CSAC BUDGET ACTION BULLETIN

CALIFORNIA STATE ASSOCIATION OF COUNTIES

Governor's Proposed Budget
January 9, 2015

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

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

RE: **The 2015-16 Governor's Budget Proposal**

Overview

Governor Brown unveiled his budget proposal today, touting its balance but continuing to warn against exuberance. As he has in past years, he proposed using the state's improved revenues to pay down debt and increase spending on education and healthcare. His warning against spending too much for ongoing programs is based on his desire to avoid, in his words, "stop and start" budgeting in favor of "steady as you go."

The Governor is proposing to pay local governments $533 million for pre-2004 mandate debt, as required by the current year budget. About 73 percent of those funds, or $390 million, would go to counties. County-by-county estimates of those funds are included later in this document.

To account for an increase in caseload and continued system functionality problems, the Governor has proposed an increase of $150 million for county Medi-Cal administration. He has also made a number of proposals and outlined factors that together could affect counties' MOE requirement for In-Home Support Services. Details on these proposals are in the Health and Human Services section of this summary.

The Governor proposes using $1 billion in cap and trade funding for programs that will reduce greenhouse gas emissions, including $200 million to fund the Affordable Housing and Sustainable Communities program.

Proposition 1 funds make their first appearance in this year's budget, as the Governor's proposes using $532.5 million of the water bond, including $22 million for groundwater and $135 million for safe drinking water.

Counties will also be pleased to note the Governor's proposals to provide ongoing funding for PILT (payments in lieu of taxes) in the amount of $644,000 and a combination of one-time and ongoing funding for California's network of fairs totaling about $10 million.

For county probation efforts, SB 678 has been calculated at $125 million for 2015-16. These funds will continue to provide an incentive for keeping those on probation from reoffending.

The Governor is proposing a number of changes to the laws governing the dissolution of redevelopment agencies. The changes, under the general heading of "streamlining" aim at minimizing the erosion of the return of property taxes, clarifying various ambiguities in the dissolution statutes, and maintaining the expeditious wind-down of RDA activities while adding new incentives for substantial compliance with the law.

As he did last year for CalSTRS—the teachers' retirement system—the Governor has introduced a plan to deal with the state's enormous retiree healthcare liability. The plan would begin prefunding those costs in the budget year with a goal of funding them completely within thirty years.

Although it doesn't directly affect counties, the largest part of the state's budget is K-14 education. The Governor is proposing a total increase of $2.5 billion in the Proposition 98 guarantee. Compared to 2011-12, this represents an increase of about $2,600 per student.

The budget proposal also includes $478 million for deferred maintenance at universities, parks, prisons, hospitals, and other state facilities. However, there is no specific plan to fund the huge maintenance needs of the state and local road systems.

For questions about any of the issues covered in this summary, please contact CSAC staff.

2015-16 Governor's Budget
General Fund Budget Summary
($ in millions)

	2014-15	2015-16
Prior Year Balance	**$5,100**	**$1,423**
Revenues and Transfers	$108,042	$113,380
Total Resources Available	**$113,142**	**$114,803**
Non-Proposition 98 Expenditures	$65,071	$66,279
Proposition 98 Expenditures	$46,648	$47,019
Total Expenditures	**$111,719**	**$113,298**
Fund Balance	**$1,423**	**$1,505**
Reserve for Liquidation of Encumbrances	$971	$971
Special Fund for Economic Uncertainties	$452	$534
Budget Stabilization Account / Rainy Day Fund	**$1,606**	**$2,826**

General Fund Revenue Sources
($ in millions)

	2014-15	**2015-16**	**$ Change**	**% Change**
Personal Income Tax	$71,699	$75,213	$3,514	4.9%
Sales and Use Tax	23,438	25,166	1,728	7.4%
Corporation Tax	9,618	10,173	555	5.8%
Insurance Tax	2,490	2,531	41	1.6%
Alcoholic Beverage Taxes and Fees	367	374	7	1.9%
Cigarette Tax	84	82	-2	-2.4%
Motor Vehicle Fees	20	21	1	5.0%
Other	1,932	1,040	-892	-46.2%
Subtotal	**$109,648**	**$114,600**	**$4,952**	**4.5%**
Transfer to Budget Stabilization Account / Rainy Day Fund	-1,606	-1,220	-386	-24.0%
Total	**$108,042**	**$113,380**	**$5,338**	**4.9%**

General Fund Expenditures by Agency
($ in millions)

	2014-15	2015-16	$ Change	% Change
Legislative, Judicial, Executive	$3,007	$3,131	$124	4.1%
Business, Consumer Services & Housing	839	639	-200	-23.8%
Transportation	158	237	79	50.0%
Natural Resources	2,497	2,561	64	2.6%
Environmental Protection	78	68	-10	-12.8%
Health and Human Services	30,490	31,929	1,439	4.7%
Corrections and Rehabilitation	9,995	10,160	165	1.7%
K-12 Education	47,121	47,173	52	0.1%
Higher Education	12,947	14,063	1,116	8.6%
Labor and Workforce Development	282	265	-17	-6.0%
Government Operations	730	701	-29	-4.0%
General Government:				
Non-Agency Departments	1,267	676	-591	-46.6%
Tax Relief / Local Government	446	444	-2	-0.4%
Statewide Expenditures	256	1,251	995	388.7%
Supplemental Payment to the Economic Recovery Bonds	1,606	-	-1,606	-100.0%
Total	**$111,719**	**$113,298**	**$1,579**	**1.4%**

Government Finance and Operations

Redevelopment Dissolution Process

Counties will be interested to review the Administration's proposals to streamline the redevelopment dissolution process. Obviously, there is considerable work required of the Department of Finance in reviewing biannual Recognized Obligation Payment Schedules (ROPS) every six months. Furthermore, about 85 percent of all active successor agencies have complied with statutory audit finding and received a Finding of Completion. Achieving this milestone has prompted the Administration to propose legislative changes to add finality to the entire dissolution process and reduce the administrative burdens on successor agencies and the Department of Finance.

The Governor's proposal seeks to achieve the following objectives:

- Minimize the potential erosion of property tax residuals being returned to the local affected taxing entities (short and long term) while transition the state from detailed review of enforceable obligations to a streamlined process.
- Clarify and refine various provisions in statute to eliminate ambiguity, where appropriate, and make the statutes operate more successfully for all parties without rewarding previous questionable behavior.
- Maintain the expeditious wind-down of former RDA activities while adding new incentives for substantial compliance with the law.

Specifically, the Administration proposes to transition all successor agencies from a biannual ROPS process to an annual ROPS process beginning July 1, 2016, when the successor agencies transition to a countywide oversight board.

The Governor also proposes to establish a "Last and Final" ROPS process beginning September 2015. The Last and Final ROPS will be available only to successor agencies that have a Finding of Completion, are in agreement with Finance on what items qualify for payment, and meet other specified conditions. If approved by Finance, the Last and Final ROPS will be binding on all parties and the successor agency will no longer submit a ROPS to Finance or the oversight board. The county auditor-controller will remit the authorized funds to the successor agency in accordance with the approved Last and Final ROPS until each remaining enforceable obligation has been fully paid.

