

SENATE RULES COMMITTEE
Office of Senate Floor Analyses
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AB 118

THIRD READING

Bill No: AB 118
Author: Assembly Budget Committee
Amended: 6/28/11 in Senate
Vote: 21

PRIOR VOTES NOT RELEVANT

SUBJECT: Budget Act of 2011: Public Safety Realignment

SOURCE: Author

DIGEST: This bill provides the statutory framework, allocation methodology, and the majority of the dedicated revenue to implement the Governor's Public Safety Realignment. This bill and SB 89/AB 108 provide funding of \$5.6 billion to support local public safety responsibilities being realigned from the state to local governments. By 2014-15, this dedicated revenue is expected to grow to \$6.8 billion, allowing for over \$1 billion in potential funding to support these programs and commensurate county costs.

NOTE: According to the Administration, the allocations stipulated in this bill were developed in consultation with the California State Association of Counties.

Senate Floor Amendments of 6/28/11 delete the prior version of the bill expressing the intent of the Legislature to enact statutory changes relating to the 2011 Budget Act and place current language relevant to the public safety realignment into it.

ANALYSIS: This bill implements the 2011 Public Safety Realignment, which transfers \$5.6 billion in state fiscal responsibilities for public safety programs to local governments. This bill also creates the account structure

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and allocations for some of this funding and redefines 1.0625 of the state sales and use tax as a local sales and use tax to support \$5.1 billion of the realignment for the 2011-12 fiscal year. Specifically, this bill does the following:

1. Defines public safety services to be realigned from the state to local governments as follows:
 - A. Employing public safety officials, prosecutors, public defenders, and court security staff.
 - B. Managing local jails, housing and treating youthful offenders, and providing services for, and overseeing the supervised release of, offenders.
 - C. Preventing child abuse, providing services to children who are abused, neglected, or exploited, providing services to vulnerable children and their families and providing adult protective services.
 - D. Providing mental health services to children and adults in order to reduce the failure in school, harm to themselves and others, homelessness, and preventable incarceration.
 - E. Preventing, treating, and providing recovery services for alcohol and drug abuse.
2. Dedicates 1.0625 percent of the sales and use tax to the Local Revenue Fund 2011, a continuously appropriated fund, to be used exclusively for public safety services realigned from the state to local governments. In 2011-12, this percent is projected to generate \$5.1 billion to support public safety realignment.
3. Creates a Local Revenue Fund 2011 in the State Treasury that will receive revenues from 1.0625 percent of the sales and use tax and from vehicle license fee revenues redirected from the Department of Motor Vehicles, cities, and Orange County, and other moneys that may be appropriated to this fund. Funds deposited in this account shall be continuously appropriated. This bill also creates the following subaccounts within the Local Revenue Fund 2011:
 - A. Trial Court Security Account.

- B. Local Community Corrections Account.
- C. Local Law Enforcement Services Account.
- D. Mental Health Account.
- E. District Attorney and Public Defender Account.
- F. Juvenile Justice Account, including the Youthful Offender Block Grant Subaccount and the Juvenile Reentry Grant Subaccount.
- G. Health and Human Services Account, including the Adult Protective Services Subaccount, the Foster Care Subaccount, the Child Welfare Services Subaccount, the Adoptions Subaccount, the Adoption Assistance Program Subaccount, the Child Abuse Prevention Subaccount, the Women and Children's Residential Treatment Services Subaccount, the Drug Court Subaccount, the Non Drug Medi-Cal Substance Abuse Treatment Services Subaccount, and the Drug Medi-Cal Subaccount.

Funds deposited in the Local Revenue Fund 2011 shall be used exclusively for public safety services and shall be available to reimburse the General Fund for moneys that are advanced to the Local Revenue Fund 2011. The funds in the Local Revenue Fund 2011 shall also be available to pay the state costs incurred resulting from phasing in the implementation of AB 109 (Assembly Budget Committee), Chapter 15, Statutes of 2011.

