

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

945



FROM: Executive Office

SUBMITTAL DATE:
July 2, 2014

SUBJECT: State Budget – Analysis of the FY 2014-15 State Budget Act

RECOMMENDED MOTION: That the Board of Supervisors:
1. Receive and file that State Budget Analysis. All districts, [\$0]

BACKGROUND:

Summary

On June 20, 2014, Governor Brown signed the FY 2014-15 State Budget Act, a \$107.8 billion spending plan that includes a \$1.6 billion reserve and reflects the agreement reached by the Governor, Senate Pro Tem Steinberg and Assembly Speaker Atkins. In his signing message, the Governor noted that this on-time State Budget pays down debt, shores up the teachers' retirement system, builds a solid Rainy Day Fund, and directs additional funding for local schools and health care.

Alex Gann

Alex Gann
Deputy County Executive Officer

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	

SOURCE OF FUNDS: N/A	Budget Adjustment: N/A
	For Fiscal Year: 14/15

C.E.O. RECOMMENDATION: APPROVE

BY: *Ed Corser*

Ed Corser
County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

- A-30
- 4/5 Vote
- Positions Added
- Change Order

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

3-72

Departmental Concurrence

**SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA
FORM 11: State Budget – Analysis of the FY 2014-15 State Budget Act**

DATE: July 2, 2014

PAGE: 2 of 2

BACKGROUND:

Summary (continued)

The Governor signed 16 budget trailer bills (Attachment 1) Items of County interest include:

- **County Jail Construction** - The budget includes \$500 million of additional lease revenue bond financing to counties for jail construction funding.
- **State Mandate Repayment** - The approved budget also includes \$100 million to local governments to begin repayment of \$900 million of pre-2004 mandate obligations owed to local governments. **It is estimated the County will receive between \$3.5 and \$5 million of the \$100 million payment in FY 2014-15.**
- **Repayment of the Highway User Tax Account (HUTA) Loans.** The approved budget includes \$242 million for the early repayment of outstanding HUTA loans to cities and counties for street and road maintenance. **CSAC estimates the County will receive approximately \$ 6.3 million.**

Several county departments contributed to the attached report including the Sheriff's Department, Office of the District Attorney, Probation, Public Defender, Department of Public Social Services, Public Health, Housing Authority, Mental Health, RCRMC and TLMA.

Impact on Residents and Businesses

Based on a preliminary analysis, the County will not experience a loss in funding or program reductions from the provisions in the approved State Budget package.

SUPPLEMENTAL:

Additional Fiscal Information

N/A

Contract History and Price Reasonableness

N/A

FY 2014-15 State Budget Act

Overview

The Governor signed the FY 2014-15 State Budget Act, a \$108 billion spending plan that includes a \$1.6 billion reserve and reflects the agreement reached by the Governor, Senate Pro Tem Steinberg and Assembly Speaker Atkins. In his signing message, the Governor noted that this on-time budget pay down debt, shores up the teachers' retirement system, builds a solid Rainy Day Fund, and directs additional funding to local schools and health care.

The Governor signed 16 budget trailer bills that include:

- County Jail Construction: approved \$500 million of additional lease revenue bond financing for counties for jail construction funding;
- State Mandate Repayments: \$100 million to local governments to begin repayment of \$900 million owed. County anticipates receipt of \$5 million of the \$100 million payment in 2014-15.
- Repayment of Highway User Tax Account (HUTA) Loans: approved \$242 million for early repayment of outstanding loans to cities and counties. County anticipates receipt of \$6.3 million in FY 2014-15.

Administration of Justice - Public Safety

Jail Construction Funding

The public safety trailer bill (AB 1468) authorizes an additional \$500 million in state lease revenue bond capacity to be dedicated to local jail construction, with an emphasis on expanded programming and treatment space. The relevant provisions – beginning with new Government Code Section 15820.93 – make a number of additional specifications regarding the process that will govern the construction project application process, which contemplates the development a new Request for Proposal. A ten percent match – with a waiver process available for those counties with a population of less than 200,000 – would be required, as has been the case in previous construction programs. Further, the Board of State and Community Corrections (BSCC) is vested with the authority to develop funding and scoring criteria, with the following key provisions:

- AB 900 and SB 1022 award history may be considered;
 - Riverside County was awarded AB900 (Round 2) funding (\$100M for ECDC Project).
 - Riverside County submitted a competitive application for the last SB1022 funding of \$80M to be used for the first phase of the Larry Smith Correctional Facility (SCF) expansion; however, we were not awarded the funding in this round.