The proposed legislation will also clarify that:

- Former tax increment caps and RDA plan expirations do not apply for purposes of paying enforceable obligations.
- Reentered agreements that are not for purposes of providing administrative support activities are not authorized or enforceable.
- Litigation expenses associated with challenging dissolution determinations are to be included in administrative costs of the successor agency. They are not separate enforceable obligations.

- Contractual and statutory passthrough payments end upon termination of all of a successor agency's enforceable obligations.
- Finance is exempt from the regulatory process (as provided in existing law).
- County auditor-controllers' offices will serve as staff for countywide oversight boards.

The Governor's budget proposal notes that, since the dissolution process began, the Legislature has put forth various proposals to change the dissolution process. Any such proposals would need to fit within the principles laid out above to meet the Governor's approval. The Administration notes that they are committed to working with stakeholders to seek common ground.

Mandates

As he indicated in his State of the State speech earlier in the week, the Governor proposes to pay an additional $533 million toward the pre-2004 mandate debt.

This payment is actually part of the current year budget, which contains trigger language promising to this purpose any revenue above estimates, after accounting for schools' constitutional guarantee. If revenues improve between now and the May Revision, this payment could increase.

Proposition 2, the Rainy Day Fund measure that voters approved in November, requires certain funds to be used to pay down certain debts. The pre-2004 mandate debt is specifically included as an allowable expense for those purposes.

The Governor also proposes to pay the back costs of $9.6 million for the Public Records Act mandate. In June, voters passed Proposition 42, which relieves the state from future payments for this mandate.

However, it's not all good news on state mandates. The Governor proposes to suspend the Interagency Child Abuse and Neglect Investigation Reports mandate (commonly called ICAN). This mandate prescribes specific actions, reports, and certain due process protections. It does not allow any flexibility for local agencies to modify its requirements to better suit local circumstances or best practices.

But the Governor is proposing to suspend this mandate to avoid paying the $90.3 million in costs counties incurred complying with the mandate between 1999 and 2011. His reasoning is that “these activities are long-established and involve the agencies’ core missions.” Counties might retort that the activities are “long-established” because the Commission on State Mandates took fifteen years to approve the claim and estimate its costs, despite their statutory requirement to do so in one year. The Governor is proposing a new $4 million optional grant program to fund these activities, but replacing constitutionally guaranteed reimbursement with an optional grant program for about half of the amount of actual annual costs is inadequate.

The table below represents our best estimate of the county-by-county shares of the pre-2004 mandate payments.

Alameda	$ 15,369,290
Alpine	$ -
Amador	$ 717,008
Butte	$ 2,365,326
Calaveras	$ 260,056
Colusa	$ 58,827
Contra Costa	$ 9,721,520
Del Norte	$ 222,378
El Dorado	$ 2,342,221
Fresno	$ 7,738,206
Glenn	$ 222,543
Humboldt	$ 926,567
Imperial	$ 1,027,096
Inyo	$ 309,721
Kern	$ 6,424,585
Kings	$ 1,059,087
Lake	$ 502,843
Lassen	$ 184,178
Los Angeles	$ 88,036,063
Madera	$ 546,554
Marin	$ 7,587,969
Mariposa	$ 278,812
Mendocino	$ 1,849,883

Merced	$ 1,284,184
Modoc	$ 92,865
Mono	$ 180,623
Monterey	$ 8,786,580
Napa	$ 3,167,646
Nevada	$ 1,031,078
Orange	$ 39,189,017
Placer	$ 6,841,625
Plumas	$ 198,521
Riverside	$ 26,656,881
Sacramento	$ 14,581,068
San Benito	$ 454,148
San Bernardino	$ 12,542,583
San Diego	$ 23,833,079
San Francisco	$ 17,091,951
San Joaquin	$ 3,917,699
San Luis Obispo	$ 3,435,713
San Mateo	$ 8,981,615
Santa Barbara	$ 5,175,265
Santa Clara	$ 24,517,968
Santa Cruz	$ 3,528,753
Shasta	$ 1,522,829
Sierra	$ 18,969

Siskiyou	$	1,301,650
Solano	$	5,537,092
Sonoma	$	4,843,440
Stanislaus	$	4,307,562
Sutter	$	1,203,359
Tehama	$	1,117,968
Trinity	$	106,968
Tulare	$	1,501,370
Tuolumne	$	734,058
Ventura	$	11,865,822
Yolo	$	2,253,023
Yuba	$	459,430
Total	**$**	**390,013,135**

Insufficient ERAF

As in years past, the Governor's proposed budget includes funding for Alpine, Amador, and San Mateo Counties to fully fund their Vehicle License Fee Swap amounts for 2013-14. Other counties fund this swap through ERAF, but these counties do not have sufficient funds available to them to fully fund the swaps that way.

Economic Recovery Bonds and the Triple Flip

The Governor's budget anticipates paying off the last of the Economic Recovery Bonds in the budget year. The bonds, which were approved by voters as Proposition 57, are funded by a mechanism famously referred to as the "triple flip." The triple flip dedicates a quarter-cent of the local sales tax to paying off the state's bonds, then reimburses locals with a like amount of property taxes from schools via ERAF. As the triple flip ends, the quarter cent will automatically shift back to counties and cities. The end of the triple flip, which has become one of the symbol of the complicated fiscal maneuvers that became so common during the decade of deficits, marks the end of an era.

Sales and Use Taxes

The sales and use tax is one of the state's "Big Three" revenue streams, along with the personal income tax and the corporations tax. In recent years, it has become more important to counties, since it is the funding source for 1991 realignment, Proposition 172 funds for public safety, and 2011 realignment, not to mention the local Bradley-Burns and countywide transportation.

The Governor's budget documents report that taxable sales increased by 6 percent in 2012-13, and that they likely rose 5.7 percent in 2013-14. They estimate increases of 4 percent in 2014-15 (slowed by the implementation of the manufacturing tax exemption that replace enterprise zones) and 5.7 percent in 2015-16.

Also worth noting here is the discussion Senator Robert Hertzberg has started about tax reform. His SB 8, while currently only a spot bill, seeks to reform taxes by simplifying the income tax, evaluating the corporation tax, and extending the sales tax to some services.

Property Taxes

The Governor's budget estimates property taxes, which are relevant to the state's budget only as they relate to school funding. The budget estimates that, as home values continue to rise and sales volume continues to grow—though both are doing so more slowly than they did in the past couple years—statewide property tax revenues will continue to show "steady, positive growth." Specifically, the state estimates these revenues to increase 6.1 percent in 2014-15 and 5.25 percent in 2015-16.

Administration of Justice

2011 Realignment

The Governor's budget updates revenue assumptions for 2011 Realignment programs and details for the first time base and growth assumptions for 2015-16. Notably, those figures for the Community Corrections Subaccount (AB 109) are estimated to be $1.06 billion in base and $113.7 million in growth. Also significant for counties' planning purposes is that the 2014-15 Community Corrections Subaccount growth figure—an allocation that will be made in September or October 2015—has been revised downward to $127.7 million. By way of comparison, the most recent revenue estimates from the Governor's 2014 May Revision had estimated the 2014-15 growth level at $151.8 million. The estimated 2011 Realignment revenue levels will be revisited and revised in this spring's May Revision.

