodies, Human Remains (Ch. 284, Stats. 2000) (00-TC- 18)
 - (ss) Prisoner Parental Rights (Ch. 820, Stats. 1991) (CSM 4427)
 - (tt) Senior Citizens Property Tax Postponement (Ch. 1242, Stats. 1977 and Ch. 43, Stats. 1978) (CSM 4359)

- (uu) Sex Crime Confidentiality (Ch. 502, Stats. 1992; Ch. 36, 1993- 94 1st Ex. Sess.; and Ch. 555, Stats. 1993) (98-TC-21)
- (vv) Sex Offenders: Disclosure by Law Enforcement Officers (Chs. 908 and 909, Stats. 1996; Chs. 17, 80, 817, 818, 819, 820, and 822, Stats. 1997; and Chs. 485, 550, 927, 928, 929, and 930, Stats. 1998) (97-TC- 15)
- (ww) SIDS Autopsies (Ch. 955, Stats. 1989) (CSM 4393)
- (xx) SIDS Contacts by Local Health Officers (Ch. 268, Stats. 1991) (CSM 4424)
- (yy) SIDS Training for Firefighters (Ch. 1111, Stats. 1989) (CSM 4412)
- (zz) Stolen Vehicle Notification (Ch. 337, Stats. 1990) (CSM 4403)
- (aaa) Structural and Wildland Firefighter Safety Clothing and Equipment (8 Cal. Code Regs., 3401 to 3410, incl.) (CSM 4261 and CSM 4281)
- (bbb) Very High Fire Hazard Severity Zones (Ch. 1188, Stats. 1992; Ch. 843, Stats. 1994; and Ch. 333, Stats. 1995) (97- TC-13)
- (ccc) Voter Identification Procedures (Ch. 260, Stats. 2000) (03-TC-23)
- (ddd) Voter Registration Procedures (Ch. 704, Stats. 1975) (04-LM-04)