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October 7, 2008

To: Chairs of the Board  
CSAC Executive Committee  
County Administrative Officers

From: Paul McIntosh, CSAC Executive Director  
Jean Kinney Hurst, CSAC Legislative Representative

Re: **2008-09 Final Budget Summary**

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Last week, Governor Schwarzenegger finalized the 2008-09 budget by taking action on some 23 trailer bills. This memo is intended to summarize those budget issues of relevance to counties, including an itemized chart of final actions that is attached. Please don't hesitate to contact the CSAC staff with your questions.

The ink is barely dry on the 2008-09 state budget, yet we are once again back on budget watch. The turmoil in the financial markets and the resultant drag on the economy has dramatically impacted state revenues, with personal income and corporate tax receipts down approximately 10 percent in September. Governor Schwarzenegger has called a meeting of the leaders of the Senate and Assembly tomorrow to discuss the next steps for addressing the state's precarious fiscal situation. The Governor could declare a fiscal emergency and convene a special session to consider mid-year reductions, as he did in January. If the Governor decides to call a special session immediately, the Legislature must complete its work by November 30, the official last day of the 2007-08 legislative session. Alternatively, the Governor could wait until a new Legislature is sworn in on December 1.

At the same time, state leaders are seriously concerned about the state's short-term cash needs, as a routine \$7 billion short-term revenue anticipation note (RAN) has yet to be issued due to the global credit crisis. While the \$700 billion bailout plan approved by Congress last week was heavily lobbied by Governor Schwarzenegger and State Treasurer Bill Lockyer, the state has not yet tested the credit markets. *The Sacramento Bee* reports that Treasurer Lockyer will do so next week. If the state is unable to sell its RANs, Governor Schwarzenegger has suggested to U.S. Treasury Secretary Henry Paulson that the state may request a \$7 billion loan from the federal government. Unless the state can secure those loans, the state is expected to run out of cash October 29.

As another option that has yet to be fully vetted, Senator Dean Florez has proposed to the State Treasurer's Office that the California Public Employees' Retirement System (CalPERS) purchase the state's short-term notes. The Treasurer's Office has indicated that they will discuss the idea with CalPERS and with the California State Teachers' Retirement System (CalSTRS), as well. Regardless of the buyer, if the state is able to secure the short-term financing it needs, it will likely come at a significantly higher cost than anticipated.

Another potential near-term drain on the state treasury is the federal court's looming decision regarding the prison health care receiver's demands that the state bring its correctional health and mental health

systems up to a constitutional level of care. Costs to refurbish existing and construct eight new prison medical facilities over the next five years are estimated at \$8 billion. Thus far, the state has firmly rebuffed the receiver's efforts to access state funds, and no provisions were made to meet the receiver's demands in the final budget 2008-09 package. In a hearing before the federal court yesterday, the court indicated its intent to order the state to relinquish a first installment of \$250 million. The court is expected release its order regarding the October 6 hearing later this week.

While we had anticipated that this would be our final budget summary for the year, it is clear that wishful thinking got the best of us. CSAC will continue to keep counties apprised of activities on the state budget as they occur. Again, please contact the CSAC staff if we can be of additional assistance.

## **Administration of Justice**

Provisions regarding funding of justice-related issues primarily are contained in AB 1781 (the budget conference committee report), AB 88 (the supplemental budget bill), and AB 1389 (the general government trailer bill). Interestingly, the Legislature failed to pass a corrections/public safety trailer bill, which has certain implications for counties detailed below.

**Citizens' Option for Public Safety (COPS) and Juvenile Justice Crime Prevention Act (JJCPA).** AB 88, the supplemental budget bill, appropriates \$214.2 million or \$107.1 million for each program. This funding level reflects a 10 percent reduction to each program component, consistent with the Governor's January budget proposal. **It should also be noted that AB 1389, the general government trailer bill, also specifies that COPS and JJCPA payments are to be made on a quarterly basis;** previously counties had received these funds annually in a lump sum. The trailer bill directs the Controller to allocate the COPS and JJCPA funds in "four equal installments, to be paid in September, December, March, and June of each fiscal year."

**Local Detention Facility Revenues.** Also contained in AB 88 is an appropriation of \$31.5 million, which represents a 10 percent reduction to the \$35 million appropriated in 2007-08 to replace, pursuant to the provisions of AB 1805 (2006), revenue that which counties previously would have derived from the imposition of booking fees. CSAC has posted on its website AB 1805 implementation guidelines that address, in part, counties' authority to charge prorated booking fees when the state appropriates less than \$35 million.

**Juvenile Probation and Camp Funding (JPCF).** AB 88 contains within the Corrections Standards Authority budget a \$181.3 million appropriation for JPCF, reflecting a 10 percent reduction for JPCF from the 2007-08 funding level.