Counties should also note that the Enhancing Law Enforcement Activities Subaccount—which funds a dozen or so local assistance programs including Citizens' Option for Public Safety, the Juvenile Justice Crime Prevention Act, rural and small county sheriffs program, among others—should achieve its guaranteed funding level of $489.9 million with VLF alone, with healthy growth available in 2014-15 (an estimated $36.2 million) and 2015-16 (an estimated $56.2 million).

The budget also includes another round of planning grants totaling $7.9 million for Community Corrections Partnerships (CCPs) to support work associated with ongoing AB 109 implementation efforts. Counties will recall that the planning grants are disbursed in fixed amounts, depending on the county's size. As in past years, it is expected that receipt of the grants will be conditioned upon reporting to the Board of State and Community Corrections regarding AB 109 implementation plans.

SB 678 Funding

The budget assumes sustained SB 678 funding, reflecting counties' ongoing success under the 2009 performance-based probation funding program. Using the same methodology as that which was employed in 2014-15, the Governor's proposed budget estimates $125 million would be available for distribution to county probation departments in 2015-16. The budget narrative indicates that the Department of Finance plans to continue work with the Judicial Council, Chief Probation Officers of California (CPOC), and the California Department of Corrections and Rehabilitation (CDCR) on revising the SB 678 formula to account for population impacts associated with recent reforms—specifically 2011 public safety realignment and Proposition 47. The budget recognizes the significance of this funding stream in supporting probation's important evidence-based prevention and intervention efforts.

Recidivism Reduction Fund (SB 105, 2013)

In 2013, as the result of a negotiated agreement between the Administration and Legislature, the Governor approved SB 105, which authorized expenditures of up to $315 million to support the state's efforts to comply with the three-judge panel prison population reduction order. As specified in that measure, the state was to dedicate any unspent SB 105 funds to the Recidivism Reduction Fund (RRF). In 2014-15, the RRF apportioned a total of $91 million to an array of recidivism reduction and crime prevention programs. The Governor's budget assumes that an additional $26.2 million will be available in the RRF in 2015-16, both because of additional savings ($12.2 million) achieved above the 2014 Budget Act assumptions and unspent resources ($16 million) from the current year due to delays in program implementation.

Further, pursuant to the provisions of SB 105, the Department of Finance is expected to release its final report today on an assessment of the state prison system and recommendations regarding cost-effective, balanced public safety solutions. At the time of this writing, the final report—which follows an interim report published on April 1, 2014—is not yet available. It will be posted on the Department of Finance's website.

Court-Ordered Debt Collection: Amnesty Program

The Governor's budget assumes additional revenue associated with an 18-month amnesty program for debt that was delinquent as of January 1, 2013. The narrative notes that the State Penalty Fund—which, in turn, distributes revenues to eight special funds—has experienced a significant decline in recent years, causing structural deficits in the programs it supports. Notably, the Peace Officers' Training Fund and the Corrections Training Fund are expected to become insolvent in 2015-16. The amnesty program is intended to help address the insolvency issue, and the budget assumes approximately $12 million in additional penalty assessment revenue resulting from implementation of the amnesty effort. The Administration expresses a commitment to address the long-term solvency of the State Penalty Fund.

Corrections

The budget document provides an extensive update on the state's efforts to comply with the three-judge panel orders relative to prison overcrowding. As counties will recall, the federal court granted the state in a February 2014 order, an additional two years to meet the previously imposed population cap. Before February 28, 2016, the state must reach 137.5 percent of design capacity, and it appears that through the use of a variety of measures—such as infill expansion and use of contract beds—the threshold will be reached by the deadline.

The Governor's budget details the status of the various population reduction strategies that are underway. These strategies, all of which have been discussed in court documents, include:

- Prospective credit-earning increase for non-violent and non-sex registrant second strikers.
- Parole determination process for certain inmates with indeterminate sentences with future parole dates.
- Expanded medical parole process.
- New parole process for inmates 60 years or older having served a minimum of 25 years.
- Activation of 13 prison reentry hubs.
- Expanded alternative custody program for female inmates.
- New (beginning January 1, 2015) parole determination process for non-violent, non-sex registrant second strikers who have completed 50 percent of their sentence.
- Increased credit earnings (effective January 1, 2015) for certain minimum custody inmates.
- Expansion of pilot reentry programs with additional counties and local communities.

The budget includes an additional $16 million in funding that will be directed to county probation departments to cover costs associated with the increase in post-release community supervision population as the result of the two measures implemented in January 2015.

Proposition 47

The Governor's 2015-16 budget does not allocate new funds – with the exception of an augmentation to the courts' budget for workload impacts – associated with the implementation of sentencing changes enacted pursuant to the voter-approved initiative. The budget narrative reiterates the provision in Proposition 47 that the state must calculate state correctional savings achieved as a result of the measure's provisions by July 31, 2016 (and every July thereafter). Any identified savings for the first year of implementation would be allocated in 2016-17, as specified in the initiative. The majority of the savings would be dedicated to behavioral health programs (65%), with a portion earmarked for truancy prevention programs (25%) and the balance to increase victim services grants (10%).

Cross-Cutting Issues with Health and Human Services

Please refer to the Health and Human Services section for a summary of the budget's discussion of two issues with implications for the criminal justice system: the Incompetent to Stand Trial (IST) and the high cost of certain pharmaceuticals, specifically Hepatitis C treatment.

Judicial Branch

The budget proposes $180 million in judicial branch augmentations, largely consistent with a two-year funding approached agreed to in 2014-15. The funding increases tie to the following programmatic or operational impacts:

- $90.1 million to support trial court operations.
- $42.7 million to cover trial court employee costs.
- $19.8 million to offset flagging fine and penalty revenues assumed in 2015-16.
- $26.9 million to cover increased court workload associated with the implementation of Proposition 47.

Also of interest to counties is the Administration's interest in exploring funding for dependency counsel. Noting that in certain jurisdictions caseloads for counsel who represent abused and neglected children and their parents in dependency cases run far above a recommended standard, the budget commits to examining – with the involvement of the Judicial Council – a caseload-based allocation methodology as well as ways to reduce the number of cases per attorney.

City Law Enforcement Grants
The budget proposes another round of grants ($40 million) to support city law enforcement activities. The BSCC, as it has in previous years, would function as the state administrative agency to disburse the grants to individual cities that serve as a fiduciary agent in each jurisdiction.

Agriculture, Environment, and Natural Resources

The Governor's budget includes a number of proposals for the funding of environmental protection and natural resources programs. In addition to Cap and Trade and Water Bond allocations, this year's budget includes funding for select programs that have not been funded in many years, including funding for the network of fairs and Payment in Lieu of Taxes (PILT) funds—funding owed to local governments for lost property taxes and assessments as a result of the establishment of a wildlife management area.

