

# Budget Action Bulletin No. 4

2008-09 Proposed State Budget

Week of June 30, 2008

## Via Electronic Mail

DATE: July 1, 2008

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

FROM: Paul McIntosh, CSAC Executive Director  
Jim Wiltshire, CSAC Deputy Director

RE: **Budget Action Bulletin # 4 (The "Real" #4)\***

July 1<sup>st</sup> has arrived. The new state fiscal year has officially begun. And no state budget in sight. Sound familiar?

The Conference Committee met on Friday, June 27 and closed out a few items in the justice and public health areas. All big ticket items – corrections, health, social services, education, and resources – remain open. The conferees remained hopeful that more work would occur over the weekend and that they would be able to meet this week.

The Big Four (Senator President Pro Tempore Don Perata, Senate Republican Leader Dave Cogdill, Assembly Speaker Karen Bass, and Assembly Republican Leader Mike Villines) continue to work on hammering out agreements on these issues. Assembly Republican Leader Villines told *The Sacramento Bee* on Monday that progress was generally slow-going.

The Budget Conference Committee remains on call. Conferees did not meet on Monday, and we received notice early this afternoon that no meeting would be held today.

### Consequences of a Late State Budget

State Controller John Chiang has released a list of disbursements his office cannot make if a State Budget is not enacted by July 1. The Controller estimates that his office will be prohibited from making at least \$1.25 billion in payments in major budget categories during the month of July if no budget is enacted. These include payments to:

- School districts for categorical programs, such as special education and remedial summer school, community colleges, local governments, and other entities not included in the above parameters.
- Vendors for services provided after July 1.
- State elected officials and their appointed staffs for salaries and per diem.
- Counties for state-only programs.

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\* Please note that when we issued our last *Budget Action Bulletin* on June 19, we inadvertently numbered it #4 instead of #3. We apologize for any confusion.

On the flip side, the Controller will continue to make the following payments:

- County payments including vehicle license fees, Proposition 172 (public safety sales tax), sales tax, health and welfare realignment, CalWORKs administration, substance abuse treatment, and highway user tax.
- Federally mandated services such as Supplemental Security Income/State Supplementary Payment (SSI/SSP), and In-Home Support Services.
- Debt service and other payments required by the State Constitution.
- Payroll for state employees covered by the Federal Fair Labor Standards Act.
- Vendor payments for services provided in the last fiscal year.
- Expenses with ongoing appropriations from the Legislature, including Medi-Cal, CalWORKs, income tax refunds and payments on claims for unclaimed property.

Please recall that a number of payments that would normally be made to counties in July and August for health and human services programs and the Highway Users Tax Account (HUTA) have been deferred to September, pursuant to mid-year budget action taken in February.

For more details of these major categories, visit the Controller's Web site, [www.sco.ca.gov](http://www.sco.ca.gov).

## **WHAT YOU SHOULD DO:**

Given that a number of key budget issues with local implications remain open, it is important that individual counties make known the impacts of pending budget actions. Please contact your legislative delegation and let them know how the budget proposals will affect your county and your ability to deliver services to your communities and constituents. To the extent that your county has adopted a budget and it does not include cuts being contemplated in the Capitol, let your legislators know that more local cuts will result and outline the consequences of those additional reductions.

## **WHAT'S BEEN HAPPENING:**

### **ADMINISTRATION OF JUSTICE**

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During its proceedings last Friday, the Budget Conference Committee closed out two items in the justice area as detailed below.

**Reentry Facility Siting.** The conferees adopted the LAO's conference compromise regarding Department of Corrections and Rehabilitation (CDCR) authority to undertake pre-planning and acquisition activities for siting of reentry facilities. In voting to authorize expenditure of \$3 million in funding AB 900 (2007) funding for this purpose, the conferees also approved trailer bill language that would *require counties to reimburse the state for expenditures for properties that are not viable for development into a reentry site, if the issues regarding site viability should have been reasonably known by the county.*

**Counties in the process of completing the reentry site due diligence associated with jail construction grants should be aware of this language and address any siting concerns with CDCR during the due diligence period.** For further details on the LAO compromise, please refer to the LAO summary (Item 5225, Reentry Facilities Program Study and Acquisition). A link to this handout is on the LAO's home page at [www.lao.ca.gov](http://www.lao.ca.gov).

