



AGENDA SUBMITTAL TO SOLANO COUNTY BOARD OF SUPERVISORS

ITEM TITLE		BOARD MEETING DATE	AGENDA NUMBER
Receive an update on the status of state budget negotiations and the status of AB 109 Public Safety Realignment		June 14, 2011	20
Dept:	County Administrator's Office	Supervisorial District Number	
Contact:	Amy Jenkins	ALL	
Extension:	707-784-3002		
Published Notice Required?		Yes _____	No <u> X </u>
Public Hearing Required?		Yes _____	No <u> X </u>

DEPARTMENTAL RECOMMENDATION:

It is recommended that the Board receive an update on the status of state budget negotiations and the status of AB 109 Public Safety Realignment.

SUMMARY:

It is recommended that the Board receive an update on the status of state budget negotiations in Sacramento, including efforts to fund AB 109 public safety realignment. This update follows a May 24, 2011 report by Legislative Advocate Paul Yoder on Governor Jerry Brown's May Revise, released on May 16, 2011. The report will cover elements of the budget proposal as approved by the Assembly and Senate budget subcommittees during the week of May 30 and a verbal update on additional actions taken through June 13. As of this writing, it is anticipated that that Legislature will take action on the state budget on June 8.

FINANCING:

The report will cover the status of the FY2011/12 state budget, as proposed by the Governor in his May Revise, actions taken by the Assembly and Senate budget subcommittees, and actions pending on the Assembly and Senate floors.

The legislative program is designed to result in additional funding and cost avoidance relative to Solano County. The cost of preparing this report and compiling the information is a General Fund cost covered in the County Administrator's administration budget.

DISCUSSION:

Status of Governor's May Revise Budget Proposal

As reported at the May 24 Board of Supervisors meeting, Governor Jerry Brown released his May Revise of the proposed state budget for FY2011/12 on May 16, 2011.

The May Revise projects a reduced deficit from January estimates of \$9.6 billion, which the

Governor largely attributes to budget solutions approved in March (\$11.1 billion) and an unanticipated increase in state revenues (\$6.6 billion). The Governor also proposes a General Fund reserve of \$1.2 billion bringing the total amount of solutions needed to balance the state budget to \$10.8 billion.

The Governor continues to indicate the realignment of “public safety” programs from the state to counties, as prescribed in AB 109 (Chapter 15, Statutes of 2011), will be funded. He also continues to assume an implementation date of July 1, 2011 and that realignment funding should come through the extension of the increase in existing sales and use taxes and vehicle license fees (VLF) with a vote of the people.

As part of his May Revise summary, the Governor also lays out an “all cuts” budget scenario in the event that the Legislature fails to support the tax extensions. The Governor suggests such a scenario would include deeper reductions in CalWORKs and developmental services and the outright elimination of domestic and related services for many In Home Support Services recipients and the elimination of Adult Protective Services. The Governor also anticipates that other public safety programs would be affected, and suggests that twice-monthly court closures and funding reductions in fire prevention and protection would be considered.

With respect to realignment, the Governor suggests an all cuts budget scenario would continue to include the implementation of AB 109 public safety realignment, citing the U.S. Supreme Court’s decision on prison overcrowding, which at the time of the May Revise release was still pending.

AB 109 Public Safety Realignment and the U.S. Supreme Court Ruling re: State of California and Prison Population Reduction

On May 23, 2011, exactly one week after the Governor released his May Revise, the U.S. Supreme Court published its opinion on the joined *Brown v. Coleman* and *Brown v. Plata* cases involving prison overcrowding. The court’s opinion, on a 5-4 vote, affirmed a federal three-judge panel decision that the state must reduce its prison population to 137.5 percent of its design capacity (109,800 inmates) in its 33 brick and mortar institutions within two years. The ruling did not dictate how the state should comply with the order -- whether it should release inmates, transfer them out of state to for-profit prisons, change its parole rules, or take other actions.