- Applicant counties must document the percentage of pre-trial jail inmates between January and December 2013 and describe their risk-assessment based pretrial release program;

- Preference will be granted to counties that can demonstrate readiness to proceed by (1) providing proof of available matching funds and (2) documenting compliance with CEQA, as specified; and,

- Consideration also shall be given to counties seeking to replace outdated or unsafe housing capacity.
 - This provision along with the provision to place project emphasis on expanded programming and treatment space is directly in line with our proposed SCF expansion project.

The California State Sheriff's Association (CSSA), representing all 58 County Sheriff's, worked directly with the Governor's office to support this part of the Budget and lobbied hard to make sure that it remained in the budget focused on Jail Construction. We believe that Riverside County has a very good chance at obtaining approximately \$80M in funding from this budget to allow us to continue to expand our much needed jail space, while at the same time enhancing our inmate programming and treatment efforts to reduce recidivism.

2011 Public Safety Realignment Funding

AB 109 Allocation - The AB 109 allocation for Fiscal Year 2014-15 is still under development by the Realignment Allocation Committee (RAC). It is the understanding that this formula will be a limited term formula, meaning that the formula will apply for a specified number of years yet to be determined, much like the current formula applied to the FY 2012-13 and 2013-14. It is important to note that legislative action is not required for the State Controller to distribute the AB 109 funds, therefore the AB 109 formula development is not part of the state budget process. Total AB 109 funding for the FY 2014-15 is estimated to be \$934.1 million. For FY 2013-14, the statewide allocation was \$998.1 million, and Riverside County received \$51.24 million.

AB 109 Growth – AB 109 growth for FY 2013-14 is estimated to be \$50.8 million. The AB 109 growth for the current year is applied retroactively and not distributed until the fall of 2014. This is due to the manner in which sales tax receipts are collected and the fact that final sales tax revenues are not known until August. As a result, the FY 2013-14 growth number is not known until August 2014, well after the FY 2013-14 concludes (important to note that the FY 2014-15 growth will not be known until August 2015). The RAC will shift its attention to the growth formula once it completes its work on the larger AB 109 programmatic formula for FY 2014-15, now expected to be August 2014. For FY 2012-13, the statewide growth allocation was \$86.7 million, and Riverside County received \$4.31 million.

Community Corrections Partnership (CCP) Grants - \$7.9 million is again appropriated in FY 2014-15 to go out to the counties that report their realignment efforts to the Board of State and Community Corrections by December 15, 2014, that provides actual information about the actual implementation of the FY 2013-14 Community Corrections Partnership plan accepted by the County Board of Supervisors. The funds shall be distributed by January 31, 2015 based on the most recent county population. Riverside County has historically submitted its CCP plan for Board of Supervisors approval by the December 15th deadline and has received the maximum allowable allocation of \$200,000 based on a population of 750,000 and above. The funds are managed by the Community Corrections Partnership Executive Committee (CCPEC) and are typically utilized for expenses such as county counsel costs and training of CCPEC members.

Split Sentencing

The public safety trailer bill (AB 1468) was signed by the Governor and contains language amending Penal Code Section 1170(h) to establish a presumption of a split sentence, unless the court finds that in the interests of justice such a sentence is not appropriate. Any PC 1170(h) sentence shall be given a period of mandatory supervision unless the court makes a finding that in the interest of justice it is appropriate to impose a straight sentence. This would take effect January 1, 2015 and would apply prospectively to any person sentenced on or after January 1, 2015. There is also a requirement that Judicial Council promulgate rules of court by January 1, 2015. While this represents a significant change for many counties, this practice has become the norm in Riverside County. In fact, Riverside County's experience convinced the

Governor to move in this direction. There will be little to no fiscal impact under current District Attorney Office policy.