**Rural and Small County Sheriffs.** None of the budget bills or their trailer bills makes any changes to the continuous appropriation granting rural and small county sheriffs local assistance. Pursuant to existing law (Government Code Sections 30070 and 30071), the 37 smallest counties will continue to receive \$500,000 in 2008-09. (Note that a 10 percent reduction, which would have brought each county's grant down to \$450,000, was contained in the corrections/public safety trailer bill that was not included in the final package of budget bills.)

**Department of Justice (DOJ) Forensic Laboratory Fees.** AB 88, the supplemental budget bill, eliminates language in the budget conference report (AB 1781), which would have directed the DOJ to charge state and local agencies a fee-for-service for forensic laboratory tests. As a result, the \$32 million in state General Fund savings associated with this budget proposal is restored and DOJ will not be charging local agencies for these services.

**Mentally Ill Offender Crime Reduction Grant (MIOCR).** The budget does not fund counties' MIOCR grant programs. It should be noted that AB 88 contains a provision stating, "it is the intent of the Legislature for counties to consider ways to provide services to those established pursuant to the Mentally Ill Crime Reduction Grant using Mental Health Act Funds ... "

**California Multijurisdictional Methamphetamine Enforcement Teams.** AB 88, the supplemental budget bill, appropriates \$19.5 million to support Cal-MMET activities. **Note that the Governor vetoed the language in AB 88 requiring the Office of Emergency Services (OES) to develop a competitive grant process, citing that the provision was unnecessarily restrictive.** At this time, the mechanism for Cal-MMET funds distribution has not yet been announced, but it is expected that more details will be available within a few weeks.

**AB 900 Construction Funds.** The corrections trailer bill, which was not included in the final budget package, contained language to address technical fixes to remove a cloud over the feasibility of the bond sale to support construction of jail beds, reentry facilities, and state infill beds. According to the Attorney General, statutory modifications are necessary to permit him to render a “clean” bond opinion, a step required before the Public Works Board can go to market for the bonds. Given the state of the economy and the present market conditions, the timing of the bond sale — assuming the clean bond issue can be resolved swiftly — will also likely be affected.

**Corrections Reforms.** As reported in previous budget updates, the Legislature had sought a range of corrections reforms, primarily centered on parole reforms as well as credit earning/sentencing changes. Those provisions would have been carried out in the corrections/public safety trailer bill, which was not part of the final budget package.

**Court Security.** It is our understanding that the public safety/corrections trailer bill would have addressed changes to the process for funding court security services. Given that the trailer bill was not included in the package of budget and trailer bills sent to the Governor, there are no changes to existing law regarding court security.

**Health Care Receiver.** As mentioned previously, the Legislature did not address in the budget package the federal healthcare receiver’s demands to provide up to \$8 billion over the next five years to bring the state’s health and mental health system in California’s 33 prisons up to a constitutional level of care. The federal court is expected to make an order this week requiring the state turn over a first installment of \$250 million to begin addressing the receiver’s demands.

**Payment to Counties for Homicide Trials.** AB 1781, the budget conference report, appropriates the nominal sum of \$1,000 to preserve the state’s ability to reimburse counties with homicide trial reimbursement claims in process. Budget language specifies that counties with qualifying claims should forward them for payment to the State Controller; all approved claims would be funded through the supplemental appropriation process.

**Sexually Violent Predator Mandate.** Language in AB 1389, the general government trailer bill, directs the Commission on State Mandates to reconsider its test claim regarding the Sexually Violent Predator mandate (Chapters 762 and 763, Statutes of 1995, and Chapter 4, Statutes of 1996), given that the mandate now may be included within the scope of Jessica’s Law approved by the voters in 2006. It was noted that the Commission would likely not be able to undertake reconsideration of the SVP mandate until a pending court case is resolved regarding the state’s ability to reconsider mandates that subsequently are, in whole or in part, adopted by voter initiative. There is no budget-year impact associated with this action.

## **Agriculture and Natural Resources**

**Williamson Act.** The Governor’s 2008-09 Budget includes the 10 percent reduction to the Williamson Act Subventions to counties and cities, resulting in an annual General Fund savings of \$3.9 million. As reported in the previous Budget Action Bulletin, AB 1389, the general government trailer bill, includes the statutory language that allows for this reduction beginning in the 2008-09 fiscal year, and each fiscal year thereafter. AB 1389 also specifies that subvention payments would not be made earlier than April 20 of each year, but no later than June 30.