Cap and Trade Funding
The Governor proposes to appropriate $1 billion in Cap and Trade revenues. This represents an approximate $130 million increase from the FY 14-15 expenditure plan. The proposed allocation is as follows:

Investment Category	*Department*	*Program*	*Amount*
Sustainable Communities & Clean Transportation	High Speed Rail Authority	High Speed Rail Project	$250M
	Transportation Agency	Transit and Intercity Rail Capital Program	$100M
	State Transit Assistance	Low Carbon Transit Operations Program	$50M
	Strategic Growth Council	Affordable Housing & Sustainable Communities	$200M
	Air Resources Board	Low Carbon Transportation	$200M

Energy Efficiency & Clean Energy	Dept. of Community Services and Development	Energy Efficiency Upgrades & Weatherization	$75M
	Energy Commission	Energy Efficiency for Public Buildings	$20M
	Dept of Food & Ag	Agricultural Energy & Operational Efficiency	$15M
Natural Resources & Waste Diversion	Dept of Fish & Wildlife	Wetlands & Watershed Restoration	$25M
	Dept of Forestry & Fire Protection	Fire Preservation & Urban Forestry Projects	$42M
	Cal Recycle	Waste Diversion	$25M
TOTAL			***$1.002B***

The Governor's Cap and Trade expenditure proposal is largely similar to last year's plan, funding the same categories included in his adopted FY 14-15 expenditure plan at largely the same levels, with an increase to the Affordable Housing and Sustainable Communities fund (increase of $70 million from FY 14-15), the Fire Prevention and Urban Forestry Program (increase of $25 million), the Low Carbon Transit Operations Program (increase of $25 million), and the Transit and Intercity Rail Capital Program (increase of $75 million). One quarter of investments will be specifically targeted to benefit disadvantaged communities, as required by law. The Governor's budget proposal includes statements of intent to develop a midterm 2030 goal, and reaffirms the commitment to reduce GHG emissions 80 percent below 2020 levels by 2050. As you may recall, AB 32 sets a 2020 goal of reducing GHG emissions to 1990 levels. The summary indicates that the Governor will work with the Legislature and stakeholders to develop strategies to reach a 2030 goal with a focus on decarbonizing electricity, energy efficiency, reducing Vehicle Miles Traveled (VMT), enhancing natural and working lands to sequester carbon, and other things.

Funding under the Affordable Housing and Sustainable Communities (AHSC) funding category, specifically the $200 million allocated to the Strategic Growth Council (SGC), is intended to continue to provide funding to regions for the implementation of SB 375 and like projects that reduce greenhouse gas emissions and promote sustainable growth, including the preservation of agricultural lands, and local planning that promotes infill development and the reduction of Vehicle Miles Traveled. SCG has yet to release the revised guidelines for this new program, thus no funds from FY 14-15 have been allocated as of yet.

California Water Action Plan

The California Water Action Plan, which the Governor released in January 2014, identifies a broad suite of actions to secure reliable water supplies, restore important species and habitat, and construct a more resilient water system. The Budget proposes $1.7 billion in investments to implement this five-year roadmap towards sustainable water management. This funding would be allocated to Action Plan priorities as detailed in the following sections.

2014 Water Bond—Proposition 1

The Budget proposes $532.5 million as the first year allocation of a multi-year plan to spend funds consistent with the Action Plan.

As noted in the chart below, $135 million of Proposition 1 bond funds will be made available to the State Water Resources Control Board for safe drinking water, with $66.3 million for waste water treatment projects and $69.2 million for safe drinking water in small disadvantaged communities. The Governor's proposal acknowledges the problems with public water systems in disadvantage communities. It also says that the Administration will work with local governments and other interests to bring these systems into compliance with state and federal safe drinking water standards.

Regarding the $2.7 billion for water storage, officials with the Department of Water Resources (DWR) have indicated that the State Water Commission is working to finalize the regulations that would govern distribution of the storage funds based on public benefits of the projects. It is estimated that the Commission will finish that work in December 2016 and that 2017 is the earliest that allocation of the funds would take place.

Investment Category	***Department***	***Program***	***Amount***
Safe Drinking Water	State Water Resources Control Board	Waste Water Treatment Projects	$66.3
	State Water Resources Control Board	Safe Drinking Water in Small Disadvantaged Communities	$69.2

Watershed Protection and Restoration	State Conservancies	Watershed Projects	$83.5
	Wildlife Conservation Board	Enhanced Stream Flow Projects	$38.9
	Santa Monica and San Gabriel Conservancies	Urban Rivers and Creeks	$19.1
	Dept of Fish and Wildlife	Watershed Restoration Projects (non-Delta)	$36.5
Regional Water Reliability	Department of Water Resources	Integrated Regional Water Management Program	$32.8
	Department of Water Resources	Water Conservation	$23.2
	State Water Resources Control Board	Stormwater Management	$0.6
Water Storage	Department of Water Resources	Statewide Water System Operational Improvement	$3.3
Water Recycling	Department of Water Resources	Water Recycling and Desalination	$5.5
	State Water Resources Control Board	Water Recycling and Treatment Technology Projects	$131.7
Groundwater Sustainability	Department of Water Resources	Groundwater Management Planning	$21.3
	State Water Resources Control Board	Groundwater Contamination	$0.6
TOTAL			***$532.5***

Flood Protection

The Budget proposes to appropriate the remaining $1.1 billion from the 2006 Flood Protection Bond to support flood protection activities of DWR. The bulk of this funding will be for projects in the Central Valley that benefit State/Federal project levees. Because the bond measure specifies that these funds be available for appropriation until July 1, 2016, the Administration is seeking the enactment of legislation that appropriates these funds early in the legislative session, prior to enactment of the Budget Act.

The budget does not include a proposed allocation of the $100 million provided by Proposition 1 for other statewide flood protection projects.

Groundwater Management

As expected, the Governor's budget includes funding for implementation of the 2014 Sustainable Groundwater Management Act. Specifically, the Budget proposes $6 million General Fund for DWR to provide technical assistance to local agencies and to adopt regulations on basin boundary adjustments and the development of groundwater sustainability plans.

Proposition 1 included $100 million in grant funding for development and implementation of groundwater management plans. As noted in the chart above, the Governor's Budget proposes $21.3 million of Proposition 1 funds for this purpose.

In-Stream Flows

To enhance flows in certain stream systems in the State the Budget proposes $2.2 million General Fund and $1.8 Water Rights Fund for the Water Board and the Department of Fish and Wildlife (DFW). According to DFW officials, there are watersheds around the state where DFW and the Board working with landowners, water users, and conservationists can use sound science and improve streamflow for salmon and water reliability for local communities. These include streams in the Russian River basin, along the north coast and in the north state, in the Upper Sacramento, and along California's central coast, like the Ventura. The Board and DFW expect to seek additional public involvement on prioritizing important streams for collaborative and science based efforts for restoration and reliability.

Delta Plan Implementation

The Budget proposes to provide the Delta Stewardship Council with $6.7 million General Fund and $2.6 million other funds to implement the Delta Science Plan, incorporate the Bay Delta Conservation Plan into the Delta Plan, and coordinate federal approval of the Delta Plan.

Water Management Operations Improvements

Regarding the Administration's interest in expediting the review and processing of voluntary water transfers, the budget provides $1.4 million General Fund for DWR to identify water management operation improvements during drought conditions and streamline water transfers.

Emergency Drought Response

The Governor's Budget also proposes, should existing drought conditions continue through next year, $115 million ($93.5 million General Fund) on a one-time basis to continue the critical drought response efforts by various state departments and offices.

Office of Emergency Services

The budget provides $10 million from the Regional Railroad Accident Preparedness and Immediate Response Fund to coordinate with local agencies to better prepare for and respond to emergencies involving hazardous materials transported by railroad tank cars. This funding will come from the reestablishment of a fee on hazardous materials transported by railroad tank cars throughout California.