**Court Security.** The Budget Conference Committee approved the Senate version of the court security budget, which augments the judicial branch's trial court security budget by \$20 million. This augmentation, which will be drawn down from the trial court reserves, will partially address the court security funding shortfall.

**GOVERNMENT FINANCE AND OPERATIONS**

The conferees took action a long week ago to approve county reimbursements for the costs of the February presidential primary. A total of \$85.7 million, which represents the actual costs identified by counties, was approved and will be allocated pursuant to the schedule detailed below.

County	Amount of Scheduled Reimbursement
Alameda	\$3,560,204
Alpine	\$22,549
Amador	\$106,062
Butte	\$942,273
Calaveras	\$104,299
Colusa	\$55,931
Contra Costa	\$3,434,514
Del Norte	\$69,496
El Dorado	\$422,768
Fresno	\$1,446,509
Glenn	\$44,587
Humboldt	\$295,849
Imperial	\$288,902
Inyo	\$53,814
Kern	\$1,310,832
Kings	\$271,130
Lake	\$170,279
Lassen	\$159,998
Los Angeles	\$22,532,448
Madera	\$193,913
Marin	\$819,759
Mariposa	\$97,912
Medocino	\$201,464
Merced	\$335,957
Modoc	\$33,963
Mono	\$36,000
Monterey	\$1,193,821
Napa	\$138,575
Nevada	\$444,447
Orange	\$5,254,513
Placer	\$1,322,724
Plumas	\$86,344
Riverside	\$2,392,822
Sacramento	\$3,433,657
San Benito	\$201,909
San Bernardino	\$2,864,616
San Diego	\$8,521,728
San Francisco	\$3,181,333
San Joaquin	\$2,240,105
San Luis Obispo	\$561,934
San Mateo	\$2,186,813
Santa Barbara	\$1,592,828
Santa Clara	\$5,785,354
Santa Cruz	\$563,881
Shasta	\$421,181
Sierra	\$25,787
Siskiyou	\$129,017
Solano	\$961,560
Sonoma	\$944,527
Stanislaus	\$273,076

County	Amount of Scheduled Reimbursement
Sutter	\$255,607
Tehama	\$202,056
Trinity	\$29,592
Tulare	\$521,979
Tuolumne	\$90,100
Ventura	\$1,908,827
Yolo	\$789,016
Yuba	\$163,224

**HEALTH AND HUMAN SERVICES**

**Health and Human Services Payments: What Happens without a State Budget?**

Below is additional detail about which human services programs will and will not receive state funding without a state budget enacted on July 1.

**Programs that continue to receive funding:**

- CalWORKs
- Kin-GAP
- Food Stamps
- Child Welfare Services
- In-Home Supportive Services (IHSS)
- Federal Foster Care
- Federal Adoptions
- California Food Assistance Program (CFAP)
- Refugee Cash Assistance
- Promoting Safe and Stable Families (PSSF)
- Probation IV-E pass through

**Programs that do NOT receive funding:**

- State-only Foster Care. Please note that counties continue to be required to administer the program pursuant to Welfare and Institutions Code Section 11207.
- Child Care – Stage 2 and Stage 3
- Cash Assistance Program for Immigrants (CAPI)
- Emancipated Youth Stipends
- Group Home Monthly Visits
- Kinship Support Services Program (KSSP)
- Options for Recovery
- State-only Adoptions
- Specialized Training for Adoptions Programs
- Child Abuse Prevention, Intervention and Treatment (CAPIT)
- Adult Protective Services (APS) and Community Services Block Grant (CSBG)
- Community Care Licensing
- Support and Therapeutic Options Program (STOP)
- Foster Parent Recruitment and Training
- Independent Living Program (ILP)
- Kinship and Foster Care Emergency Fund
- CWS – Outcomes Improvement funds
- Specialized Services
- State Family Preservation