**Flood Protection: Propositions 1E and 84.** The Disaster Preparedness and Flood Prevention Bond Act of 2006 (Proposition 1E) authorizes \$4.1 billion in general obligation bonds for levee repair and other flood control system improvements. The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006 (Proposition 84), authorizes an additional \$5.4 billion in general obligation bonds for water, flood control, natural resources, park, and conservation projects. The budget includes \$807.8 million from Proposition 1E and Proposition 84 bond funds and 52.1 new positions for the following activities:

- \$416.6 million and 16.1 positions for the Flood SAFE California Program. This program will provide subventions to help local governments protect their communities from flooding, enhance emergency preparedness and flood response, and provide grants to local governments for urgent repairs and improvements of levees in the Central Valley and the Delta.
- \$126.5 million and 31.3 positions for levee evaluations and the repair of critical levee erosion sites.
- \$264.7 million and 4.7 positions for ten flood control capital projects: Mid-Valley Area Levee Reconstruction, South Sacramento County Streams, West Sacramento Project, Merced County Streams, Sutter Bypass, Yuba River Basin, Marysville Ring, American River Common Elements, Natomas Project, Folsom Dam Modification Project, and for feasibility studies on additional projects.

The budget includes \$2.8 million (\$1.8 million General Fund and \$1 million Proposition 1E) and 16.1 new positions will go towards the establishment of the Central Valley Flood Protection Board within the Department of Water Resources (DWR). The new board will assume the responsibilities of the former State Reclamation Board, approve a Central Valley Flood Protection Plan by July 1, 2012, and ensure that cities and counties consider flood risks when making land use and development decisions.

**Natural Resource Programs: Proposition 84.** Excluding flood protection, the Budget provides \$394.8 million in Proposition 84 funds for natural resources programs in 2008-09, including:

- \$89.4 million for the State Coastal Conservancy to restore coastal wetlands and watersheds and promote public access to the coast.
- \$26.4 million for the Ocean Protection Council to develop marine protected areas and enhance habitat for marine species.
- \$26.3 million for the California Conservation Corps and local conservation corps for public safety and watershed restoration projects, as well as grants to local corps for acquisition and development facilities to support local corps programs.
- \$16.7 million for Parks for deferred maintenance, interpretive exhibits, and cultural and natural stewardship projects at state parks.
- \$10.8 million and 2.8 positions for Fish and Game for environmental and ecosystem restoration activities at the Salton Sea.

**Department of Food and Agriculture.** The Governor vetoed \$3.6 million from the Department and Food and Agriculture, including, \$500,000 to fund the Red Imported Fire Ant program, and \$230,000 from the Pierce's disease program.

**AB 1338 (Chapter 760): Resources Budget Trailer Bill.** The Governor also signed AB 1338, the resources trailer bill. This bill makes a wide range of changes to laws affecting various natural resources

and environmental protection programs. The following is a brief summary of the provisions that may be of particular interest to counties:

- **Climate Change.** Requires the Administration to annually submit to the Legislature a crosscut budget of all statewide AB 32 implementation budget proposals with five-year workload expectations for positions and contracts with their expected deliverables. The budget includes a \$32 million loan from the Beverage Recycling Fund for ongoing funding for AB 32, the Global Warming Solutions Act of 2006 implementation.
- **Alternative Conveyance.** Requires the DWR to use eight specified limited-term positions exclusively for conducting studies on options for conservation and restoration of the Sacramento/San Joaquin River Delta, consistent with the recommendations of the Delta Blue Ribbon Task Force. These positions will be restricted to advance work on California Environmental Quality Act required studies and documentation for the Bay-Delta Conservation Plan.
- **Air Resources Board.** Establishes a program at the Air Resources Board (ARB) to expend Air Quality Improvement funds on financial incentives to low income truck drivers for early compliance with on-road heavy-duty diesel regulations. Requires the ARB to award grants from the Zero Emission Vehicle Program through a competitive process that includes public bidding.
- **Coastal Commission.** Establishes a new account, Coastal Act Services Fund, into which existing permit fees are deposited and allows the Legislature to appropriate those funds to the Coastal Commission. Also provides that the first \$500,000 in permit fees is annually transferred to the State Coastal Conservancy.
- **State Fire Marshal.** Allows the State Fire Marshal (SFM) to bill local governments and private entities for fire and life safety building inspections and activities, including plan review, construction consulting fire watch and investigation, and other permitting services provided by the State Fire Marshal. The fee shall be in an amount, as determined by the State Fire Marshal, sufficient to pay the costs of that inspection or those related fire and life safety activities. Additionally, this bill would allow the SFM to charge and collect a fee for the building standards and fire and panic safety inspection jails and, or places of detention, as currently required by law.
- **Invasive Species.** Authorizes money in the Harbors and Watercraft Fund to be used by the Department of Fish and Game and the Department of Food and Agriculture for activities to eradicate and contain the spread of boating-related invasive species, such as Quagga Mussels.

### **Health and Human Services**

There are six budget trailer bills affecting health and human services budget issues. Below are the final actions on each:

- AB 1183, Health Trailer Bill – Chapter Number 758.
- AB 1279, Human Services Trailer Bill – Chapter Number 759.
- AB 1389, General Government Trailer Bill (Proposition 63 and Proposition 10 provisions) – Chapter Number 751.
- AB 1805, Mental Health Services for Special Education Students (formerly SB 292) – Vetoed.
- AB 2784, Medi-Cal: Hospital Reimbursement – Vetoed.