Payment in Lieu of Taxes (PILT)

The Governor's proposed budget includes $644,000 to fund Payments in Lieu of Taxes for local governments. The Department of Fish and Wildlife (DFW) operates wildlife management areas throughout the state. Existing law (Fish and Game Code §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. This is the first time the state has funded PILT since the 2002-03 budget. The allocation does not include any back payments owed to counties, totaling approximately $17 million. The current allocation has already deducted the school portion of PILT, thus the $644,000 is direct funding to local governments.

Fairs

This budget includes $10 million in funding for the network of fairs, including approximately $3 million in General Fund money to assist with fair operations and $7 million for deferred maintenance at fairs. This is included as part of the Governor's Five Year Infrastructure Plan, which continues to highlight the need for resources to fund the Administration's infrastructure priorities. General Fund support for fairs was eliminated in 2011.

Parks and Recreation

The Governor's budget proposes several actions to "strengthen" the state park system. These proposals include the establishment of a "Transformation Team"—a group to lead the department in executing structural and sustainable reforms over a two-year period. The budget also proposed modernizing fee collection and technology in the State Park system, increasing cabins in state parks and improving information and financial accountability. The budget also includes a one-time increase of $16.8 million in funding for state parks to continue with existing service levels and $125 million General Fund for deferred maintenance in state parks.

Employee Relations

Retiree Health Care Unfunded Liability

Of the state's $227 billion in long-term costs and liabilities, those associated with state employee retirement benefits comprise $222 billion. Of this, a $72 billion unfunded liability exists for state retiree health benefits. To reduce these costs but maintain health care benefits for retired state employees, the Governor's proposal calls for the state and its employees to share equally in the prefunding of retiree health benefits (the state is currently on a pay-as-you-go-basis for these benefits). This cost-sharing proposal, which must be negotiated with respective labor unions, will be phased in as labor contracts come up for renewal. The Governor expects this proposal, along with investment returns, to eliminate the unfunded liability by fiscal year 2044-45 at an annual cost to the state of about $600 million. Absent such action, the unfunded liability will increase to $90 billion in five years.

In-Home Supportive Services (IHSS)

- **Restoration of Cuts.** The Governor's Budget proposes to restore last year's seven-percent reduction in IHSS service hours via a new tax on managed care organizations that takes effect July 1, 2015.
- **Overtime.** The Governor in his budget proposal declares the state's intention to delay implementation of the U.S. Department of Labor (DOL) regulations requiring overtime pay for domestic workers effective January 1, 2015. Counties will recall that a federal district court last month ruled that this particular regulation did not fall under DOL's authority and delayed implementation of the regulations. Further action by the federal court is expected prior to January 15, 2015. Accordingly, under state law, California's implementation of those regulations is delayed until further court action.

Workforce Investment Act

Federal guidelines for the new Workforce Act will be released in early 2015; as such, the May Revision will include more details regarding an expected increase in discretionary funding for regional workforce needs and certain employment barriers, including:

- SlingShot Regional Grants, which address regional barriers to employment through innovative workforce development, training, employer engagement and career education approaches, and
- Regional Workforce Accelerator Program Grants for partnerships for job training, support services and job placement assistance for the long-term unemployed, veterans, low-income individuals seeking jobs (including CalWORKs) recipients) and others with barriers to employment.

The Governor's budget also includes a $14 million increase for existing apprenticeship programs and $15 million for new apprenticeship programs in emerging industries.

Health and Human Services

Medi-Cal

Counties play a critical role in the implementation of the Affordable Care Act (ACA) and continue to conduct the Medi-Cal eligibility work on behalf of the State. To account for an increase in caseload and continued state-based computer system functionality problems, the Governor included an additional $150 million ($48.8 million General Fund) in the current year (2014-15) for county administration of the Medi-Cal program. The budget also continues the increase of $240 million ($78 million General Fund) from the 2014-15 budget into 2015-16. Counties wish to thank the Governor for funding the increase in workload county eligibility workers are experiencing as we work to implement the ACA.

AB 85 Health Realignment Diversion

The Governor's 2015-16 budget estimates that counties will save $724.9 million in 2014-15 and $698.2 million in 2015-16 in indigent health care costs under the ACA, all of which will be redirected to fund CalWORKs grant increases. The $698.2 million in 2015-16 is an initial estimate and will be updated in the May Revise. Within two years after the fiscal year ends, the amount redirected from the county by the state will be reconciled using actual data.

Counties will recall the "county savings" negotiations that took place in 2013, whereby the state sought to offset their potential General Fund costs for the ACA Medi-Cal expansion by redirecting county 1991 health realignment funding to other obligations. These efforts resulted in the passage of AB 85 (Chapter 24, Statutes of 2013), which specifies changes to the 1991 Realignment structure and redirects health realignment funding to CalWORKs grant increases.

Medicaid Section 1115 Waiver Renewal

The Governor's budget assumes the continuation of at least the current funding levels available in the Bridge to Reform Waiver for designated public hospital systems. The Administration will update the budget assumptions for the 1115 Waiver during the May Revise, after the Department of Health Care Services (DHCS) formally submits the proposed waiver to the federal government. CSAC remains engaged as an active participant in the Medicaid Section 1115 Waiver renewal workgroups and will continue to advocate for a waiver that provides at least the same level of funding and flexibility for our county safety net providers.

Licensing and Certification

The budget includes an additional 21.8 million in special funds and 237 positions for 2015-16 to meet the mandated state and federal licensing and certification workload and to implement quality improvement projects within the Licensing and Certification Program.

CalWORKs

The 2014 Budget Act increased Maximum Aid Payment levels by 5 percent, effective April 1, 2015, which is mostly funded by the AB 85 health realignment redirection (see above). Combined with the prior 5 percent increase in 2014, this grant increase bumps the estimated CalWORKs grant costs in 2015-16 to $340.5 million, of which the state General Fund will contribute $73.3 million.

IHSS

The Governor's budget proposes a restoration of the current 7 percent reduction in service hours for IHSS beneficiaries, which will cost $483.1 million in 2015-16. The Governor plans to fund the restoration with proceeds from the new tax on managed care organizations – which is itself in danger. Please see the sections below (starting with Coordinated Care initiative) for a more detailed explanation.

Coordinated Care Initiative (CCI)

The Governor spends a significant amount of space in today's budget proposal to warn that the state's federal demonstration project known as either the Coordinated Care Initiative (CCI) or Cal Medi-Connect is in danger of failing.

This is significant to counties for several reasons, as the success of the CCI is directly tied to the continuation of the In Home Supportive Services (IHSS) Maintenance of Effort (MOE) negotiated between the Administration and counties in 2012.

First, the Governor outlines a number of troubling statistics and events related to CCI:

- When the CCI was approved by the Legislature, the state expected to share savings 50-50 with the federal government. However, the federal government notified the state that it would only be allowed to retain 25 percent of any savings.
- Much lower participation is being realized, including the exemption of more than 100,000 potential participants and an extremely high opt-out rate (initial projections estimated a 33 percent opt-out rate, but data as of November 1, 2014 shows a 69 percent opt-out rate, including a whopping 80 percent opt-out rate for IHSS participants). Further, enrollment delays have occurred in each of the 7 remaining participating counties.
- The state's Managed Care Organization tax (MCO tax) helps fund the CCI and allows for a 4-percent tax on managed care organizations through June 30, 2016. However, the federal government recently informed the state that the tax was inconsistent with Medicaid regulations and would not be allowed to continue past the 2016 date. This blows a significant hole in funding for the CCI project and could be the death knell for the project if the MCO tax is not continued.