**Medi-Cal Provider Payments During Period Without State Budget**

In the absence of a state budget, the California Department of Health Care Services (DHCS) will direct the fiscal intermediary to continue to pay to Medi-Cal practitioners per federal mandate and continue to pay Medi-Cal institutional providers through the Medical Providers Interim Payment (MPIP) fund until the loan is exhausted. The MPIP is anticipated to be depleted by July 17, 2008. After that date, Medi-Cal institutional providers will not receive payment until a budget is enacted.

**Delayed Payments**

Please recall that as part of the budget actions in the Special Session in February, the Legislature and Governor acted to delay a number of health and human services payments from July and August to September.

<b>Program</b>	<b>Description</b>	<b>Dollar Impact</b>
Social Services Payments, except SSI/SSP and IHSS	Delays the July and August payments and advances to counties for social services programs until September.	\$814.2 million
Mental Health Managed Care	Delays the program advance from July until September.	\$199.7 million
County Administration of Medi-Cal	Delays the first quarter payment from August to September	\$164.3 million
Early and Periodic Screening, Diagnosis and Treatment (EPSDT)	Delays the quarterly advance to counties from July to September	\$92 million

In addition, the payments to Medi-Cal providers will also be delayed as follows.

<b>Provider</b>	<b>Description</b>	<b>Dollar Impact</b>
Institutional Fee-For-Service Providers	Delays the weekly August payments to September	\$454 million
Managed Care Plans and Delta Dental	Delays the August payments to September	\$232 million
Fee-For-Service Providers	Delays the June 2008 and 2009 payment into July	\$165 million

**Realignment Funds**

Please recall that Health and Welfare Realignment funds are disbursed on a continuous appropriation. Therefore, a late state budget will not impact these payments.

**HOUSING, LAND USE, AND TRANSPORTATION**

**Proposition 1B and 1C: Transportation and Housing Bonds.** Governor Schwarzenegger signed AB 1252 by Assembly Member Anna Caballero yesterday afternoon, which appropriates an additional \$150 million from Proposition 1C and \$150 million from Proposition 1B for FY 2007-08. Specifically, it gives counties an additional \$87 million appropriation from the Proposition 1B Local Streets and Roads Account (LSR) for much needed improvements to the county roadway system.

To date, counties have drawn down 99 percent of the county share of the first FY 2007-08 LSR appropriation and are actively putting this money into local projects in communities across the state. While the FY 2007-08 appropriation of \$400 million to counties was a vital infusion of funds, the need on the local roadway system is far greater. Thus, all 58 counties stand ready to construct even more projects in the coming year with this additional revenue. Below is a chart detailing how much each county can expect to receive from this new appropriation.

AB 1252 will also provide an additional \$50 million for transit-oriented development, \$100 million for infill projects, and \$63 million for railroad grade crossing projects.