- AB 1526, Proposition 49 (After School Program) changes – Vetoed.

### **County Administration of Health and Human Services Programs**

County administration funding was again the target of several of the Governor's vetoes, exacerbating previous cuts contained within the final version of the 2008-09 budget. Because of these actions, the Human Services Funding Deficit continues to grow past the \$1 billion a year mark. These cuts also come despite the fact that rising costs, increased caseloads, and additional regulations hamper the ability of counties to provide safety net services to the most needy populations.

**County Administration of Medi-Cal.** The final budget included a \$64.6 million cut to the Cost of Living Adjustment and \$42.2 million cut (\$21.1 million federal funds, \$21.1 million GF) to caseload growth for a total cut of \$106.8 million. Counties should note two other items contained within the budget relating to Medi-Cal: AB 1183, the health trailer bill, contains language to suspend the state's penalty on counties for not meeting certain performance measures in processing Medi-Cal applications. Also, the 2008-09 budget reinstates semi-annual reporting for children on Medi-Cal, which will increase administrative costs. This provision is scheduled to sunset in three years.

**County Administration of Food Stamps.** The final budget included a \$20.9 million cut (\$12.3 million federal funds, \$8.6 million GF) – representing a three percent reduction – to county administration of this program in 2008-09.

**County Administration of In-Home Supportive Services (IHSS).** The final budget also includes a \$12.7 million cut (\$7.4 million federal funds, \$5.3 million GF) to county administration of IHSS, for a five percent reduction in 2008-09.

**County Administration of CalWORKs.** The final 2008-09 budget includes a \$60 million, or 5 percent, reduction to Eligibility and Employment Services. In addition, the budget eliminates \$40 million in Pay for Performance funding.

**Adult Protective Services.** The Governor vetoed \$11.4 million (\$6.1 million GF) from the APS program, for a 10 percent total cut.

### **Mental Health Managed Care**

The 2008-09 budget as passed by the Legislature had cut the local allocation for this program by \$5.35 million, and the Governor line item vetoed an additional \$7.72 million from the program, for a total 2008-09 fiscal year reduction of \$13.07 million. The total allocation for mental health managed care in the 2008-09 is \$225 million, down from \$238 million in 2008-07.

### **Mental Health Services for Special Education Services**

AB 1805, which was included in the budget trailer bill package, would have conformed state law to federal law and would have continued state reimbursement for special education pupils with serious mental illness who are placed out of state. However, the Governor vetoed the bill. Counties may still be liable for reimbursements to the state for pupils placed in for-profit facilities outside of California.

AB 1805 would have made state law consistent with federal law for students placed in out of state residential facilities pursuant to the federal Individuals with Disabilities Education Act (IDEA). Without this measure, some of California's most vulnerable seriously emotionally disturbed students – for whom specific out-of-state placements are determined (either by their individualized education plan or by an administrative hearing officer) to be necessary and appropriate pursuant to the IDEA – will not have access to the placements and services they need.

The Governor's veto message states, *"I strongly support providing care to children with serious emotional disturbances, including the provision of care in whichever facility can best address their needs. While I*

*support the intent and policy behind this bill, I cannot sign it in its current form because it will allow the open-ended reimbursement of claims, including claims submitted and denied prior to 2006-07. Given our state's ongoing fiscal challenges, I cannot support any bill that exposes the state General Fund to such a liability.*

*I would support legislation that clarifies and narrows state reimbursement for these important services to a specified time period and would ask the Legislature to work with my Administration in January to address this important issue.*

*For this reason, I am unable to support this bill.”*

CSAC, along with the County Mental Health Directors Association of California, strongly supported this measure, and will continue efforts to resolve this issue in the coming legislative session.

### **Proposition 63 and Proposition 10 Provisions Corrected in Final Budget**

AB 1389, the General Government Trailer Bill, contains provisions affecting the Mental Health Services Act (Proposition 63 of 2005) and First 5 Commissions (Proposition 10 of 1998). The measure allows the Controller to take loans from Proposition 10 and Proposition 63 for cash flow purposes.

The original language went on to specify that Proposition 63 funds could be used for the Sexually Violent Predator program, while Proposition 10 funds could be used for volunteer programs. This language was a drafting error that has been corrected in the final chaptered bill. AB 1389 now clarifies that borrowing Proposition 63 and Proposition 10 funds for cash flow purposes is in furtherance of the Acts.

### **AB 2784 Vetoed**

AB 2784 (La Malfa) was included in the budget trailer bill package. This measure would have revised the 10 percent provider rate cut for non-contracting hospitals. Existing law reduces by 10 percent payments for inpatient hospital services to acute care hospitals not under selective contracts with the department that are provided on and after July 1, 2008. This bill, until January 1, 2013, would revise this provision by applying this reduction to all hospitals that receive Medi-Cal reimbursement from the department and that are not under selective contracts with the department.