Which brings us to the IHSS MOE.

In Home Supportive Services Maintenance of Effort (IHSS MOE)

Counties negotiated the IHSS MOE with the state in 2012. In 2013-14, the county share of the MOE nearly $1 billion. The implementation of the IHSS MOE was directly tied to the success of the CCI project, i.e. the state required savings through the CCI to guarantee the continuation of the county MOE. The California Department of Finance (DoF) is required to report each January on whether the CCI is cost effective. If the DoF determines that it is not, the CCI automatically ceases operation.

Further, the loss of the MCO tax as outlined in the previous section is not the only fiscal emergency threatening the operation of the CCI and the continuation of the IHSS MOE. According to the Governor, the current federal interpretation of Federal Labor Standards Act overtime regulations for IHSS workers also increases the state's exposure to costs for the IHSS program.

While the IHSS overtime costs are currently stayed under a federal court order until January 15, the state continues to be cautious and budget for increased costs in IHSS overtime in 2015-16 (please see the Employee Relations section of this document for more details on the potential IHSS overtime costs and federal action).

From the state's perspective, the potential loss of the MCO tax, coupled with increased costs for IHSS overtime, increase the state's costs and make the continuation of the CCI less tenable. If the CCI ceases operation, the move of IHSS collective bargaining to the State, and the County IHSS MOE, would end. The Administration proposes that unless factors are improved, the CCI trigger could be pulled in January 2016, which would trigger off the County IHSS MOE the following fiscal year, July 2017.

CSAC would have serious concerns with any changes to IHSS MOE as negotiated and outlined in current statute. We note that it would be a complex fiscal nightmare to "unwind" the MOE and a negotiated deal. Counties also vow to continue efforts with the state, federal government, and health plans to implement the CCI and support the continuation of the MCO tax or a modified version that provides the necessary revenue to balance CCI implementation and preserve the IHSS MOE.

Continuum of Care Reform (Group Home Reform)

The Governor's budget includes $9.6 million ($7 million General Fund) to begin implementing the Continuum of Care Reform effort as required by SB 1013 (Chapter 35, Statutes of 2012). The Department of Social Services will release their report on Continuum Care Reform later today, which outlines 19 specific recommendations. The funding in the 2015-16 budget is intended to implement two of the recommendations: increasing the availability of home-based family care through recruitment and retention efforts and increasing social worker capacity for foster family agencies to better provide home-based services. We wish to thank California Department of Social Services Director Will Lightbourne and Governor Brown for including initial funding for these key front-line implementation efforts.

Originally called "Congregate Care Reform," the SB 1013 effort requires stakeholders to examine all programs provided by Foster Family Agencies (FFA) and group homes, and to look beyond the continuum of care and placement settings to include the array of services and supports for children and youth in these placements. The goal is not to create new services, but rather unify and leverage the existing service array to ensure that children can live in their communities in home-based family care settings. For children who cannot initially be safely placed in home-based family care, they may be placed in residential care with a specific care plan and then transitioned into home-based care as soon as safely possible. This represents a significant change to the current system, and while it is designed to ensure continuity and better outcomes for the child, it will require significant collaboration at the county and state level, and potentially additional implementation funding. County stakeholders include welfare directors, behavioral health directors, and probation chiefs.

2011 Realignment Funding

Please see the table at the end of this document for updated estimates for 2011 Realignment programs.

State Hospitals

The Governor projects the State Hospital patient population to reach 6,953 in 2015-16 and includes $3.2 million in new funding and 14 limited-term positions to support a Not Guilty by Reason of Insanity Involuntary Medication Authorization program within the State Hospital system. The new program would be modeled on the existing Mentally Disordered Offender and Sexually Violent Predator involuntary medication orders.

Incompetent to Stand Trial (IST)

The Governor continues efforts to address the Incompetent to Stand Trial waitlist, which, according to his estimates, stands at more than 400 patients who are waiting to be admitted. There is also significant pressure from the judicial system for increased capacity.

In response, the Department of State Hospitals (DSH) will continue to explore collaboration with counties to establish contract-based treatment programs located within secure county or private facilities. Further, the budget proposal includes nearly $20 million to increase capacity at the Atascadero and Coalinga State Hospitals and to expand the Secure Treatment Area at Metropolitan State Hospital.

CSAC continues to work with the Administration and other stakeholder on this issue. The California Health and Human Services Agency is convening counties and stakeholders later this month to discuss these and other proposals.

Health Care Reform Implementation

The Governor's proposed 2015-16 budget estimates an additional 3.3 million people will enroll in Medi-Cal and an additional 2 million will enroll in Covered California by the end of 2015-16 as a result of the Affordable Care Act (ACA). In 2015-16, the budget assumes net costs of $2 billion ($943.2 million General Fund) for the mandatory Medi-Cal expansion and $14.3 billion for the optional Medi-Cal expansion.

Poverty

The Governor outlined a few ideas in a Poverty and Income Inequality section of the budget and points out that the Budget provides more than $1.2 billion in funding for programs and initiatives to address poverty, such as adult education, workforce investment, career technical education, and other programs. For more details, please see the Employee Relations section of this document related to workforce investment.

The CSAC Executive Committee has directed staff to convene a Poverty Working Group to explore ideas for reducing poverty in our communities. This working group will discuss the Governor's proposals, as well as the priorities of the Legislature, County Affiliates, and a wide range of stakeholders.

Child Care

The Governor proposes to fund a 1.58 percent Cost of Living Adjustment for capped child care programs ($21.5 million). This will be the first COLA since 2007-08 for these programs.

Stage 2 child care caseload is decreasing and the Governor scores a $11.6 million reduction in funding, but Stage 3 caseload and cost per case has been growing, prompting the Governor to propose a $38.6 million General Fund Stage 3 funding increase in 2015-16.

Mental Health and Substance Use Disorder Services

The Governor's Budget includes a nod to current efforts underway to seek a Drug Medi-Cal organized delivery system waiver from the Centers for Medicare and Medicaid Services (CMS). The Governor also explains that the Department of Health Care Services is "still in the process" of statewide recertification of active providers in the wake of revelations about the integrity of the Drug Medi-Cal program in 2013. The 2015-16 budget extends the 21 positions and $2.2 million ($1.1 General Fund) to continue this work.

Public Health Licensing and Certification

The Governor is responding to criticisms and inefficiencies within the Department of Public Health's Licensing and Certification division by providing and additional $21.8 million in special funds and 238 positions to complete this work in a more timely and comprehensive fashion. Further, the Governor is directing $9.5 million in special funds to augment a contract with Los Angeles County to allow the County to assist in high-priority Licensing and Certification workload as well as $378,000 for three positions to provide on-site training and oversight for these efforts in Los Angeles County.