- 4. Requires each appropriate local government entity to create a County Local Revenue Fund 2011. Within the County Local Revenue Fund 2011 the appropriate local government entity shall create the following accounts:
 - A. Local Community Corrections Account
 - B. Trial Court Security Account
 - C. District Attorney and Public Defender Account
 - D. Juvenile Justice Account
 - E. Health and Human Services Account

F. Supplemental Law Enforcement Account

The moneys in the County Local Revenue Fund shall be used exclusively for public safety services. The money in the accounts and the various subaccounts is restricted for specific purposes as defined in this bill.

5. Creates a Community Corrections Grant Program for the purposes of funding AB 109 (Assembly Budget Committee), Chapter 15, Statutes of 2011 as of October 1, 2011. The moneys in the Local Community Corrections Account within the Local Revenue Fund 2011 shall be used to fund the grant program.
6. Any costs determined to be mandates by the Commission on State Mandates must be first paid for out of the County Local Revenue Fund 2011 to the fullest extent possible.
7. Allocates realignment funds deposited in the Local Law Enforcement Services Account consistent with how vehicle license fee (VLF) local public safety programs were funded in 2010-11 when programs were supported from the proceeds of the 0.15 of the VLF, excluding the Vertical Prosecution Grant Program.
8. Allocates the anticipated revenues from the sales and use tax (\$5.1 billion) to the Local Revenue Fund 2011. Allocates the anticipated revenues from the vehicle license fee to the Local Law Enforcement Services Account. However, also specifies that no more than \$489.9 million shall be allocated out of the Local Law Enforcement Services Account for the 2011-12 fiscal year.
9. Specifies the timing of the allocation of funds to each account and the allocation among counties. Also states that it is the intention that allocations for many accounts including the Local Law Enforcement Services Account, the Juvenile Justice Account, and the Health and Human Services Account be allocated in the same manner as funding for these programs would have been allocated in the 2011-12 fiscal year if not for the passage of the realignment act.
10. Modifies the Community Oriented Policing Services and Juvenile Justice Crime Prevention Act funding to ensure that allocations continue consistent with current law, but are payable from the Local Law

Enforcement Services Account within the Local Revenue Fund 2011. Also makes technical adjustments to ensure a mechanism for providing full funding for this program in the 2010-11 fiscal year. Chapter 21, Statutes of 2011, temporarily reduced VLF revenue while final decisions were made on whether to maintain existing rates prior to July 1, 2011.

11. Converts existing court security fee to a fee to assist in funding court operations. These funds are deposited in the Trial Court Trust Fund and will continue to support court operations. The full funding required to support costs associated with sheriffs providing court security in the trial courts is being realigned to the counties in this bill so this fee revenue is no longer needed for that purpose.
12. Dedicates funding provided to the 1991 Mental Health Subaccount to the 1991 Social Services Account for the purposes of paying an additional share of California Work Opportunity and Responsibility to Kids grant costs. The local mental health program costs would be supported by 2011 Realignment funds deposited in the Mental Health Account created by this bill.

FISCAL EFFECT: Appropriation: Yes Fiscal Com.: Yes Local: Yes

DLW:kc 6/28/11 Senate Floor Analyses

SUPPORT/OPPOSITION: NONE RECEIVED

**** END ****

CONCURRENCE IN SENATE AMENDMENTS

AB 118 (Budget Committee)

As Amended June 28, 2011

Majority vote. Budget Bill Appropriation Takes Effect Immediately

ASSEMBLY: (February 22, 2011) SENATE: 24-15 (June 28, 2011)
(vote not relevant)

SUMMARY: Implements the 2011 Public Safety Realignment, transferring the equivalent of \$5,559 million of annual state fiscal responsibilities for public safety programs to counties. This bill also creates the account structure and allocations for some of this funding, and dedicates 1.0625% of existing state sales tax revenue to fund these local costs in 2011-12.