The Governor included the following veto message:

*“I am returning Assembly Bill 2784 without my signature. The 2008-09 budget contained provisions that will protect the state's Selective Provider Contracting Program by incentivizing hospitals to enter into contracts for inpatient Medi-Cal services. Inpatient hospital rates are the fastest growing cost in the Medi-Cal program and the state must ensure it obtains the best rates while also maintaining access to critical services for beneficiaries. This bill would diminish those contracting incentives and increase costs to the state. I would suggest that the Legislature work with the Department of Health Care Services and the California Medical Assistance Commission to craft more targeted language to address the problem of hospital access in specific rural areas. For this reason, I am unable to support this bill.”*

## **Housing, Land Use, and Transportation**

### **Proposition 42**

The FY 2008-09 State Budget fully funds Prop 42 at approximately \$1.4 billion for investment in state highway improvements, local streets and roads maintenance, and transit. Below is a chart detailing how much each county can expect from the estimated \$286 million available to counties in Prop 42 funds in the coming year.

COUNTY	NO. OF REGISTERED VEHICLES (4/08)	NO. OF MAINTAINED MILEAGE (4/08)	PROJECTED REVENUE FY 2008-09 (Estimated)
Alameda	1,149,575	495.39	\$ 8,999,046
Alpine	2,038	134.96	\$ 160,771
Amador	51,051	410.84	\$ 819,616
Butte	211,423	1,353.70	\$ 3,018,761
Calaveras	67,318	689.22	\$ 1,240,060
Colusa	25,929	716.75	\$ 965,058
Contra Costa	851,398	659.84	\$ 6,981,278
Del Norte	25,932	300.88	\$ 515,909
El Dorado	209,802	1,075.50	\$ 2,706,349
Fresno	670,649	3,563.16	\$ 8,786,317
Glenn	33,370	863.19	\$ 1,178,017
Humboldt	137,005	1,205.06	\$ 2,310,301
Imperial	139,950	2,561.57	\$ 3,797,131
Inyo	26,116	1,133.10	\$ 1,416,136
Kern	630,683	3,327.67	\$ 8,237,711
Kings	98,731	946.10	\$ 1,748,800
Lake	79,421	612.36	\$ 1,246,157
Lassen	35,722	878.64	\$ 1,212,020
Los Angeles	7,054,048	2,966.98	\$ 55,141,481
Madera	120,519	1,532.06	\$ 2,542,106
Marin	226,626	419.82	\$ 2,122,024
Mariposa	26,599	560.41	\$ 801,131
Mendocino	104,206	1,018.92	\$ 1,867,762
Merced	190,480	1,726.96	\$ 3,267,719
Modoc	13,187	987.40	\$ 1,163,572
Mono	16,452	684.42	\$ 860,364
Monterey	326,055	1,242.60	\$ 3,742,763
Napa	129,175	445.01	\$ 1,431,727
Nevada	120,739	560.79	\$ 1,494,669
Orange	2,353,013	313.86	\$ 17,663,541
Placer	346,883	1,052.75	\$ 3,691,060
Plumas	33,470	687.96	\$ 989,489
Riverside	1,577,871	2,671.26	\$ 14,502,594
Sacramento	1,140,198	2,194.40	\$ 10,765,089
San Benito	51,651	383.63	\$ 794,644
San Bernardino	1,548,162	2,822.22	\$ 14,446,907
San Diego	2,451,387	1,921.25	\$ 20,123,962
San Francisco	448,004	930.75	\$ 4,303,815



San Joaquin	532,969	1,653.70	\$ 5,710,237
San Luis Obispo	267,197	1,321.49	\$ 3,394,618
San Mateo	650,661	313.12	\$ 5,128,824
Santa Barbara	345,484	892.68	\$ 3,507,872
Santa Clara	1,399,998	684.10	\$ 11,046,662
Santa Cruz	225,039	602.94	\$ 2,308,124
Shasta	206,029	1,191.19	\$ 2,803,520
Sierra	5,289	390.25	\$ 460,448
Siskiyou	62,487	1,361.34	\$ 1,930,442
Solano	348,017	586.95	\$ 3,196,305
Sonoma	450,716	1,384.62	\$ 4,814,002
Stanislaus	420,414	1,545.37	\$ 4,764,518
Sutter	87,191	786.69	\$ 1,491,657
Tehama	64,133	1,089.38	\$ 1,648,819
Trinity	19,367	698.14	\$ 896,645
Tulare	322,713	3,047.10	\$ 5,667,179
Tuolumne	71,821	607.16	\$ 1,184,585
Ventura	699,159	545.51	\$ 5,736,901
Yolo	167,229	794.60	\$ 2,089,496
Yuba	62,559	650.59	\$ 1,163,300
<b>TOTAL</b>	<b>29,133,310</b>	<b>66,198.30</b>	<b>\$286,000,000</b>

**Proposition 1B: Local Streets and Roads Account**

The final budget also includes a \$63 million appropriation from the Prop 1B Local Streets and Roads Account (LSR) for counties. These funds will be available for counties to access until June 30, 2011. Below is a chart that outlines how much each county can expect to receive from this appropriation.