Recidivism Reduction Fund

As a part of the SB 105 deal struck last year, a Recidivism Reduction Fund was established to be funded by any savings to the state based on receiving a two-year extension from the federal courts thus eliminating the need to buy out-of-state beds to meet the population cap. Due to the court granting the two-year extension, the funding of \$106 million will be appropriated to include the following:

- Mentally Ill Offenders Crime Reduction Grants: \$18 million in one-time competitive grant programs for adults and/or juvenile offenders to improve outcomes for offenders with mental health issues. Funding will be allocated in the first year, but can be used over 3 years - \$9 million for adult offenders and \$9 million for juvenile offenders.
- Community Recidivism Reduction Grants: \$8 million in one-time funding. Riverside County's allocation is \$500,000. Once the Board of Supervisors accepts the award then the Board and the CCP will develop and administer a competitive grant program. Community based providers will have the opportunity to reduce recidivism and reduce crime through prevention of delinquency, prevention of homelessness or to provide reentry services. Each recipient will collect and submit data so the County can report impact information to the State Board of Community Corrections (BSCC).
- Community Reentry Facilities: \$20 million one-time funding for inmate reentry prior to release in the community. This funding could also be used for transitional housing or intermediate sanctions for probationers.
- Court Programs: \$15 million in one-time competitive grants for the establishment of on-going operations and staffing of programs known to reduce recidivism and enhance public safety including collaborative courts that serve moderate and high risk adult criminal offenders, pre-trial programs, and the use of risk and needs assessment instruments at sentencing of felony offenders subject to local supervision. The Judicial Council will administer the competitive grant program and participating courts must submit a joint application on behalf of the county and other participating partners. Riverside County has a long history of creating collaborative courts including Drug Court, Mental Health Court and Veterans Court. The District Attorney's Office thinks that the public safety partners have the ability to be competitive and acquire new funding in this area.
- The Workforce Investment Board will have \$1 million available in one-time funding for training and job development activities to serve the reentry population.

Alternative Custody Programs

Probation – There are various alternatives to traditional jail incarceration for pretrial, post-arraignment, and sentenced defendants, along with those who are serving jail time for violating terms of community supervision on probation, parole, Mandatory Supervision or Post-release

Community Supervision. Various existing and new programs have been reviewed to determine cost effectiveness and impact on reducing the jail population.

Recommended for expansion or implementation:

- Pretrial Services (expansion): By adding additional resources to this program, low- and medium-risk offenders can be targeted, offering them community resources and appropriate supervision that will significantly impact the jail population.
- Electronic Monitoring (expansion): Increasing the use of electronic monitoring as an alternative to custody is a viable solution to jail overcrowding, and could significantly impact the jail population if utilized for the low- to medium-risk offenders, those who have served a significant portion of their custodial sanction, or who have participated in custodial treatment programs. In addition to expanding the existing STOP (Satellite Tracking of People) program in collaboration with the Sheriff's Department, Probation has submitted a proposal to the CCPEC, which includes the use of electronic monitoring (GPS) with homeless probationers to verify housing status and provide services more effectively and efficiently.
- Transitional Housing (expansion): The expansion of transitional housing programs in Riverside can provide assistance to homeless offenders who might not otherwise be considered for early release (pretrial, post-arraignment or post-sentence). In order to bridge the gap between custody and community, Riverside County will provide short-term housing and assist offenders to overcome the major roadblocks to successful reintegration into the community. The duration per individual for transitional housing could be from one day to one year. The goal is to provide eligible homeless offenders a clean, safe, and stable environment. Through the Request for Proposal process, housing vendors will be selected in various regions throughout Riverside County to serve the homeless population.
- Day Reporting Center (expansion): Day Reporting Centers are an innovative way to provide multiple programs and services to the offender population at one site. The expansion of Day Reporting Centers to the various regions in Riverside County can be accomplished by continuing to operate them through collaboration with Probation and other agencies. Probation has located space for future DRC sites in the Eastern and Southwest regions.
- Work Furlough (implementation): This type of alternative to custody can significantly impact the jail population, at a minimal cost to the County and prepare offenders for productive reentry into the community. Work furlough programs allow sentenced offenders to attend work, school and court-ordered counseling or programming, yet return to a residential, non-secure facility when not attending court authorized activities. Work furlough programs can be operated in a variety of manners with criteria for admission and protocols for operation at the discretion of the Work Furlough Administrator with guidance from PC 1208. On March 15, 1983, the Board of Supervisors authorized the Sheriff to establish the current Work Release Program pursuant to PC 4024.2, which differs from work furlough in that inmates are essentially performing community service work.