According to the Supreme Court’s decision, effective May 24, 2011, the state inmate population must be reduced in segments, with the first mandate for reduction due in five months. The report specifies that by November 28, 2011, CDCR will be required to reduce its prison population from 143,435 inmates currently to 133,016 inmates, representing a total reduction of 10,419.

On June 7, the California Department of Corrections and Rehabilitation (CDCR) submitted a report to the federal three-judge panel on existing prison overcrowding reduction measures and an action plan going forward. The state plan acknowledges that current efforts will not be sufficient to meet the new federal reduction mandates and that AB 109 is the “cornerstone of the solution.”

At a press conference announcing the state’s plan on June 7, CDCR Secretary Matthew Cate urged the Legislature to approve the extension of the temporary tax increases and reaffirmed the Governor’s commitment that realignment will not be implemented without funding. In his remarks, Secretary Cate suggested that “[the state] cannot ask law enforcement to take on responsibilities if the state isn’t willing to hold up its end of the bargain and provide long term funding for these responsibilities.”

The full report filed with the federal three-judge panel is available on CDCR’s website at www.cdcr.ca.gov.

State Budget Subcommittees Complete Work on May Revise

The budget subcommittees in both the Assembly and Senate completed their work on the Governor's May Revise on June 3. Subcommittee actions were summarized in a *Budget Action Bulletin* issued by the California State Association Counties (CSAC) also issued on June 3 and set forth in *Attachment A*.

Immediately following subcommittee hearings, Senate President Pro Tem Darrell Steinberg (D-Sacramento) told the press that the Legislature would not be convening a new Budget Conference Committee to resolve differences between the actions of the Assembly and Senate budget subcommittees because those differences are "few and relatively minor." Capitol staff suggest that those differences will instead be resolved informally - likely through negotiations between Legislative leadership.

Budget Vote Expected by June 15, 2011

As of this writing, the State Legislature has yet to enact a spending plan FY 2011/12 to address the remaining \$10.8 billion budget shortfall, including the most controversial provisions of the budget.

In a speech before the California State Association of Counties Legislative Conference on June 1, the Governor reaffirmed his support for the elimination of redevelopment, the extension of temporary tax increases for sales tax and VLF to fund AB 109 public safety realignment and K-14 education, and placement of the tax extensions on a special election ballot for approval by the voters.

In an opinion poll, issued by the Public Policy Institute of California on June 1, the results suggest that a majority of Californians (68 percent) are in favor of holding a special election, while fewer than half (41 percent) support the Governor's proposal to extend temporary tax increases and reinstate a temporary income tax increase in 2012 for four years. To view the full report, visit www.ppic.org.

June 15 is the constitutional deadline for the Legislature to pass a budget and there is growing statewide pressure on the Legislature to pass a budget on time. While the state constitution mandates this deadline, the passage of Proposition 25 in November 2010 will withhold legislator pay if a budget is not approved by June 15. This was reaffirmed in an announcement by State Controller John Chiang on June 1 that Legislators' salary and per diem will be withheld beginning June 16 if a balanced budget is not approved by the deadline.

The Governor continues to meet with Republican, as well as Democratic leaders to negotiate a final budget deal with efforts to address GOP priorities including reforming public pensions, imposing a hard cap on state pending and enacting regulatory reforms. As of this writing, details of a final agreement have not been revealed.

The Senate Pro Tem announced on June 3 that he is committed to a budget vote on or before June 15. Subsequent to the Pro Tem's announcement, special floor sessions were called in both houses of the Legislature for June 8, when a budget vote is anticipated.

ALTERNATIVES:

The Board may choose not to receive a report. However, this is not recommended as new information on the state budget may impact County revenues and programs.

OTHER AGENCY INVOLVEMENT:

The County Administrator's Office consulted with CSAC and CDCR in the preparation of this report.

DEPARTMENT HEAD SIGNATURE:

By 

Birgitta E. Corsello, County Administrator

Attachments:

Attachment A: CSAC Budget Action Bulletin, Issued June 3, 2011, Pages 5-15.