

Final State Budget Actions

October 7, 2008

Administration of Justice

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
Department of Justice (DOJ) Forensic Lab Fees	No impact to counties. (It is important to note that earlier iterations of the budget contemplated a \$32 million reduction in funding to the DOJ, which would have been offset by charging state and local agencies forensic lab fees. This budget proposal was eliminated; therefore, DOJ will not levy a fee-for-service for this purpose.)	\$32 million
Local Government Financing Citizens' Option for Public Safety (COPS)	10% reduction (\$11.9 million) in COPS funding — which supports front-line services, jail operations, and prosecution efforts — for 2008-09. In addition, the state will distribute funding for the COPS program on a quarterly basis in four equal installments going forward (to be paid in September, December, March and June of each fiscal year).	\$107.1 million
Local Government Financing Juvenile Justice Crime Prevention Act (JJCPA)	10% reduction (\$11.9 million) in JJCPA funding — which supports a range of juvenile intervention and prevention programs and services — for 2008-09. In addition, the state will distribute JJCPA funding program on a quarterly basis in four equal installments going forward (to be paid in September, December, March and June of each fiscal year)	\$107.1 million
Local Government Financing Small/Rural Sheriffs Grant Program	No impact to counties. It is important to note that earlier budget iterations recommended some modification (10% reduction), including, at one point, elimination of the program. However, the language to carry out a 10% reduction in funding was contained in the corrections trailer bill, which was not part of the final budget package. The 37 smallest counties will receive a \$500,000 grant in 2008-09.	\$18.5 million
Local Government Financing Local detention facility subventions (booking fee "replacement" revenue).	10% funding reduction (\$3.5 million) from the previous year. Given that funding for 2008-09 falls below \$35 million, counties may exercise their authority to charge a prorated booking fee. (For further details on these provisions, refer to AB 1805 implementation guidelines on the CSAC web site.)	\$31.5 million
Department of Corrections and Rehabilitation Juvenile Probation and Camps Funding (JPCF)	10% reduction(\$20.1 million) in JPCF funding — which supports core juvenile probation services, as well as juvenile camps and ranches —in 2008-09.	\$181.3 million
Department of Corrections and Rehabilitation Mentally Ill Offender Crime Reduction Grant (MIOCR)	Continuation of MIOCR grants was not funded in the 2008-09 budget, which will result in the elimination of MIOCR programs and services aimed at addressing the mental health needs of adult and juvenile offenders.	\$0

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Department of Corrections and Rehabilitation Various sentencing and parole reforms	The corrections/public safety trailer bill — which contained a number of corrections reform measures, including parole and sentencing changes/credit earning reforms — was not part of the final budget package.	
Department of Corrections and Rehabilitation Reentry Facilities Program Study and Acquisition	Language to require counties to reimburse the state for due diligence activities if a reentry facility site proved to be not viable was not part of the final budget package.	
Office of Emergency Services California Methamphetamine Enforcement Teams (CAL-MMET)	\$10 million reduction in funding distributed to task forces operating in 41 counties that support enforcement of methamphetamine eradication efforts. (It should be noted that the budget sent to the Governor for his signature contained language that required OES to convert the Cal-MMET program to a competitive grant process, however, the Governor this vetoed language.) Information regarding the planned distribution of CAL-MMET funding should be available in mid-October.	\$19.5 million
Judicial Branch Trial Court Security	No changes to existing practice, given that the corrections/public safety trailer bill — which, in part, addressed changes to the process for funding court security services — was not part of the final budget sent to the Governor.	
Commission on State Mandates Sexually Violent Predator (SVP) Mandate	If the Commission reverses its decision regarding SVP mandate, counties would no longer be permitted to seek reimbursement. (However, note that a pending court case will need to be resolved before the Commission could undertake this review.)	