Note – The \$63 million appropriation for counties is in addition to the \$87 million in Prop 1B LSR funds authorized by AB 1252 (Chapter 39, Statutes of 2008) in June 2008, which meets the \$150 million requested by counties.

COUNTY	NO. OF REGISTERED VEHICLES (4/08)	NO. OF MAINTAINED MILEAGE (4/08)	PROJECTED REVENUE FY 2008-09 (Estimated)
Alameda	1,149,575	495.39	\$ 1,982,307
Alpine	2,038	134.96	\$ 35,415
Amador	51,051	410.84	\$ 180,545
Butte	211,423	1,353.70	\$ 664,972
Calaveras	67,318	689.22	\$ 273,160
Colusa	25,929	716.75	\$ 212,583
Contra Costa	851,398	659.84	\$ 1,537,834

Del Norte	25,932	300.88	\$ 113,644
El Dorado	209,802	1,075.50	\$ 596,154
Fresno	670,649	3,563.16	\$ 1,935,447
Glenn	33,370	863.19	\$ 259,493
Humboldt	137,005	1,205.06	\$ 508,912
Imperial	139,950	2,561.57	\$ 836,431
Inyo	26,116	1,133.10	\$ 311,946
Kern	630,683	3,327.67	\$ 1,814,601
Kings	98,731	946.10	\$ 385,225
Lake	79,421	612.36	\$ 274,503
Lassen	35,722	878.64	\$ 266,983
Los Angeles	7,054,048	2,966.98	\$ 12,146,550
Madera	120,519	1,532.06	\$ 559,974
Marin	226,626	419.82	\$ 467,439
Mariposa	26,599	560.41	\$ 176,473
Mendocino	104,206	1,018.92	\$ 411,430
Merced	190,480	1,726.96	\$ 719,812
Modoc	13,187	987.40	\$ 256,311
Mono	16,452	684.42	\$ 189,521
Monterey	326,055	1,242.60	\$ 824,455
Napa	129,175	445.01	\$ 315,380
Nevada	120,739	560.79	\$ 329,245
Orange	2,353,013	313.86	\$ 3,890,920
Placer	346,883	1,052.75	\$ 813,066
Plumas	33,470	687.96	\$ 217,964
Riverside	1,577,871	2,671.26	\$ 3,194,627
Sacramento	1,140,198	2,194.40	\$ 2,371,331
San Benito	51,651	383.63	\$ 175,044
San Bernardino	1,548,162	2,822.22	\$ 3,182,361
San Diego	2,451,387	1,921.25	\$ 4,432,901
San Francisco	448,004	930.75	\$ 948,043
San Joaquin	532,969	1,653.70	\$ 1,257,849
San Luis Obispo	267,197	1,321.49	\$ 747,765
San Mateo	650,661	313.12	\$ 1,129,776
Santa Barbara	345,484	892.68	\$ 772,713
Santa Clara	1,399,998	684.10	\$ 2,433,356
Santa Cruz	225,039	602.94	\$ 508,433
Shasta	206,029	1,191.19	\$ 617,559
Sierra	5,289	390.25	\$ 101,427
Siskiyou	62,487	1,361.34	\$ 425,237
Solano	348,017	586.95	\$ 704,081

Sonoma	450,716	1,384.62	\$ 1,060,427
Stanislaus	420,414	1,545.37	\$ 1,049,527
Sutter	87,191	786.69	\$ 328,582
Tehama	64,133	1,089.38	\$ 363,201
Trinity	19,367	698.14	\$ 197,513
Tulare	322,713	3,047.10	\$ 1,248,365
Tuolumne	71,821	607.16	\$ 260,940
Ventura	699,159	545.51	\$ 1,263,723
Yolo	167,229	794.60	\$ 460,274
Yuba	62,559	650.59	\$ 256,251
<b>TOTAL</b>	<b>29,133,310</b>	<b>66,198.30</b>	<b>\$ 63,000,000</b>

### **Proposition 1B – State-Local Partnership Program**

The Legislature also included implementing language for the Prop 1B State-Local Partnership Program (SLPP) in the budget trailer bill package. The program requires a dollar for dollar match to access funds and creates two separate sub-accounts which makes available \$950 million to be accessed by matching funds from voter-approved fees or taxes solely dedicated to transportation purposes and a \$50 million set-aside to be matched by uniform developer fees through a competitive grant program.

