



**Contra
Costa
County**

To: Board of Supervisors
From: David Twa, County Administrator
Date: January 24, 2012

Subject: Governor's Proposed Budget - Potential Impacts

RECOMMENDATION(S):

ACCEPT report from the County Administrator on potential local impacts to the Governor's Proposed State Budget.

FISCAL IMPACT:

No specific impact from this report. Fiscal impact on the County is supplied in the body and attachment to this report.

BACKGROUND:

On January 5, 2012 Governor Brown released his proposed Budget for FY 2012-13. In the Governor's message he stated that when he came into office, California was facing an immediate \$26.6 billion budget gap and future budget deficits of \$20 billion a year. In January of 2011, he proposed a budget that combined deep cuts with a temporary extension of some existing taxes. It was - he believed - a balanced approach that would have finally closed the State budget gap. However taxes were not extended and massive cuts — totaling \$16 billion — were enacted. The 2011 budget did, however, begin to lay the foundation for fiscal stability. It cut the annual budget shortfall by three-quarters — from \$20 billion to \$5

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY
ADMINISTRATOR

☐ RECOMMENDATION OF BOARD
COMMITTEE

Action of Board On: **01/24/2012** ☒ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

AYE: John Gioia, District I Supervisor
Gayle B. Uilkema, District II Supervisor
Mary N. Piepho, District III Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: January 24, 2012

David Twa, County Administrator and Clerk of the Board of Supervisors

Contact: Lisa Driscoll, County
Finance Director (925) 335-1023

By: June McHuen, Deputy

cc:

billion. It shrunk state government, reduced borrowing costs and gave local governments more authority to make decisions. The FY 2012-13 proposed budget submitted keeps the cuts made last year and adds new ones.

The Governor ended his message by asking voters to approve a temporary tax increase on the wealthy, a modest and temporary increase in the sales tax and to guarantee that the new revenues be spent only on education. He asked that the voters guarantee ongoing funding for local public safety programs. This ballot measure will not solve all of the fiscal problems, but it will stop further cuts to education and public safety and halt the trend of double-digit tuition increases. His budget plan also includes reforms. It improves government efficiency and pays down debt. It reorganizes state government to make it more efficient and saves tax dollars by consolidating or eliminating functions. It restructures social service programs to better support working families. It gives substantially more flexibility and decision-making to local school districts. The plan also calls for bold investments in the future: to assure a reliable water supply, build high speed rail and reduce greenhouse gas emissions.

BACKGROUND: (CONT'D)

2011 Public Safety Realignment

The Governor's 2012/13 Proposed Budget provides increased local government funding for 2011 realigned programs, reflecting 12 months of realignment in FY 2012/13 as compared to 9 months of realignment in FY 2011/12, and recognizing that state prison services for lower level offenders are winding down while county services for these same offenders are ramping up.

Two efforts are proceeding simultaneously to help protect and guarantee an adequate revenue stream to support county delivery of realigned programs. One effort is to secure the source of funding or the overall state pot of funds dedicated to realignment. The Governor is sponsoring an initiative to provide Constitutional protection of this revenue for counties and against related future costs and mandates imposed upon counties.

The other effort is to ensure that the pot of funds is shared equitably among counties so that each county has the best opportunity to successfully integrate this population into local custody and supervision. As part of the implementation of 2011 Realignment (AB 109), the Department of Finance developed a funding model based on assumptions about costs of activities for these offenders at the local level. The 2011/12 county funding allocation for realignment was developed by the California State Association of Counties, working with county executive officers, using three factors—the estimates of the number of offenders who would be under the jurisdiction of each county (ADP), each county's population between the ages of 18 to 64, and a county's success under the felony probation program initiated under Chapter 608, Statutes of 2009 (SB 678). Because Contra Costa County's ADP has been historically low, our County was disadvantaged by this formula. The state has reiterated that the allocation formula for the community corrections programs was for 2011/12 only in order to gain more program experience before determination of a permanent allocation. A Realignment Allocation Committee composed of nine County Administrators (three from urban, three from suburban, and three from rural counties) has begun meeting to discuss future AB 109 allocations, with a tentative deadline to submit a proposal to the State by March 2012. Contra Costa County will provide input to this process through the urban county representatives, which include the Alameda County Administrator.

The County's Community Corrections Partnership (CCP) Executive Committee has been meeting monthly to monitor implementation of the County's realignment plan, staffing needs, and expenditures to date. The Sheriff and Probation Departments report higher numbers of parolees and community supervision offenders than projected by the State. The State has since admitted that it failed to correctly estimate the actual number of post-release community supervision offenders impacting our county by approximately 50%. The higher populations have required the Sheriff and Probation to accelerate the program ramp up and hiring of staff. The CCP and CAO continue to monitor this situation closely.

Juvenile Justice Reform

One bright spot in the Governor's Proposed Budget is the placement of a temporary safety catch on the revenue trigger that would have levied millions of dollars of fees on our county for the placement of serious and high-risk juvenile offenders in state juvenile detention facilities. We had previously estimated an annual cost increase to our County of \$5.5 million. The Governor appears to recognize that a complete realignment of juvenile offenders must be done thoughtfully and carefully to provide the best placement and treatment options for these youth. The Proposed Budget proposes to stop the intake of new juvenile offenders to the Division of Juvenile Justice (DJJ) effective January 1, 2013. Recognizing that counties will need resources and support to secure appropriate placements and treatment options for additional offenders, many of whom need mental health and substance abuse treatment, the Budget proposes \$10 million General Fund in 2011/12 for counties to begin planning for this population. To help with the transition and prevent the disinvestment of funds in juvenile justice at the local level, the state will delay collection of trigger fees for those wards housed in the DJJ. The Probation Department has begun to research the facility improvements that would be required to ready one of the units in the old Juvenile Hall in the event we must develop a local alternative to DJJ.

For Contra Costa County, the Governor's proposals appear to hit the Employment and Human Services Department the hardest. Attached are the California State Association of Counties Budget Action Bulletin, the Legislative Analyst's Office Budget Overview, the Urban Counties Caucus Budget Summary, and preliminary impacts for Contra Costa County by department.

CONSEQUENCE OF NEGATIVE ACTION:

None - this report is informational.

CHILDREN'S IMPACT STATEMENT:

None.

CLERK'S ADDENDUM

Speaker: Rollie Katz, Public Employee's Union Local One.

ATTACHMENTS

CSAC Budget Action Bulletin

LAO Budget Overview

UCC Budget Summary

Local Impacts