High Cost Drugs

The Federal Food and Drug Administration recently approved new Hepatitis C drugs that are effective but also extremely expensive, and data shows that there are high numbers of folks with Hepatitis C in state prison, state hospitals, county jails and enrolled in Medi-Cal and the AIDS Drug-Assistance Program. The Governor reserves $300 million to account for the high cost of these new drugs and plans to convene affected entities, including county sheriffs, to develop utilization policies and payment structures for these new treatments.

Supplemental Security Income/State Supplementary Payment (SSI/SSP)

Effective January 1, 2016, maximum grant levels will increase by $11 for individuals and $16 for couples. The current maximum grant levels are $881 per month and $1,483 per respectively. In 2015-16, the Governor proposes a total of $2.8 billion General Fund for the SSI/SSP programs.

Housing, Land Use and Transportation

Revenues for County Road Maintenance

The budget proposal projects continuing decreases in gas tax revenues in FY 2015-16. Revenues to the Highway User Tax Account (HUTA), which is the sole source of state funding for county road maintenance, are anticipated to decrease by 23.3 percent, from $1.89 billion in FY 2014-15 to $1.45 billion in FY 2015-16. CSAC will distribute county-by-county estimates of HUTA revenues as soon as the shared revenues budget detail is published.

A significant component of HUTA revenues (half of total revenues in FY 2014-15) is derived from the price-based excise tax that replaced the sales tax on gasoline under the 2010 gas tax swap. The Board of Equalization will set the price-based excise tax rate for FY 2015-16 at its meeting in February. Recent reductions in fuel prices likely portend a significant decrease in the price-based excise rate in FY 2015-16. Moreover, since the price-based excise tax is designed to be revenue-neutral with the former sales tax, further reductions of the rate are likely in FY 2016-17. This reduction will be required to compensate for over-collection of excise tax revenues in FY 2014-15, when gas prices dropped well below price estimated last February.

Transportation Funding Shortfalls

The budget proposal identifies nearly $60 billion in unmet needs for maintenance and repair of the state highway system over a ten-year period and suggests that the state must focus any new funding sources on the state's primary responsibilities—maintenance and operations of highways and interstates and improvement of high priority freight corridors. In addition to needs on the state system, local and regional agencies recently identified nearly $80 billion in unmet needs for local streets and roads over the next decade.

The Governor's budget is largely silent to the specific needs of the local streets and road system, except to say that local facilities receive a significant portion of state and federal gas excise tax revenues (through the Highway User Tax Account and Regional Surface Transportation Program, respectively) and that local option revenue measures should be part of a solution to deferred maintenance needs at the local level. The budget proposal does not, however, suggest new local revenue-raising methods or adjustments that could facilitate such measures (e.g. a reduction of the 2/3 vote threshold for local special taxes).

While CSAC recognizes the significant deferred maintenance needs on the state highway system, counties will continue to advocate for new revenue measures that will support a well-maintained and comprehensive state and local transportation system that our constituents need and expect.

Road Usage Charge

In order to address the aforementioned transportation funding shortfalls, the State has already begun exploration of mileage-based revenue options as a potential replacement to the antiquated state gas tax. Pursuant to SB 1077 (Chapter No. 835, Statutes of 2014), the California Transportation Commission formed a Road Usage Charge (RUC) Technical Advisory Committee (TAC) which will deliver policy and technical recommendations to the Legislature no later than June 30, 2018 to inform a RUC Pilot Program. The proposed FY 2015-16 State Budget would support these efforts with five positions and $9.4 million in funding from the State Highway Account.

Toll Roads

The budget proposal also includes a preview of legislation to come. The state's current toll road policy often leaves unused capacity by limiting access to high-occupancy vehicle lanes to only those vehicles with two or more passengers. The Governor proposes legislation to address these shortcomings that would enable to state to better maximize capacity and generate additional revenues. The proposal would include new authority for high-occupancy toll lane projects and would allow the conversation of existing high-occupancy vehicle lanes into toll lanes.

Highway Relinquishment

Stemming from the 2014 State Smart Transportation Initiative (SSTI) report, which made numerous recommendations regarding modernizing the California Department of Transportation (Caltrans), improve management and performance, and align state investments with policy goals, the Governor's budget offers additional forthcoming legislation to streamline the highway relinquishment process. The proposal would broaden the states authority for turning over segments of the state highway system to counties and cities, which is currently done in a piecemeal manner requiring legislation.

2015 Five-Year Infrastructure Plan

The 2015 California Five-Year Infrastructure Plan (2015 Plan)—the Governor's proposal for investing $57 billion in state infrastructure over the life of the plan—was also released today. Similar to last year's report, the 2015 Plan finds ongoing deficiencies in the state's infrastructure ranging from transportation, corrections, schools, and water. The 2015 Plan proposes to invest $125 million in general fund revenues for deferred maintenance across a broad range of categories. While the 2015 Plan has a heavy emphasis on investing in the state transportation system, including state highways and high-speed rail, no general fund revenues are proposed for transportation purposes in FY 2015-16.

The 2015 Report also provides some essential information regarding debt service pressure on the state's general fund. Since 2000, the state has increasingly relied on general obligation bonds as a way to finance critical infrastructure improvements. Debt service is one of the fastest growing areas of the budget and is projected to increase by nearly $1 billion from the current year to $8.7 billion to FY 2018-19.

Affordable Housing

While last year's budget included some new funding for affordable housing, the investment was one-time in nature. The Governor's FY 2015-16 January Budget Proposal does not include funding for this purpose, one time or otherwise. However, the Department of Finance noted openness to providing more funding should additional revenues be made available through the budget negotiation process. However, the Affordable Housing and Sustainable Communities program funded through cap and trade auction revenues is proposed to grow by $70 million for a total of $200 million in FY 2015-16. CSAC anticipates additional dialogue and negotiation on funding for affordable housing in the 2015 legislative session given this is a top priority for the democratic legislative leadership.

Special Distribution Fund

The Special Distribution Fund (SDF) will continue its slide into insolvency in fiscal year 2015-16, with a projected opening fund balance of $8.9 million, compared to $15.9 million last year and $36.5 million in 2013-14. SDF revenues are usually the sole source of funding for mitigating the impacts of tribal casinos on local government operations in counties where casinos are operated under the 1999 model compacts.

State law establishes that the first priority for SDF funding is backfilling the Revenue Sharing Trust Fund, which provides guaranteed funding to non-gaming tribes and which has had a structural deficit since its inception. State regulatory costs, including funding for the Gambling Control Commission and Department of Justice, and programs to address problem gaming are also given a higher priority than local government mitigation grants.

As counties know, there was no appropriation for SDF local government grants in 2014-15, and absent any significant change to reallocate gaming revenues, an appropriation seems unlikely in 2015-16. CSAC is working with our local government and law enforcement partners to find a solution in order to provide a $9.1 million appropriation in FY 2015-16.

CSAC staff will follow this overview in the coming weeks and months with more detailed looks at the issues summarized above. If you have questions, please contact CSAC at (916) 327-7500 or email the appropriate member of the staff.