- Transitional and Reentry Unit (implementation): Some type of reentry process can be introduced to the current realignment efforts by the Community Corrections Partnership Executive Committee (CCPEC) agencies, whether that is via the Transition and Reentry Unit and/or the Transition from Prison to Community model, or another evidence-based model. This type of program will re-organize, augment and enhance existing reentry efforts by Probation, Mental Health, Substance Abuse, the Sheriff's, District Attorney's and Public Defender's Offices, and the Court; thereby creating a true multi-agency collaborative effort. As part of the FY 2014-15 CCPEC proposed budget, Probation will pilot a program at one jail to complete a risk/needs assessment and to develop a case plan for the realigned population prior to their release from custody.
- New approval of custody credits for electronic monitoring and work furlough programs is likely to result in a greater number of inmates choosing to participate in these programs. This should help relieve jail overcrowding and the anticipated funding allocated may allow the Sheriff to add additional supervision.

Not recommended for expansion or implementation:

- County Parole, unless the focus will be on those offenders who received a straight sentence per PC 1170(h): The decision to re-establish a County Parole Board is with the Sheriff's Department. County Parole could be a redundant program. Should this program be chosen to move forward, Probation would be a willing partner in this endeavor to help ease the jail over-crowding issue.
- Cap on Long-Term Jail Sentences despite inclusion of a proposal in the Governor's January budget to establish a bright-line cap of ten years on felony jail sentences authorized under AB109, the Legislature did not act on the proposal. The District Attorney is optimistic that this item will warrant further discussion after the summer break.

Probation

SB 678 – Of the \$125 million funding allocation in the FY 2014-15 State General Fund, Riverside County is expecting to receive \$3.1 million. The Legislature added intent language directing the Chief Probation Officers of California (CPOC) and Department of Finance (DOF) to work on developing performance incentive funding ties to success on Post Release Community Supervision (PRCS) and Mandatory Supervision (MS) similar to the success of felony probation.

The 2014-15 allocation follows the same methodology used last year where a county's probation failure rate (PFR) includes both failure to prison and failure to jail. However, pursuant to changes in SB 105, the "state savings" amount that is shared with the counties is now the cost to the state to incarcerate an inmate in a contracted facility (\$27,309).

Juvenile Justice Data Working Group – Budget language directs the Board of State and Community Corrections (BSCC) to create a Juvenile Justice Data Working Group for two main purposes:

1. Recommend options for coordinating and modernizing juvenile justice data systems and reports that are developed and maintained by state and county agencies with a report due to the Legislature by January 1, 2016, and
2. Recommend a plan to the BSCC by December 31, 2015 for improving and streamlining Youthful Offender Block Grant (YOBG) and Juvenile Justice Crime Prevention Act (JJCPA) reporting requirements without sacrificing meaningful data.

The working group will consist of representatives from CPOC as well as from the Department of Justice, the BSCC, California State Associate of Counties (CSAC), the Judicial Council, Division of Juvenile Justice (DJJ), and any others deemed as necessary by the BSCC.

Trial Court Funding

The budget includes a \$1 million appropriation and a mechanism by which counties may seek funding to address increased levels of service following activation of a new court facility, such as the new Courts being completed in Banning. This funding specifies that any funds authorized for this purpose shall be used exclusively for sheriff-provided court security services and excludes payment of any general county administrative costs.

Proposition 30 requires the state to provide annual funding for newly required activities (after October 9, 2011) that have the overall effect of increasing county costs in a realigned program. Recognizing that new court facilities built by the state and occupied on or after October 9, 2011 may impose additional court security responsibilities, the main budget bill (SB 852) appropriates \$1 million and establishes a process (contained in the public safety trailer bill (AB 1468) for evaluating changed service requirements in new facilities. Approved requests will be funded on an ongoing basis, subject to an annual budget appropriation, and would be adjusted annually by the same rate applicable to the 2011 Realignment court security subaccount.

The new Banning Courts are expanding from three Courtrooms to six Courtrooms; therefore additional court security staffing will be added to support these new Courts. The new Trial Court Funding outlines a funding source to cover and/or supplement the cost of the additional security staffing levels for the new courts. The actual number of Court Security staff to be added is currently being discussed between the Sheriff's Court Services Bureau and the Courts.