COUNTY	NO. OF REGISTERED VEHICLES (4/08)	NO. OF MAINTAINED MILEAGE (4/08)	PROJECTED REVENUE FY 2008-09 (Estimated)
Alameda	1,149,575	495.39	\$ 2,737,472
Alpine	2,038	134.96	\$ 48,906
Amador	51,051	410.84	\$ 249,324
Butte	211,423	1,353.70	\$ 918,294
Calaveras	67,318	689.22	\$ 377,221
Colusa	25,929	716.75	\$ 293,567
Contra Costa	851,398	659.84	\$ 2,123,675
Del Norte	25,932	300.88	\$ 156,937
El Dorado	209,802	1,075.50	\$ 823,260
Fresno	670,649	3,563.16	\$ 2,672,761
Glenn	33,370	863.19	\$ 358,348
Humboldt	137,005	1,205.06	\$ 702,784
Imperial	139,950	2,561.57	\$ 1,155,071
Inyo	26,116	1,133.10	\$ 430,783
Kern	630,683	3,327.67	\$ 2,505,877
Kings	98,731	946.10	\$ 531,978
Lake	79,421	612.36	\$ 379,076
Lassen	35,722	878.64	\$ 368,691
Los Angeles	7,054,048	2,966.98	\$ 16,773,807
Madera	120,519	1,532.06	\$ 773,298
Marin	226,626	419.82	\$ 645,511
Mariposa	26,599	560.41	\$ 243,701
Mendocino	104,206	1,018.92	\$ 568,165
Merced	190,480	1,726.96	\$ 994,026
Modoc	13,187	987.40	\$ 353,954
Mono	16,452	684.42	\$ 261,719
Monterey	326,055	1,242.60	\$ 1,138,533
Napa	129,175	445.01	\$ 435,525
Nevada	120,739	560.79	\$ 454,672
Orange	2,353,013	313.86	\$ 5,373,175
Placer	346,883	1,052.75	\$ 1,122,805
Plumas	33,470	687.96	\$ 300,998
Riverside	1,577,871	2,671.26	\$ 4,411,628
Sacramento	1,140,198	2,194.40	\$ 3,274,695
San Benito	51,651	383.63	\$ 241,727
San Bernardino	1,548,162	2,822.22	\$ 4,394,688
San Diego	2,451,387	1,921.25	\$ 6,121,625
San Francisco	448,004	930.75	\$ 1,309,202
San Joaquin	532,969	1,653.70	\$ 1,737,030
San Luis Obispo	267,197	1,321.49	\$ 1,032,628
San Mateo	650,661	313.12	\$ 1,560,167
Santa Barbara	345,484	892.68	\$ 1,067,080
Santa Clara	1,399,998	684.10	\$ 3,360,348
Santa Cruz	225,039	602.94	\$ 702,122
Shasta	206,029	1,191.19	\$ 852,819
Sierra	5,289	390.25	\$ 140,066
Siskiyou	62,487	1,361.34	\$ 587,232
Solano	348,017	586.95	\$ 972,303
Sonoma	450,716	1,384.62	\$ 1,464,399
Stanislaus	420,414	1,545.37	\$ 1,449,346
Sutter	87,191	786.69	\$ 453,756
Tehama	64,133	1,089.38	\$ 501,564
Trinity	19,367	698.14	\$ 272,756
Tulare	322,713	3,047.10	\$ 1,723,932

COUNTY	NO. OF REGISTERED VEHICLES (4/08)	NO. OF MAINTAINED MILEAGE (4/08)	PROJECTED REVENUE FY 2008-09 (Estimated)
Tuolumne	71,821	607.16	\$ 360,346
Ventura	699,159	545.51	\$ 1,745,141
Yolo	167,229	794.60	\$ 635,616
Yuba	62,559	650.59	\$ 353,871
<b>TOTAL</b>	<b>29,133,310</b>	<b>66,198.30</b>	<b>\$ 87,000,000</b>

**WHAT'S GOING TO HAPPEN NEXT:**

We anticipate that the Budget Conference Committee will reconvene once agreement is reached on another significant chunk of open issues. CSAC will continue to provide updates on relevant budget issues as major actions occur.