91-92 Realignment Estimated Revenues and Expenditures - 2015-16 Governor's Budget
(Dollars in Thousands)

2013-14 State Fiscal Year

Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Totals
BOE Allocation Adjustment for Prior Years	**$0**	**$34,637**	**$2,170**	**$10,001**	**$0**	**$3,442**	**$50,250**
Base Funding							
Sales Tax Account	$721,764	$398,555	$1,488,748	$0	$299,998	$0	$2,909,065
Vehicle License Fee Account	334,480	761,379	358,942	0	0	0	1,454,801
Total Base	**$1,056,244**	**$1,159,934**	**$1,847,690**	**$0**	**$299,998**	**$0**	**$4,363,866**
Growth Funding							
Sales Tax Growth Account:	31,862	29,208	17,670	15,701	-	57,591	152,032
Caseload Subaccount	-	-	(17,670)	-	-	-	(17,670)
County Medical Services Subaccount	-	(5,411)	-	-	-	-	(5,411)
General Growth Subaccount	(31,862)	(23,797)	-	(15,701)	-	(57,591)	(128,951)
Vehicle License Fee Growth Account	32,445	29,742	-	15,988	-	58,644	136,819
Total Growth	**$64,307**	**$58,950**	**$17,670**	**$31,689**	**$0**	**$116,235**	**$288,851**
General Growth Carryover to 2014-15[1]	-	-	-	-	-	(67,080)	(67,080)
Total Realignment 2013-14[2]	**$1,120,551**	**$1,253,521**	**$1,867,530**	**$41,690**	**$299,998**	**$52,597**	**$4,635,887**

2014-15 State Fiscal Year

Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Totals
Base Funding							
Sales Tax Account	$752,888	$0	$1,507,962	$11,625	$724,894	$61,033	$3,058,402
Vehicle License Fee Account	367,663	799,094	355,049	11,170	0	58,644	1,591,620
Total Base	**$1,120,551**	**$799,094**	**$1,863,011**	**$22,795**	**$724,894**	**$119,677**	**$4,650,022**
General Growth Carryover from 2013-14[1]	-	-	-	-	-	67,080	67,080
Growth Funding							
Sales Tax Growth Account:	-	19,433	56,310	27,798	-	33,659	137,200
Caseload Subaccount	-	-	(56,310)	-	-	-	(56,310)
County Medical Services Subaccount	-	(5,525)	-	-	-	-	(5,525)
General Growth Subaccount	-	(13,908)	-	(27,798)	-	(33,659)	(75,365)
Vehicle License Fee Growth Account	-	9,818	-	14,043	-	17,004	40,865
Total Growth	**$0**	**$29,251**	**$56,310**	**$41,841**	**$0**	**$50,663**	**$178,065**
General Growth Carryover to 2015-16[3]	-	-	-	-	-	(23,309)	(23,309)
Total Realignment 2014-15[2]	**$1,120,551**	**$828,345**	**$1,919,321**	**$64,636**	**$724,894**	**$214,111**	**$4,871,858**

2015-16 State Fiscal Year

Amount	CalWORKs MOE	Health	Social Services	Mental Health	Family Support	Child Poverty	Totals
Base Funding							
Sales Tax Account	$752,888	$0	$1,861,179	$39,422	$447,421	$94,692	$3,195,602
Vehicle License Fee Account	367,663	855,011	58,142	25,213	250,807	75,648	1,632,484
Total Base	**$1,120,551**	**$855,011**	**$1,919,321**	**$64,635**	**$698,228**	**$170,340**	**$4,828,086**
General Growth Carryover from 2014-15[3]	-	-	-	-	-	23,309	23,309
Growth Funding							
Sales Tax Growth Account:	-	29,893	61,941	44,446	-	53,816	190,096
Caseload Subaccount	-	-	(61,941)	-	-	-	(61,941)
County Medical Services Subaccount	-	(7,655)	-	-	-	-	(7,655)
General Growth Subaccount	-	(22,238)	-	(44,446)	-	(53,816)	(120,500)
Vehicle License Fee Growth Account	-	10,966	-	16,305	-	19,743	47,014
Total Growth	**$0**	**$40,859**	**$61,941**	**$60,751**	**$0**	**$73,559**	**$237,110**
Total Realignment 2015-16[2]	**$1,120,551**	**$895,870**	**$1,981,262**	**$125,386**	**$698,228**	**$267,208**	**$5,088,505**

[1] Reflects general growth carryover to fund the 5-percent increase to CalWORKs Maximum Aid Payment levels effective March 1, 2014, pursuant to Welfare and Institutions Code section 17601.50.

[2] Excludes $14 million in Vehicle License Collection Account moneys not derived from realignment revenue sources.

[3] Reflects general growth carryover to fund the 5-percent increase to CalWORKs Maximum Aid Payment levels effective April 1, 2015, pursuant to Welfare and Institutions Code section 17601.50.

2011 Realignment Estimate[1] - at 2015-16 Governor's Budget

	2013-14	2013-14 Growth	2014-15	2014-15 Growth	2015-16	2015-16 Growth
Law Enforcement Services	**$2,124.3**		**$2,078.3**		**$2,248.4**	
Trial Court Security Subaccount	508.0	9.8	518.1	17.0	535.1	15.2
Enhancing Law Enforcement Activities Subaccount[1]	489.9	24.6	489.9	36.2	489.9	56.2
Community Corrections Subaccount[2]	998.9	73.1	934.1	127.7	1,061.7	113.7
District Attorney and Public Defender Subaccount[2]	17.1	4.9	15.8	8.5	24.3	7.6
Juvenile Justice Subaccount	110.4	9.8	120.4	17.0	137.4	15.2
Youthful Offender Block Grant Special Account	*(104.3)*	*(9.3)*	*(113.8)*	*(16.1)*	*(129.9)*	*(14.4)*
Juvenile Reentry Grant Special Account	*(6.1)*	*(0.5)*	*(6.6)*	*(0.9)*	*(7.6)*	*(0.8)*
Growth, Law Enforcement Services	**122.2**	**122.2**	**206.4**	**206.4**	**207.9**	**207.9**
Mental Health[3]	**1,120.6**	9.1	**1,120.6**	15.8	**1,120.6**	14.1
Support Services	**2,829.4**		**3,022.0**		**3,322.3**	
Protective Services Subaccount	1,837.0	112.0	1,970.7	153.5	2,124.2	126.8
Behavioral Health Subaccount[4]	992.4	60.0	1,051.3	146.7	1,198.1	140.9
Women and Children's Residential Treatment Services	*(5.1)*	-	*(5.1)*	-	*(5.1)*	-
Growth, Support Services	**181.1**	**181.1**	**316.0**	**316.0**	**281.8**	**281.8**
Account Total and Growth	**$6,377.6**		**$6,743.3**		**$7,181.0**	
Revenue						
1.0625% Sales Tax	5,863.1		6,217.2		6,634.9	
Motor Vehicle License Fee	514.5		526.1		546.1	
Revenue Total	**$6,377.6**		**$6,743.3**		**$7,181.0**	

This chart reflects estimates of the 2011 Realignment subaccount and growth allocations based on current revenue forecasts and in accordance with the formulas outlined in Chapter 40, Statutes of 2012 (SB 1020).

[1] Allocation is capped at $489.9 million. 2013-14 growth will not add to subsequent fiscal year's subaccount base allocations.

[2] 2013-14 and 2014-15 growth is not added to subsequent fiscal year's subaccount base allocations.

[3] Growth does not add to base.

[4] The Early and Periodic Screening, Diagnosis, and Treatment and Drug Medi-Cal programs within the Behavioral Health Subaccount do not yet have a permanent base.