Fire Camps

Riverside County was the first County in the state to enter into a contract with CDCR for the use of Fire Camp beds when the program transitioned after the implementation of realignment. We secured a commitment to be allowed to fill up to 200 beds at the camp, however, the most significant challenging factors that limit our ability to place our inmates into this program is the extensive health criteria and classification criteria. We currently have 60 + beds filled in the Fire Camp program and are aggressively evaluating our inmate population for those eligible to participate. Once an inmate is eligible, they are sent to a CDCR training camp for 4-6 weeks prior to actually being assigned to a Fire Camp line assignment.

The initial fees charged to Riverside County (funded out of AB 109) for individual inmates in the program was \$72 a day for the CDCR training camp and then \$46 a day for the actual Fire Camp. However, after Sheriff Sniff and many of the State Sheriff's expressed concern over the cost to house inmates in State Camps, CSSA was able to effectively work with CDCR to get the rates adjusted. CDCR agreed to reduce the longer term Camp Rate \$10 a day (down from \$46), however they increased the shorter-term CDCR Training Camp rate from \$72 a day to \$81 a day effective June 11, 2014. The Riverside Sheriff's Department will continue to utilize the CDCR Fire Camp Program to maximize our bed space options. The Sheriff's Department also continues to review potential contracts for available bed space within any Corrections Facility in the state (Currently in discussion with San Bernardino and Imperial Counties).

District Attorney Victim Witness Program

Amendment to Penal Code section 13835.7 to Allow for VINE Funding. The state's Victim-Witness Assistance Fund supports "Victim-Witness Centers" in all of the state's 58 counties. Each county designates which public or private non-profit agency will satisfy their needs. In Riverside County, the Board of Supervisors has named the District Attorney's Division of Victim and Witness Services as the organization that will provide comprehensive services. Annually, we serve approximately 13,000 victims and 5,000 witnesses of crime. In the state budget, funding was authorized for the Victim Notification Every Day (VINE) program. While this program may be worthwhile, the funding source is the subject of great concern. The budget allows the funding to come from the Victim-Witness Assistance Fund. To allow for this change, Penal Code section

1385.7 was amended to read: *There is in the State Treasury the Victim-Witness Assistance Fund. Funds appropriated thereto shall be dispensed to the Office of Emergency Services exclusively for the purposes specified in this article, for any other purpose that supports victims, and for the support of the centers specified in Section 13837.*

This change in legislation and the state budget create the potential for serious negative impact to Riverside County's ability to effectively serve crime victims. An amendment to Penal Code Section 13835.7 grants "open access" to the Victim-Witness Assistance fund. For over thirty years, this fund was used exclusively to fund "local assistance centers" and comprehensive services to support victims and witnesses. The new criterion permits distributions from the fund "for any purpose that supports victims," regardless of whether said "purpose" supports victims exclusively. If our local Victim Witness Assistance Center is required to compete for monies alongside any agency that supports victims, we have the potential to experience a decrease of nearly one-million dollars in any fiscal year.

Mental Health

Mandate Reimbursement (SB 90)

The budget provides \$100M funding to reimburse counties for pre-2004 mandate claims. The state owes counties over \$246M (\$9M Riverside County) for pre-2004 mandate claims for AB 3632 special education mental health services.

2011 Realignment

The budget still does not guarantee the adequacy of funding for realigned programs impacting the Mental Health department including: Children's Early and Periodic Screening, Diagnosis and Treatment (EPSDT), Drug Medi-Cal, Katie A., Managed Care, and AB 109.

Mental Health Services Act (Prop 63)

The budget projects decreases in MHSA revenue and cautions regarding the volatility of the revenue source.

Grants

The budget provides availability to counties, courts, and non-profit organizations on a competitive basis several small grants regarding mental health and substance use disorders. Mental Health will explore these opportunities with its community partners when details are made available.

Health Reform Implementation and Medi-Cal Expansion

The budget provides state and federal funding to expand mental health and substance use disorder benefits but details on implementation and billing are still pending at the state level.