**Stay tuned for the next Budget Action Bulletin!**

**If you would like to receive the Budget Action Bulletin electronically, please e-mail Faith Conley, CSAC Legislative Analyst, at [fconley@counties.org](mailto:fconley@counties.org). We're happy to accommodate you!**

# State Budget Watch

July 1, 2008

*This document outlines action taken by both houses and the Budget Conference Committee to date. CSAC will be updating this document as the conference committee takes further action.*

## Administration of Justice

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
Item 0820-001-0001 Issue 309 Page 41 Department of Justice (DOJ)  Forensic Lab Fees	No action	Reduced state General Fund by \$32 million. Adopted budget bill language to charge local agencies fee for DOJ forensic lab services.	Adopted Senate action on 6/12/08.	Up to \$32 million in increased costs to counties that avail themselves of DOJ forensic lab services. Budget bill language will also permit the state to take a portion of counties' Proposition 172 funds to cover any unpaid fees.
Item 9210-101-0001 Issue 201 Page 423 Local Government Financing  Citizens' Option for Public Safety (COPS)	\$107 million	Eliminated funding.	Discussed on 6/18/08 and left open.	Reduction or elimination of funding for support for jail operations, prosecution, and front-line enforcement services.
Item 9210-101-0001 Issue 201 Page 423 Local Government Financing  Juvenile Justice Crime Prevention Act (JJCPA)	\$107 million	Eliminated funding.	Discussed on 6/18/08 and left open.	Reduction or elimination of funding for support for local, community-based public safety programs serving youth at-risk and youthful offenders.
Item 9210-607-0001 Issue 203 Page 425 Local Government Financing  Small/Rural Sheriffs Grant Program	\$1,000	Eliminated funding	Discussed on 6/18/08 and left open.	Reduction or elimination of funding (proposed at \$16.7 million in Governor's budget) to supplement county sheriffs' law enforcement efforts in 37 smallest counties.



Proposed Changes to Local Programs/Services	Assembly Action	Senate Action	Budget Conference Committee Action	Impact on Local Government
Item 9210-103-0001 Issue 202 Page 424 Local Government Financing  Local detention facility subventions (booking fee "replacement" revenue).	\$1,000	Eliminated funding.	Discussed on 6/18/08 and left open.	Loss of \$31.5 million (as proposed in Governor's budget) in subvention funds dedicated to jail operations and maintenance. Counties' ongoing ability to charge booking fees may also be at risk.
Item 5225-101-0001 Issue 001/201 Page 328 Department of Corrections and Rehabilitation  Juvenile Probation and Camps Funding (JPCF)	\$181 million	Eliminated funding	Discussed on 6/17/08 and left open.	Reduction or elimination of funding for support of core juvenile probation services and county ranches and camps.
Item 5225-101-0001 Issue 001/202 Page 328 Department of Corrections and Rehabilitation  Mentally Ill Offender Crime Reduction Grant (MIOCR)	\$5 million	Eliminated funding	Discussed on 6/17/08 and left open.	Elimination or reduction of the \$41 million investment would abolish/threaten multi-agency projects and services aimed at curbing recidivism and promoting long-term stability among mentally ill offenders.
Items 5225-001-0001, 5225-002-0001, and 5225-101-0001 Pages 304-312 Department of Corrections and Rehabilitation  Various sentencing and parole reforms	Adopted revised wobbler to misdemeanor conversion and Governor's summary parole proposal.	Adopted comprehensive package of corrections reforms addressing sentencing/credit reform; discharge of infirmed inmates; direct parole discharge; and a 10-court parolee diversion pilot program.	Discussed on 6/17/08 and left open.	Various direct and indirect impacts on counties, depending on scope and selection of corrections reforms adopted.

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
Item 5225-301-0001 Page 330 Department of Corrections and Rehabilitation  Reentry Facilities Program Study and Acquisition	No action	\$6 million	Adopted LAO compromise on 6/27, which, among other things, will earmark \$3 million in resources from AB 900 (2007) to support CDCR reentry site acquisition activities and will require counties to reimburse the state for due diligence expenditures related to properties that ultimately are found to be not viable, if the county should reasonably have known about the issues that prevented the property from being developed as a reentry site.	Unknown impact on counties that are in midst of the due diligence process related to the citing of reentry facilities. Trailer bill language to carry out these provisions is not yet available, and it is not clear how the language would be applied to actual situations in counties.
Item 0690-002-0001 Issue 322a Page 29 Office of Emergency Services  California Methamphetamine Enforcement Teams (CAL-MMET)	\$9.6 million	\$9.5 million	Discussed on 6/12/08 and left open.	Reduction in funding distributed to task forces operating in 41 counties that support enforcement of methamphetamine eradication efforts.
Item 0250-111-0001 Issue 307 Page 12 Judicial Branch  Trial Court Security	No augmentation.	Approved \$20 million augmentation to address current shortfall.	Approved Senate version on 6/27, with direction that the funds be taken from the trial court reserve. (No 2008-09 state general fund impact.)	Additional resources are needed to address growing gap between actual costs of providing court security and state support for this program.