Agriculture and Natural Resources

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
Williamson Act	The budget contains a 10% reduction (\$3.9 million) to Williamson Act subvention payments.	\$35.1 million

Government Finance and Operations

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
Mandate Deferrals Proposes deferral of the annual \$75 million payment of old mandate claims (pre-July 2004).	\$75 million delayed payment for pre-July 2004 mandates.	-\$75 million
Mandate reimbursements and suspensions	The Legislature funded 43 mandates and suspended 29. A full list of each is available in the 'Government Finance and Operations' section of our website.	\$12,860,000
Presidential Primary May Revise requested \$89.6 million for reimbursement to counties for the February Presidential Primary election.	SB 113 (2007) moved the Presidential Primary to February and provided intent language to fully reimburse counties for costs resulting from the presidential elections in February. Counties aggregated their costs and submitted detailed information requested by the Budget Subcommittees, now totaling \$85.695 million (disallowed costs submitted by a few counties were excluded).	\$85,695,000
California State Library – Local Assistance	The Governor vetoed part of the funding – totaling 1,725,000 – for these five items, which include: <ul style="list-style-type: none"> • Public Library Foundation (\$718,000 cut) • Direct Loan and Interlibrary Loan (\$717,000 cut) • English Acquisition and Literacy (\$253,000 cut) • Civil Liberties Public Education (\$25,000 cut) • California Newspaper Project (\$12,000 cut) 	\$28,330,000

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2008-09 Redevelopment ERAF Payments	<ul style="list-style-type: none"> - Redevelopment agencies (RDAs) will transfer funds by May 10, 2009. - This new ERAF shift equals the greater of either \$350 million or 5% of RDAs' total statewide property tax revenues. - The Director of Finance will allocate the hit proportionately to RDAs, with half based on each RDA's share of the gross statewide property tax allocated to RDAs, and half based on each RDA's share of the statewide property tax allocated to RDAs net of pass-throughs. - If an RDA has insufficient other money available to make the required payment, it may borrow up to half of the amount from the required allocation to its Low and Moderate Income Housing Fund; this amount must be repaid within ten years. - An RDA may not use money it held in a low- and moderate-income fund as of July 1, 2008. - If an RDA cannot make the full payment because of existing obligations, it may enter into an agreement with the legislative body to cover the difference, but must do so by February 15, 2009, otherwise it cannot create or expand project areas, issue new bonds or other obligations, or encumber or expend any money (with some exceptions such as paying bonds and 75% of administrative costs) until it pays. - Community colleges will not receive any of these funds. 	≥ -\$350 million

Health and Human Services

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
County Administration of Medi-Cal	<p>The final budget reduces funding for county administration of Medi-Cal by \$106.8 million (state and federal funds), including a \$64.6 million cut to the Cost of Living Adjustment <u>and</u> \$42.2 million cut to caseload growth.</p> <p>Reductions to county administration of Medi-Cal will impact current Medi-Cal recipients and new applicants. The county administrative funds proposed to be cut by the Governor would fund more than 1,000 eligibility workers statewide. Staff will juggle higher caseloads – which will adversely affect the time it takes to determine initial and ongoing eligibility, and access to health care will be delayed. Additionally, eligibility staff will likely focus on processing new applications in a timely manner, while annual redeterminations may be delayed – which could increase the state's costs as ineligible individuals remain on Medi-Cal.</p>	\$1.5 billion (state and federal funds). The \$106.8 million reduction is a 7 percent cut to funding.

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
County Administration of Food Stamps	<p>The budget includes a \$20.9 million cut (\$12.3 million federal funds, \$8.6 million GF).</p> <p>The funding reduction will exacerbate the difficulties we are currently experiencing due to the historical practice of underfunding the administration of Food Stamps. In addition, applications and caseload are increasing. Since January 2007, the number of households receiving Food Stamps has increased 16 percent; since July 2006, Food Stamps applications have increased 22 percent.</p> <p>The Administration's proposed cut translates to the loss of an estimated 140 Food Stamp eligibility workers statewide. Counties believe the proposed cut will result in delayed eligibility for an estimated 60,000 parents and children. Previous underfunding, combined with increasing caseload, is already causing longer waits for families to get benefits. Counties are also concerned about increased errors due to inadequate staffing, the loss of federal funds, and possible federal penalties due to rising error rates. Counties would have to pay 90 percent of any penalties the federal government.</p>	\$696 million. The \$20.9 million cut is a 3 percent reduction.
County Administration of In-Home Supportive Services	<p>The budget also includes a \$12.7 million cut (\$7.4 million federal funds, \$5.3 million GF) to county administration of IHSS.</p> <p>This cut comes on top of the state's failure to adequately fund actual county administration costs since 2001. This funding reduction would eliminate 75 social workers in the IHSS program. The state's multi-years-long failure to fund county administration of the IHSS program, estimated by the Administration at \$78.2 million (\$32.6 million General Fund), has negatively impacted counties' ability to administer the program. On top of that, caseloads in the IHSS program have been rising steadily.</p>	\$254 million. The \$12.7 million cut is a 5 percent reduction.

