

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Executive Office

SUBMITTAL DATE:
March 2, 2004

SUBJECT: Position on AB 2766 by Assembly Member Richman

RECOMMENDED MOTION: That the Board of Supervisors support AB 2766 and direct the Executive Office and Board's Sacramento representatives to further the Board's position.

BACKGROUND: AB 2766 would change the current method for establishing payments to counties under what is commonly referred to as realignment funding. Existing law provides for the allocation of funds appropriated from the continuously appropriated Local Revenue Fund for the distribution of sales tax and motor vehicle license fee moneys to local agencies for the reallocation of state and local responsibilities in the administration of various social programs. This bill would delete those subaccounts, revise the name of other subaccounts in that account, would add the Non-Caseload Social Services Subaccount to that account, and would make conforming changes. This bill contains other related provisions and other existing laws.

Departmental Concurrence

Attachment

Gary M. Christmas
Gary M. Christmas
Legislative Manager

| | | | | |
|-----------------------|-------------------------------|-----|-------------------------|-----|
| FINANCIAL DATA | Current F.Y. Total Cost: | N/A | In Current Year Budget: | N/A |
| | Current F.Y. Net County Cost: | N/A | Budget Adjustment: | N/A |
| | Annual Net County Cost: | N/A | For Fiscal Year: | N/A |

| | | |
|-------------------------|----------------------------------|--------------------------|
| SOURCE OF FUNDS: | Positions To Be Deleted Per A-30 | <input type="checkbox"/> |
| | Requires 4/5 Vote | <input type="checkbox"/> |

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature *[Signature]*

Consent
 Policy

 Consent
 Policy

Dept's Recomm.:
 Per Exec. Ofc.:

Prev. Agn. Ref.: | **District:** All | **Agenda Number:**

3.48



**2004
Legislative Analysis**

BILL NUMBER: Assembly Bill 2766

AUTHOR: Assembly Member Keith Richman

PRESENT LAW: Existing law provides for the allocation of funds appropriated from the continuously appropriated Local Revenue Fund for the distribution of sales tax and motor vehicle license fee moneys to local agencies for the reallocation of state and local responsibilities in the administration of various social programs. This is referred to as realignment funding for health, mental health and social service programs.

PROPOSED LAW: AB 2766 will change the way the realignment funding is appropriated to counties.

RECOMMENDATION: Support

BACKGROUND: In 1991, the Legislature transferred responsibility for certain health, mental health and social services programs from the state to counties. The Legislature dedicated one-half cent of the sales tax and 24.33% of the Vehicle License Fee (VLF) for the increased financial obligation incurred by counties. These revenue sources are now generally referred to as realignment revenue. Funding equity for health and mental health realignment funds is defined as being 50% weighted to total population, and 50% weighted to poverty population.

The funding methodology embedded in the realignment legislation has created disparities in funding for counties, for the health and mental health accounts, in comparison to what the current equity figures show. 21 counties having 86% of the state's population are currently under equity for annual realignment funding by in excess of \$240 million. This funding is instead going to the remaining 37 counties, which have only 14% of the state's population. This funding disparity and shortchanging of the under equity counties will become worse with time, so that within 15 years the annual inequity is projected to grow to approximately \$576 million.

AB 2766 will correct the realignment inequity among counties for the health and mental health funds. The formula for distributing monies to counties for the health and mental health accounts only, would be changed. No other changes to realignment are included in this bill. The revised formula in the bill would maintain all counties current allocations, but would reallocate future growth in realignment revenue to gradually reduce the inequity over time.

Riverside County is currently under equity by about \$30 million per year for health and mental health. If left unchanged, the current formula would increase that under equity position to \$47 million per year in 10 years, and to \$58 million per year in 15 years.