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
Item 8885-295-0001 Issue 205 Page 407 Commission on State Mandates  Sexually Violent Predator (SVP) Mandate	Adopted trailer bill language to direct Commission to reconsider its decision on the SVP mandate.	Did not hear item.	Adopted Assembly action on 6/18/08.	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**

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 9100-101-0001 Page 422 Williamson Act</p> <p>The May Revise proposed no additional cuts to Williamson Act Subventions in the Governor's May Budget Revision, maintaining the 10% reduction proposal from his January proposal.</p>	<p>Approved the Governor's 10% General Fund reduction.</p>	<p>Reduced program funding to \$1,000 to place the issue in conference.</p>	<p>Item left open.</p>	<p>Loss of discretionary dollars will impact county's ability to provide important public health and safety services.</p>
<p>Item 0690-001-0001, Issue 252, 253 Page 25 Emergency Response Initiative</p> <p>The Governor's May Revise proposed the Emergency Response Initiative (ERI), which would provide a two-tiered approach to fund enhanced emergency response capabilities of the California Department of Forestry and Fire Protection (CAL Fire), the Office of Emergency Services (OES) and the Military Department by placing a surcharge on homeowners insurance.</p>	<p>Approved the ERI, including the backfill to Mutual Aid. Also approved \$2.9 million and 10 positions related to the increased workload for administering ERI.</p>	<p>No action on the ERI, but approved a backfill to Mutual Aid.</p>	<p>Item left open.</p>	<p>The new surcharge formula is expected to generate \$69.3 million, as compared to \$ 104.9 million as proposed in the Governor's January budget due to delayed implementation.</p>

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 3480-001-0001, Issue 301 Page 26</p> <p>The LAO, in response to the Governor's Emergency Response Initiative, proposed their own solution in a State Responsibility Area Fee.</p>	<p>The Assembly approved trailer bill language creating an SRA fee to offset General Fund costs.</p>	<p>The Senate did not approve the fees.</p>	<p>Item left open.</p>	<p>The LAO proposal includes reimbursement to counties for administrative costs. CSAC is opposed to this item based on policy issues.</p>
<p>8570-001-0044, Item 301 All Vehicle Inspections at Border Protection Stations</p> <p>The Governor's Budget includes an increase of \$7.5 million (\$407,000 General Fund and \$7.1 million Motor Vehicle Account Fund) and 117.5 positions to operate all Border Inspection Stations on a full time basis, inspecting all vehicles, commercial and private, entering California</p>	<p>0</p>	<p>The Senate approved \$2.7 million from the Motor Vehicle Account and no General Fund for positions.</p>	<p>The Conference Committee approved the Assembly version.</p>	<p>The funding for the inspections will assist in developing a state/federal regulatory environment that creates a fair and equitable marketplace for California's agricultural industry, which is critical to the California economy. The Program will play a key role in reducing the risk of introducing invasive species to California.</p>

**Government Finance and Operations**

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 8885-299-0001 Page 410 Mandate Deferrals</p> <p>Proposes deferral of the annual \$75 million payment of old mandate claims (pre-July 2004).</p>	<p>Approved the deferral and in the Assembly's approval of the Lottery securitization, \$550 million in 2008-09 would fund accelerated payment of old mandate claims.</p>	<p>Rejected proposed deferral.</p>	<p>Item left open</p>	<p>\$75 million delayed payment if the deferral is adopted.</p>