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
CalWORKs Employment Services	<p>The budget includes a \$60 million reduction to CalWORKs employment services funding.</p> <p>In addition, the budget reduces the CalWORKs single allocation by \$20.6 million and backfills it with unspent performance and fraud incentive funding already earned by counties. The language specified that the reduction will be the less of \$20.6 million or the amount actually available in unspent funds.</p> <p>County administration of CalWORKs has not received a cost of doing business increase since 2000. The reduction of \$60 million would fund 450 CalWORKs eligibility workers. The CalWORKs reductions reduce California's chances of meeting the federal requirements, getting people back to work and rooting out fraudulent activity.</p>	\$1.4 billion. The budget cuts CalWORKs funding by 5 percent.
CalWORKs Pay for Performance Incentive Funding	The budget eliminates \$40 million in Pay for Performance funding. The budget swept \$30 million in Pay for Performance funding and redirected it for the county single allocation. The Governor vetoed an additional \$10 million.	\$0
Adult Protective Services	<p>The final budget reduces funding for Adult Protective Services (APS) by \$11.4 million.</p> <p>APS has not received a cost of doing business increase since 2001. The budget cut translates into a loss of 75 APS social workers statewide, with 18,755 fewer incidents of elder abuse and neglect investigated each year and, of those that are investigated, an estimated 2,509 reports will have to be closed without a face-to-face interview. The cut will shift costs to local law enforcement and related emergency services, including psychiatric and paramedic response.</p> <p>In addition, the Governor reduced Department of Aging funds by \$13.2 million for 9 senior programs, including home delivered meals, Alzheimer's Day Care Resources, and the Linkages Program.</p>	\$114 million. This is a 10 percent reduction.

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
<p>Proposition 36 and Offender Treatment Program (OTP)</p>	<p>The final budget reduces funding for Proposition 36 and the Offender Treatment Program by a combined \$12 million - \$10 million reduction to the Proposition 36 allocation and \$2 million reduction to the Offender Treatment Program.</p> <p>These programs are already underfunded. Based on surveys, counties believe that well over \$200 million is needed statewide to adequately fund the appropriate levels of treatment and supervision for Proposition 36/OTP.</p> <p>Counties will increase wait lists for treatment and in some cases clients will be referred to lower levels of care. As clients are unable to access appropriate treatment, outcomes will decline. Counties are concerned about the potential for increased recidivism without appropriate treatment.</p> <p>Given the prison reform efforts underway and the Governor's early release plan, as well as the burgeoning costs in that system, a proposal to reduce funding to a program with demonstrated results does not make sound fiscal sense.</p> <p>To the extent that counties must retract capacity, some areas of the state will not have a full continuum of alcohol and drug provider networks. Counties are particularly concerned about the loss of residential and outpatient beds.</p>	<p>\$108 million. This is a combined 10 percent reduction.</p>
<p>Medi-Cal Provider Rates</p>	<p>The 10 percent Medi-Cal provider rate reductions will remain in affect until March 1, 2009 for most providers. Five percent of the rate cut will be restored for pharmacy, managed care and long-term care facilities on March 1, 2009. For details, please see AB 1183. Please recall that the Legislature and Governor adopted the 10 percent cut as part of the Special Session in February that took effect July 1, 2008. Currently, a court-ordered injunction is in affect prohibiting the rate reductions from going into effect.</p> <p>Counties that are Medi-Cal providers will be impacted by the rate reductions. To the degree that physicians may decide to stop taking Medi-Cal patients, demand for services at county hospitals and clinics would increase.</p>	