The Senate amendments delete the Assembly version of this bill, and instead:

- 1) Define public safety programs as local responsibilities. These programs are:
 - a) Employing and training public safety officials, public defenders, and court security staff;
 - b) Managing local jails housing, treatment, and treating youthful offenders, and providing services for and overseeing the supervised release of offenders;
 - c) Preventing child abuse, providing services to children who are abused, neglected, or exploited, providing services to vulnerable children and their families and providing adult protective services;
 - d) Providing mental health services to children and adults in order to reduce the failure in school, harm to themselves and others, homelessness, and preventable incarceration; and,
 - e) Preventing, treating, and providing recovery services for alcohol and drug abuse.
- 2) Dedicate 1.0625% of the existing state sales and use tax to pay for the local public safety costs. In 2011-12, this percent is projected to yield \$5,105.7 million in revenue for local realignment costs.
- 3) Establish the Local Revenue Fund 2011 that will receive the dedicated sales and use tax and Vehicle License Fee (VLF) revenues through a continuous appropriation. This includes establishing the fund account structure for the public safety realignment. The accounts are:
 - a) Trial Court Security Account;
 - b) Local Community Corrections Account;
 - c) Local Law Enforcement Services Account;
 - d) Mental Health Account;
 - e) District Attorney and Public Defender Account;

- f) Juvenile Justice Account, including the Youthful Offender Block Grant Subaccount and the Juvenile Reentry Grant Subaccount;
 - g) Health and Human Services Account, including the Adult Protective Services Subaccount, the Foster Care Subaccount, the Child Welfare Subaccount, the Adopts Subaccount, the Adoptions Assistance Subaccount, the Child Abuse Prevention and Treatment Subaccount, the Woman and Children's Residential Treatment Services, the Drug Court Subaccount, and the Drug Medi-Cal Subaccount; and,
 - h) Reserve Account.
- 4) Require local county treasurers to create a parallel account structure.
 - 5) Allocate the anticipated \$5,559 million of revenue between the various accounts, and subaccounts.
 - 6) Specify allocation methodology or the process for establishing the allocation of funding for the various accounts and subaccounts to counties.
 - 7) Modify the Community Oriented Policing Services and Juvenile Justice Crime Prevention Act funding to ensure that allocations continue consistent with current law, but are payable from the Local Law Enforcement Services Account within the Local Revenue Fund 2011. Also makes technical adjustments to ensure a mechanism for providing full funding for this program in the 2010-11 fiscal year. SB 94 (Budget and Fiscal Review Committee), Chapter 21, Statutes of 2011 temporarily reduced VLF revenue while final decisions were made on whether to maintain existing rates prior to July 1, 2011.
 - 8) Convert existing court security fee to a fee to assist in funding court operations. These funds are deposited in the Trial Court Trust Fund and will continue to support court operations. The full funding required to support costs associated with sheriffs providing court security in the trial courts is being realigned to the counties in this bill so this fee revenue is no longer needed for that purpose.
 - 9) Create a Community Corrections Grant Program for the purposes of funding AB 109 (Budget Committee), Chapter 15, Statutes of 2011 as of October 1, 2011. The moneys in the Local Community Corrections Account within the Local Revenue Fund 2011 shall be used to fund the grant program.
 - 10) State that any costs determined to be mandates by the Commission on State Mandates must be first paid for out of the County Local Revenue Fund 2011 to the fullest extent possible.
 - 11) Dedicate funding provided to the 1991 Mental Health Subaccount to the 1991 Social Services Account for the purposes of paying an additional share of the California Work Opportunities and Responsibilities to Kids (CalWORKs) grant costs. The local mental health program costs supported by the funds that are transferred will be instead be supported by revenue provided by the Mental Health Account created by this bill.
 - 12) Add an appropriation allowing this bill to take effect immediately upon enactment.

COMMENT: This bill provides the statutory framework, allocation methodology, and most of the dedicated revenue to implement the Governor's Public Safety Realignment. When combined with companion measure SB 89/AB 108, this bill provides local funding for \$5,559 million of public safety responsibilities that would shift to counties. By 2014-15, this dedicated revenue is expected to grow to \$6.8 billion, allowing for over \$1 billion of potential funding for program growth.

According to the Administration, the allocations stipulated in this bill were developed in consultation with the California State Association of Counties.

Analysis Prepared by: Christian Griffith / BUDGET / (916) 319-2099

FN: 0001404

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