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 0890-108-0001 Page 64 Presidential Primary</p> <p>May Revise requested \$89.6 million for reimbursement to counties for the February Presidential Primary election.</p>	<p>Reduced appropriation to \$48 million and adopted a placeholder Budget Bill language to authorize the expenditure for each county based on specific cost information submitted by counties.</p>	<p>Approved the \$89.6 million and placeholder Budget Bill language to schedule reimbursement to each county and placeholder trailer bill language to require the State Controller to audit the county costs.</p>	<p>On 6/20, the conferees adopted the Assembly version + \$37.7 million, for a total of \$85.7 million in reimbursements to counties. Budget bill language was also adopted that schedules actual payments to each county, contingent upon audit by the State Controller.</p>	<p>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 have aggregated their costs and submitted additional detailed information requested by the Budget Subcommittees.</p>

**Health and Human Services**

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 4260-101-0001, Issues 320 and 321 Page 215 Medi-Cal Caseload Growth</p> <p>The Governor’s budget included three proposals to reduce funding for county administration of Medi-Cal. The proposal to eliminate funding for new caseload growth in Medi-Cal is before the Conference Committee. This proposal is a reduction of \$41.3 million (\$20.6 million GF).</p>	<p>The Assembly adopted the reduction.</p>	<p>The Senate rejected the Governor’s proposal.</p>	<p>The Committee held it open on June 14.</p>	<p>This reduction of \$41 million would be in addition to proposal to reduce funds historically provided to counties for cost-of-doing business increases in the Medi-Cal program, which was already adopted by the Legislature. Together these reductions to county administration of Medi-Cal would be \$105 million.</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>
<p>Item 4260-101-0001, Trailer Bill Language Page 214 Medi-Cal County Administrations</p> <p>Although the Governor’s budget proposed over \$150 million in reductions to county administration of Medi-Cal, it does not propose any changes to the state’s performance penalties for county administration of Medi-Cal.</p>	<p>No action.</p>	<p>Senate adopted trailer bill language to suspend the state’s penalty on counties for not meeting certain performance standards when this cost adjustment is not provided.</p>	<p>Adopted the Senate Trailer Bill Language on June 14.</p>	<p>Counties are concerned that the administrative cuts will hamper our ability to meet state performance measure for processing Medi-Cal applications. Counties received full funding in 2003-04 for Medi-Cal administration as part of an agreement that included performance standards for processing applications and annual renewals. Counties have worked in good faith to meet these measures in the intervening years. If the funding for Medi-Cal eligibility operations is cut, counties must be relieved of state penalties linked to the performance standards.</p>

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 4260-111-0001, Issue 902 Page 234 California Children's Services</p> <p>The Governor proposed a 10 percent reduction to California Children's Services (CCS) Medical Therapy Program. 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>Adopted the 10 percent reduction.</p>	<p>Adopted a 5 percent reduction.</p>	<p>The Committee adopted a reduction of \$3.854 GF from CCS and \$2.421 million Federal V was used to partially backfill for this reduction, for a net reduction of \$1.433 million GF to Medical Therapy. This equates to approximately a 4.5 percent reduction to Medical Therapy.</p>	<p>The CCS Medical Therapy Program would be reduced by \$3.8 million. Los Angeles County alone could lose up to 2,000 direct therapy hours per month if a 10% reduction in the program is adopted. Counties are in ongoing discussions with the Department of Health Care Services (DHCS), but still have not received complete information on how the Medical Therapy Program reduction would be implemented. Under a methodology currently being considered by the Department, the impact on county Medical Therapy Programs could be far greater than the levels of reduction being considered by the Budget Conference Committee. The Department's current proposal would first establish a new, capped base for Medical Therapy Program, and then apply the 10% reduction. The result could be reductions to the current level of funding to county programs far greater than any reduction approved by the Legislature.</p>
<p>Item 5180-111-0001, Issues 030 and 430 Page 290 IHSS</p> <p>The Governor's budget proposes to reduce county administrative funding for the In-Home Supportive Services (IHSS) program by \$24.4 million (\$10.2 million General Fund).</p>	<p>The Assembly adopted the proposal and adopted Trailer Bill Language to suspend focused eligibility reviews of county IHSS while the administrative funding is cut.</p>	<p>The Senate rejected the reduction.</p>	<p>Held open on June 16.</p> <p>The LAO has suggested adopting trailer bill language to extend the reassessment period to 18 months for all IHSS recipients. The LAO believes the language would create the savings proposed by the Governor.</p>	<p>This 10 percent cut to county administration of IHSS would come on top of the state's failure to adequately fund actual county administration costs since 2001. This funding reduction would eliminate 146 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. With already razor-thin budgets and rising caseloads, counties are concerned about any further cuts to the IHSS county administration funding and the possible degradation of services to clients.</p>