Social Services

In-Home Supportive Services (IHSS) Program

- **New Policy Requirements Related to Overtime:**
The State budget includes new requirements associated with the payment of overtime to IHSS providers that is consistent with the federal Department of Labor regulations. In conjunction with this change, there are also new restrictions that counties will be required to implement that will limit providers from incurring overtime. These changes become effective January 1, 2015. Counties will likely require additional staff to manage the additional workload associated with these changes. There is no additional cost to counties related to these changes due to the Maintenance of Effort requirement that was adopted in 2011.

Children Services

- **Commercially Sexually Exploited Children (CSEC):**
SB 855 establishes the Commercially Sexually Exploited Children (CSEC) Program. In conjunction with this, the State budget includes \$5 million from the state general fund and additional federal matching funds, to provide training for counties in how to identify and

address situations involving children who have been commercially sexually exploited and to support the development of local county protocols.

- **Relative Caregiver Foster Care Rate:**

Current eligibility criteria often prevent relative caregivers from receiving the foster care rate and instead they receive a California Work Opportunity and Responsibility to Kids (CalWORKs) grant. The CalWORKs grant for a single child regardless of age is \$351, whereas the standard foster care rate ranges from \$671 to \$838 depending on the age of the child.

With the approval of the State Budget, relative caregivers will now be eligible to receive a foster care rate payment effective January 1, 2015. The State budget includes adequate funds to fully fund the higher foster care payment for the caseload of these caregivers existing as of July 1, 2014. Counties have the option to participate in this program, and must give notice by October 1, 2014 to access this funding.

Any future growth in this caseload and the cost associated with those additional cases will be a county responsibility consistent with the realignment of Child Welfare Services in 2011.

With this change, DPSS is hopeful that more children will be able to be placed with relatives, which is the preferred placement option when relatives can provide a safe and stable environment for the children. The CalWORKs grant amount has created a financial hardship for some relatives and has prevented some relatives from accepting placement. With this change, the County may be able to reduce overall foster care expenditures to the extent that children are currently placed in a Foster Family Agency (FFA), because the rate for an FFA is higher than the regular foster care rate. As a result, this change will likely be beneficial for the children and the County.

Self-Sufficiency:

- **CalWORKs Housing Support Program:**

The State Budget includes \$20 million in the CalWORKs Program for housing support. Access to this funding will be a competitive process whereby counties will submit a proposal for how they intend to use this money and the outcomes that will be achieved. DPSS will be developing a proposal to submit once the State issues instructions.

- **CalWORKs Grant Increase:**

A five percent increase to the maximum aid payment will be implemented effective April 1, 2015. This cost increase is covered through 2011 Realignment.

- **CalFresh State Utility Assistance Subsidy**

To comply with Farm Bill changes approved earlier this year, the State budget created the State Utility Assistance Subsidy (SUAS) to provide qualifying households an energy assistance benefit that is adequate to ensure the household's receipt of the federal standard

utility allowance. This will result in an increase in the amount of monthly CalFresh benefits received by these households.

There are no county funds required for this program.

- **CalFresh Eligibility Expansion**

The State budget includes an expansion of CalFresh eligibility to any household with gross income below 200 percent of the federal poverty level (FPL) and net income below 100 percent of FPL. Previously, this expanded income limit was only allowed for certain types of households, such as those who were Medi-Cal eligible. This change is effective on July 1, 2014. There are no county funds required for this program.

Additionally, effective April 1, 2015, consistent with the AB 109 goals of facilitating re-entry into the community and lowering recidivism, state law and the budget allow former drug felons to access the CalFresh and CalWORKs programs. This applies to individuals convicted of a drug-related felony after 1997 and who meet all current eligibility requirements, including compliance with local probation or state parole requirements.

- **CalFresh Match Waiver Phase-Out:**

During the economic recession, the State instituted a waiver that suspended the County match requirement in order for counties to receive increases in State and Federal administrative funding to meet the tremendous increase in demand for CalFresh benefits. Beginning in FY 15/16, the State is phasing out the match waiver with counties gradually needing to increase their contribution in equal increments over the next four fiscal years.

Health

Medi-Cal Expansion – County Indigent Savings. The approved budget adopts the Governor’s May Revision to redirect \$724.9 million statewide in 1991 Health Realignment funding from counties to the State. This amount reflects potential county indigent health care savings due to the implementation of the Medi-Cal expansion under the federal Affordable Care Act pursuant to the methodologies contained within AB 85 (Chapter 24, Statutes of 2013).