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Medi-Cal: Semi-Annual Reporting	<p>The budget requires semi-annual status reporting for children enrolled in the Medi-Cal program. Please recall that adults are already required to report semi-annually. This provision would take effect on January 1, 2009 and sunset on January 1, 2012. AB 1183 includes language to require reporting on the impact of the new reporting requirement. Imposes semiannual reporting for children, which is in line with the current reporting requirement for parents. Certain groups are exempt from the semiannual status reports, including pregnant women, Aid for Adoption of Children Program participants, beneficiaries who have a public guardian, medically indigent children, beneficiaries in the Breast and Cervical Cancer Treatment Program, and beneficiaries who are CalWORKs recipients and custodial parents whose children are CalWORKs recipients.</p> <p>Those who are dropped from the system will re-enroll when they present with a serious illness, resulting in higher costs. If Medi-Cal/CCS children lose their Medi-Cal Eligibility they would become straight California Children's Services (CCS) recipients and counties would then have a 50% share of the cost for their care.</p>	
California Children's Services (CCS)	<p>The budget includes a reduction of \$3.854 General Fund from CCS and \$2.421 million Federal V was used to partially backfill for this reduction, for a net reduction of \$1.433 million General Fund to Medical Therapy.</p> <p>CCS' Medical Therapy Program provides evaluation, treatment, consultation and case management services to children up to 21 years of age with conditions such as cerebral palsy, spina bifida, and other neurological and musculoskeletal disorders.</p> <p>In ongoing conversations between counties and the Department of Health Care Services (DHCS), counties were recently advised that the state plans to reduce county allocations for both CCS County Administration and Medical Therapy for FY 2008-09 in order to align expenditures with the state budget base appropriation level, regardless of whether the Governor further reduces the allocations to CCS County Administration and Medical Therapy through his blue pencil. The DHCS's data reveals the department has been spending beyond its appropriation for CCS for the past few budget years. The DHCS has not provided clarification on the total amount of the appropriation shortfall which will be passed on to counties.</p>	\$35.8 million. This is a reduction of 4 percent.
Child Health and Disability Prevention Program (CHDP)	The budget includes a 10% reduction for outreach, education and case management for children receiving CHDP preventive health care. This is a \$3 million (\$1.9 million federal funds) reduction for Medi-Cal/CHDP.	

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State Pandemic Flu Funds for local health jurisdictions	The budget reduces funding by \$6.9 million.	
Mental Health Managed Care	The budget reduces mental health managed care funding by \$13.07 million. The budget included a \$5.35 million GF (\$10.7 million all funds) to delete state support for implementation of federal regulations. The Governor used his authority to reduce funding by an additional \$7.7 million GF. Please recall that the COLA was eliminated in the Special Session.	\$225 million. This cut is a 5.6 percent reduction.
Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program	<p>The budget includes an alternative EPSDT Statewide Performance Improvement Project, for a savings of \$29.1 million (\$12.15 million GF, \$14.5 million federal funds). AB 1183 includes trailer bill language to implement the Performance Improvement Project. Please recall that the EPSDT COLA was eliminated in the Special Session.</p> <p>AB 1183 requires DMH, county mental health plans, and other specified stakeholders to create an advisory statewide performance improvement project (PIP) to target the efficiency of services delivery to children who are receiving a certain dollar amount in Early, Periodic Screening, Diagnostic and Treatment services (EPSDT) or who make up the top 5 percent of county EDSDT costs, whichever is lowest. This project will replace one of the two existing federal performance improvement projects and be completed by September 1, 2011.</p> <p>AB 1183 also requires DMH to provide an estimate package for the EPSDT program in the Governor's proposed budget and May Revision each year.</p>	
County Purchase of State Mental Hospital Beds	The budget eliminates \$9.8 million General Fund that assists counties with the purchase of State Mental Hospital beds.	\$0

Housing, Land Use and Transportation

Proposed Changes to Local Programs/Services	County Impact	Final Funding Amount
Proposition 42	Counties will receive \$286 million in Proposition 42 proceeds for maintenance, rehabilitation, and storm damage repair to improve the local transportation system.	Proposition 42 is fully funded. Counties can expect to receive \$286 million.
Proposition 1B Local Streets and Roads	Counties will receive \$63 million in Proposition 1B Local Streets and Roads funding for safety, congestion relief, preservation, and transit improvements projects on the local system.	Proposition 1B Local Streets and Roads funding for counties was approved at \$63 million.