The California Transportation Commission (CTC) is charged with developing further guidelines for the SLPP program and has released its first draft of the guidelines for public comment. The CTC expects to start allocating monies in April 2009. Approximately \$200 million is appropriated from this account in FY 2008-09; however; it is unclear how much will be available from each sub-account. CSAC will continue to analyze the implementing criteria and provide more detailed information in the coming weeks.

### **Additional Proposition 1B Program Appropriations**

The final 2008-09 State Budget provides appropriations from these Proposition 1B accounts as well:

- \$1.5 billion for the Corridor Mobility Improvement Account (CMIA);
- \$996 million for the State Transportation Improvement Program (STIP);
- \$504 million for the Trade Corridors Improvement Fund (TCIF);
- \$350 million for Local Transit;
- \$250 million for Air Quality;
- \$214 million for the State Highway Operations Protection and Preservation (SHOPP) Program;
- \$187 million for Cities for Local Streets and Roads, subject to additional criteria beyond current law;
- \$104 million for State Route 99;
- \$101 million for Transit Security;
- \$73 million for Intercity Rail;
- \$63 million for Grade Separations;
- \$58 million for Port Security; and
- \$21 million for Local Seismic;

### **Public Transit**

The 2008-09 State Budget provides \$306 million to the State Transit Assistance (STA) program for transit operations. This is \$100 million less than the Legislature approved, as the Governor exercised his line-item veto on this account.

The final budget also diverts approximately \$1.7 billion from “spillover” and other fund sources from transit to the General Fund as follows:

- \$857 million to the General Fund for transportation related G.O. bond debt;
- \$589 million to the General Fund for Home-to-School transportation;
- \$138 million to the Department of Developmental Services for regional center transportation;
- \$83 million to reimburse the General Fund for repayment of a prior loan from Proposition 42 transit funds to the General Fund.

### **High Speed Rail**

The High Speed Rail Authority received a \$43 million appropriation for preliminary engineering and environmental contract work. This revenue comes from a variety of sources such as the Public Transit Account (PTA), Proposition 116, and from future bond proceeds should the High Speed Rail bond, Proposition 1A, pass this November.

### **Proposition 1C: Housing Bond Program Appropriations**

The FY 2008-09 State Budget makes appropriations from various Prop 1C (Housing Bond) Programs as follows:

- \$200 million for Infill Incentive Grants;
- \$148 million for Affordable Homeownership Programs;
- \$101 million for Affordable Rental Construction;
- \$95 million for Transit Oriented Development;
- \$93 million for Permanent Housing for the Homeless;
- \$40 million for Farmworker Housing;
- \$40 million for the Building Equity and Growth in Neighborhoods (BEGIN) Program; and
- \$24 million for Homeless Shelter Housing.

### **Indian Gaming Special Distribution Fund**

Budget trailer bill AB 158, signed by the Governor September 30, appropriates \$30 million from the Indian Gaming Special Distribution Fund (SDF) in the FY 2008-09 State Budget to provide grants to local government agencies for the mitigation of casino impacts. Additionally, the measure implements the following programmatic changes:

- Modifies the composition of an Indian Gaming Local Community Benefit Committee (LCBC) if only one city is located within 4 miles of a tribal casino, and would require an LCBC to select only grant applications that mitigate impacts from casinos on local jurisdictions;
- Terminates SDF grants to a local jurisdiction should grants funds be used for any unrelated purpose and any moneys not yet spent would revert back to the SDF;
- Requires a local jurisdiction that receives a grant from an Individual Tribal Casino Account to deposit all funds received in an interest-bearing account and use the interest from those funds only to mitigate an impact from a casino;
- Requires that, as a condition of receiving further funds, a local jurisdiction, upon request, demonstrate to the county that all expenditures made from the account have been in compliance with these provisions;
- Makes ineligible for future SDF funding a county that does not provide an annual report;
- Extends the sunset date of the SDF program by a year until January 1, 2010.

### **State Mandate Provisions Included in the 2008-09 State Budget:**

- \$12,860,000 appropriated for payment of mandate claims for the 2005-06 and 2006-07 fiscal years. A list of the funded and unfunded/suspended mandates is included in the following pages.
- \$85,695,000 appropriated to reimburse counties for the full cost of the February Presidential Primary.
- \$0 appropriated for pre-July 2004 (i.e., pre-Prop 1A) mandates (has been \$75 million per fiscal year).
- \$69 million in federal IDEA funds, for mental health services for special education children in the 2008-09 fiscal year (AB 3632). Expenditures in excess of this disbursement can be collected through the usual mandate process.
- \$104 million, allocated through the Department of Mental Health, for AB 3632 mental health services to special education pupils.
- AB 1389 requires the Commission on State Mandates to revisit its decision (CSM-4509) on the Sexually Violent Predator Program upon a final court decision challenging the constitutionality of subdivision (f) of Section 17556 of the Government Code, which effectively denies mandate reimbursements for Open Meeting Act mandates due to a ballot measure passed later. The courts are likely to make a final decision on that case in the following months, but perhaps not in time for the Commission to fully revisit the issue before the end of the fiscal year.
- A budget trailer bill, AB 1805, would have clarified that placing seriously emotionally disturbed children in out-of-state facilities is permissible and reimbursable, but the Governor vetoed it "because it will allow the open-ended reimbursement of claims, including claims submitted and denied prior to 2006-07." He said that he would support a bill "that clarifies and narrows state reimbursement for these important services to a specified time period."