<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 5180-141-0001, Issues 025 and 425 Page 291 Food Stamps Program</p> <p>The Governor's budget proposes to reduce county administrative funding for the Food Stamps program by \$34.9 million (\$14.4 million General Fund).</p>	<p>Assembly adopted the reduction and Trailer Bill Language to suspend the county share of penalties when funding is inadequate to meet program requirements.</p>	<p>The Senate rejected the reduction.</p>	<p>Held open on June 16.</p> <p>The LAO is recommending the Senate version.</p>	<p>Counties are concerned that the funding reduction will exacerbate the difficulties we are currently experiencing due to the historical practice of underfunding the administration of Food Stamps. The Administration's proposed cut translates to the loss of an estimated 253 Food Stamp eligibility workers statewide. Counties believe the proposed cut will result in delayed eligibility for an estimated 100,000 parents and children. Previous underfunding, combined with increasing caseload, is already causing longer waits for families to get benefits.</p> <p>To date, counties have struggled to operate this critical program, not only because of the \$84 million annual funding shortfall, but also as a result of recent quarterly reporting requirements, a lack of outreach funding, difficulties in retaining staff, and rising caseloads. 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 levies against California due to Food Stamp performance.</p>
<p>Items 5180-101-0001 and 5180-141-0001 Page 298 County CalWORKs Single Allocation Funding, Issue 838</p> <p>The Administration proposed to reduce the county CalWORKs single allocation by \$20.6 million and specified that the cut would be backfilled with unspent performance incentive and fraud funding.</p>	<p>The Assembly adopted the Governor's budget.</p>	<p>The Senate reduced the single allocation by \$10.3 million.</p>	<p>The Committee held the entire CalWORKs package open on June 17.</p>	<p>The reduction of \$20 million would fund 150 CalWORKs eligibility workers.</p> <p>County administration of CalWORKs has not received a cost of doing business increase since 2000.</p>

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Items 5180-101-0001 and 5180-141-0001 Page 299 Pay for Performance</p> <p>The Administration proposed to eliminate \$40 million in county Pay for Performance funding for 2008-09 as part of the May Revision.</p>	The Assembly adopted the proposal.	The Senate adopted the elimination of the Pay for Performance funding but provided \$10 million to counties for employment services.	The Committee held the entire CalWORKs package open on June 17.	The Senate funding of \$10 million is equivalent to 73 workers.

**Housing, Land Use and Transportation**

<b>Proposed Changes to Local Programs/Services</b>	<b>Assembly Action</b>	<b>Senate Action</b>	<b>Budget Conference Committee Action</b>	<b>Impact on Local Government</b>
<p>Item 2660</p> <p>Proposes to fully fund Proposition 42.</p>	No action.	No action.	Not in conference.	Counties would receive nearly \$300 million in Proposition 42 proceeds for maintenance, rehabilitation, and storm damage repair to improve the local transportation system.