It is important to note that redirected 1991 Health Realignment funding is subject to a reconciliation and repayment process based on the County’s actual savings and expenditures in 2017 as required by AB 85.

Medi-Cal Provider Reimbursement Rates. The approved budget maintains a significant portion of the 10 percent reduction in Medi-Cal provider reimbursement rates enacted in prior budgets to address significant State Budget shortfalls. However, members of the Legislature, from both parties, noted that California has the lowest provider rates in the country and expressed concern that these rates seriously limit access to health care for Medi-Cal beneficiaries.

Public Health

HIV Prevention Pilot Projects (\$3M State General Fund)

The California Department of Public Health is tasked with implementing up to four demonstration projects that would provide outreach, HIV and Hepatitis C screenings, and linkage to, and retention in, quality health care for individuals living with HIV. Community-based organizations and local health jurisdictions will apply through a competitive grant process, and awarded projects may operate for up to two years.

Tuberculosis (TB) Control Mandate

TB control responsibilities were shifted from reimbursable mandate activities to activities covered under the existing TB control funding. No change to our local procedure as detention facilities and health care facilities must notify and get approval from the Public Health Officer before a person with active TB or is reasonable believed to have active TB is discharged or released.

Housing

While the 2014-2015 State Budget did retain some key affordable housing priorities intact, the amount of housing funds included in the budget fall short of the funding necessary to meet the affordable housing needs of residents of Riverside County. The programs that were funded, Multifamily Housing Program, Supportive Housing, Homelessness, Veterans and Cap and Trade, while important and badly needed, are programs largely designed to meet the needs of highly urbanized areas of the State and do not specifically address the needs of growing counties with large undeveloped but distressed Rural Communities. In addition, **no funding was allocated to programs which serve identified special needs groups such as Farmworkers (Joe Serna Jr. Program). Since the loss of Redevelopment funding, the lack of adequate state replacement budgeting for affordable housing programs has also made it more challenging to meet federal HOME matching requirements with non-federal funds which were once fulfilled by sources such as redevelopment.** Further, the funding is inadequate to allow the County to reinstate or fund our home and senior home repair program and our down payment assistance program. Also, funding was requested by the Housing and Community Development of the State, but not included, to augment State Housing and Community Development staffing levels to allow the department to be more responsive to review of local Housing Elements, Housing Compliance Reports, and related housing support functions.

General Government

The approved budget appropriates \$100 million to local governments to begin repayment of \$900 million in pre-2004 mandate obligations owed to local governments. **It is estimated the County will receive approximately \$5 million of the \$100 million payment in FY 2014-15.**

Extension of Property Tax Exemption for Solar Projects The approved budget extends the sunset date for the property tax exemption for commercial and residential solar energy systems

to January 1, 2025. The extension of the tax exemption will result in an estimated statewide reduction of \$5 million annually in ad valorem tax revenue.

Transportation

Repayment of Highway User Tax Account (HUTA) Loans The approved budget appropriates \$242 million for the early repayment of outstanding HUTA loans to cities and counties for street and road maintenance. **CSAC estimates that the county will receive approximately \$6.3 million in FY 2014-15.**

Environment and Natural Resources

Cap-and-Trade Expenditure Plan The approved budget appropriates \$872 million of cap-and-trade revenue in FY 2014-15 and contains statutory language to continuously appropriate 60 percent of the ongoing cap-and-trade revenues beginning in FY 2015-16.

The appropriation for FY 2014-15 includes: \$250 million for high speed rail, \$130 million for affordable housing, \$25 million for transit and intercity rail capital program, \$25 million for low carbon transit operations, \$200 million for low carbon forms of transportation and \$202 million to other natural resources and energy efficiency programs.

Groundwater Management The budget includes \$2.5 million in State GF revenues for implementation of a new groundwater management plan, which is part of the Governor's Five-Year Water Action Plan.

Drought Response The approved budget appropriates \$18 million in one-time State General Fund revenues to address California's drought emergency, including \$2 million, which will be directed to assist agencies with emergency water supply drought projects. The remaining funding will be used for responding to critical water shortage and drought impacts, the Drought Emergency Operations Center, and the State's Save Our Water education and outreach campaign.