<b>Funded Mandate Name</b>	<b>Code</b>	<b>Funded Mandate Name</b>	<b>Code</b>
Crime Victim Rights	CSM-96-358-01	Domestic Violence Treatment Services	CSM-96-281-01
Threats Against Peace Officers	CSM-96-365-02	Police Officer's Cancer Presumption	CSM-4416
Custody of Minors-Child Abduction and Recovery	CSM-4237	Firefighter's Cancer Presumption	CSM-4081
Stolen Vehicle Notification	CSM-4403	Domestic Violence Arrest Policies	CSM-96-362-02
Absentee Ballots	CSM-3713	Animal Adoption	98-TC-11
Permanent Absent Voters	CSM-4358	Unitary Countywide Tax Rates	CSM-4355 and CSM-4317
Voter Registration Procedures	04-LM-04	Senior Citizens Property Tax Deferral	CSM-4359
Absentee Ballots-Tabulation by Precinct	00-TC-08	Allocation of Property Tax Revenues	CSM-4448
Brendon Maguire Act	CSM-4357	Photographic Record of Evidence	98-TC-07
Medi-Cal Beneficiary Death Notices	CSM-4032	Rape Victim Counseling	CSM-4426
Pacific Beach Safety	CSM-4432	Health Benefits for Survivors of Peace Officers and Firefighters	97-TC-25
Perinatal Services	CSM-4397	Post Mortem Examinations	00-TC-18
AIDS/Search Warrant	CSM-4392	False Reports of Police Misconduct	00-TC-26
Mentally Retarded Defendants Representation	04-LM-12	Crime Victim's Domestic Violence Incident Reports	99-TC-08
Judicial Proceedings	CSM-4366	Peace Officer Personnel Records: Unfounded Complaints and Discovery	00-TC-24
Conservatorship: Developmentally Disabled Adults	04-LM-03	Domestic Violence Arrests and Victims Assistance	98-TC-14
Coroners Costs	04-LM-07	Post Conviction: DNA Court Proceedings	00-TC-21 and 00-TC-08
Not Guilty by Reason of Insanity	CSM-2753	DNA Database and Amendment to Post Mortem Examinations: Unidentified Bodies	00-TC-27 and 02-TC-39
Mentally Disordered Offenders' Extended Commitments Proceedings	98-TC-09	Handicapped and Disabled Students II	02-TC-40 and 02-TC-49
Sexually Violent Predators	CSM-4509	Administrative License Suspension, Per Se	98-TC-16
Mentally Disordered Sex Offenders' Recommitments	04-LM-09	Pesticide Use Reports	CSM-4420

<b>Unfunded Mandate Name</b>	<b>Code</b>	<b>Unfunded Mandate Name</b>	<b>Code</b>
Public Safety Officers Procedural Bill of Rights Act	CSM-4499	SIDS Notices	04-LM-01
Grand Jury Proceedings	98-TC-27	Guardianship/Conservatorship Filings	04-LM-15
Sex Crime Confidentiality	98-TC-21	Victims' Statements-Minors	04-LM-14
Deaf Teletype Equipment	04-LM-11	Extended Commitment, Youth Authority	98-TC-13
Sex Offenders: Disclosure by Law Enforcement Officers	97-TC-15	Prisoner Parental Rights	CSM-4427
Missing Persons Report	CSM-4255, CSM-4484, and CSM-4368	Structural and Wildland Firefighter Safety Clothing and Equipment	CSM-4261-4281
Handicapped Voters Access Information	CSM-4363	Personal Alarm Devices	CSM-4087
Substandard Housing	CSM-4303	Law Enforcement Sexual Harassment Training	97-TC-07
Adult Felony Restitution	04-LM-08	Elder Abuse, Law Enforcement Training	98-TC-12
Very High Fire Hazard Severity Zones	97-TC-13	Redevelopment Agencies Tax Disbursement Reporting	99-TC-06
Local Coastal Plans	CSM-4431	Mandate Reimbursement Process	CSM-4204 and CSM-4485
SIDS Training for Firefighters	CSM-4412	Filipino Employee Surveys	CSM-2142
SIDS Contacts by Local Health Officers	CSM-4424	Domestic Violence Information	CSM-4222
SIDS Autopsies	CSM-4393	Pocket Masks	CSM-4291
Inmate AIDS Testing	CSM-4369	Airport Land Use Commission/Plans	CSM-4507