

## Technical Changes to 2011 Realignment (AB 118)

SBX1 4 (Senate Budget and Fiscal Review Committee) and ABX1 16 (Blumenfield) are identical bills that contain technical changes to implement the 2011 realignment of public safety programs to counties. These measures were amended Friday, September 2, 2011. The following is a summary of the changes contained in the bills.

### Account Structure

- Adds the Undistributed Account at the state level. In 2011-12, the Undistributed Account will be used for the state to reimburse the General Fund for state costs made by the state on behalf any local government entity in providing public safety services. Please recall that the Administration built reimbursement of 2011-12 state costs in its realignment fiscal model. Additionally, funds from the Undistributed Account will be used to fully fund the Local Law Enforcement Services Account at \$489.9 million if the account does not receive that amount from the realignment revenues.
- Splits the Foster Care Subaccount into the Foster Care Assistance Subaccount and the Foster Care Administration Subaccount. Clarifies that the Foster Care Administration Subaccount includes costs for the Title IV-E Child Welfare Demonstration Capped Allocation Project.
- Changes the Health and Human Services percent allocations as follows:
  - Foster Care Assistance Subaccount: 21.7%
  - Foster Care Administration Subaccount: 2.2%
  - Child Welfare Services Subaccount: 37.1%
  - Adoption Assistance Program Subaccount: 21.2%Please note that the percent allocations are not altered for the other HHS subaccounts.
- Clarifies that none of the 2011 realignment accounts or subaccounts are interest bearing.

### Public Defender

Clarifies that funds in the District Attorney and Public Defender Account can be shared with the county where no public defender's office is established for the same purpose. The funds still must be used for those purposes.

### Federal Financial Participation in Medicaid

Includes language to clarify that 2011 realignment funds shall be considered state funds for the Medicaid purposes. Please recall that American Recovery and Reinvestment Act of 2009 and

the Patient Protection and Affordable Care Act prohibit states from increasing the Medicaid share of cost on political subdivisions of the state.

#### Contract Provisions

SBX1 4/ABX1 16 contain language that allow a county or counties to contract directly with a state department for Drug Medi-Cal and agency adoptions.

#### Elimination of AB 3632 Mandate: Residential Placement Savings

SBX1 4/ABX1 16 contain language requiring counties to redirect savings from no longer paying a share of residential placement costs for mental health services for special education students (AB 3632) to reinvest those savings in foster care, child welfare services or adoption programs. Counties shall not be required to redirect funding to those programs in an amount greater than the amount of the offsetting savings the county achieved as a result of the shift of residential placement costs. The measures contain legislative intent that the requirements shall result in no net costs to any county. The state Department of Social Services, in consultation with the Department of Finance and County Welfare Directors Association, will calculate the savings based on what each county spent on residential placement costs in 2007-08, 2008-09 and 2009-10. The measures clarify that the provision shall not be construed to create an obligation for counties that overmatched spending on child welfare services and adoptions to continue such an overmatch.

#### California Emergency Management Agency

Clarifies that the California Emergency Management Agency (CalEMA) shall develop a schedule for the Controller to allocate funds for local law enforcement services. For 2011-12, CalEMA may be reimbursed up to \$511,000 for program administrative costs.

#### Youthful Offender Block Grant

“Pauses” for one year (2011-12) the continuous General Fund appropriation to the Youthful Offender Block Grant to avoid a double appropriation to this program (now funded through the Local Revenue Fund 2011).

#### Computer Consortia Consolidation

SBX1 4/ABX1 16 includes the migration of the 39 C-IV Consortium counties into a system designed by the 39 counties plus Los Angeles County under the LEADER Replacement System contract. This migration will result in a new consortium to replace the LEADER and C-IV consortia, effectively reducing the consortia from three to two. Additionally, each SAWS

consortium shall provide a seat on its governing body for a representative of the state and shall allow for the stationing of state staff at the project site.

#### CalWORKs

SBX1 4/ABX1 16 create a fourth Sales Tax subaccount in the 1991 realignment structure – the CalWORKs Maintenance of Effort Subaccount. Funds from the Mental Health Subaccount shall be deposited into the CalWORKs Maintenance of Effort Subaccount. Funds within the CalWORKs Maintenance of Effort Subaccount shall be used to fund CalWORKs grants. A county's contribution toward grants shall be equal to the total amount of funds deposited into the CalWORKs Maintenance of Effort Subaccount. The subaccount shall not be subject to transferability provisions or calculated into growth allocations.

#### Reporting

Requires the Department of Finance to report to the Legislature on or before May 30, 2012 on funding of the Local Reserve Fund 2011, including the estimated amount of moneys to reimburse the state for the 2011-2 fiscal year and the anticipated use of the moneys in the Undistributed Account.

#### Intent Language

Includes legislative intent language that legislation to implement the 2011 Realignment shall address, as a priority, funding necessary for local public safety to achieve successful outcomes from the implementation of AB 109, and the funding for the child welfare services and foster care programs necessary to achieve critical outcomes, including state and federal performance reviews.