



Governor's 2018-19 Proposed Budget

The Rural Rundown

January 10, 2018

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RCRC'S SUMMARY OF THE GOVERNOR'S 2018-19 PROPOSED BUDGET

Earlier today, the Brown Administration released details of the Governor's 2018-19 proposed Budget. This report, *The Rural Rundown*, is an in-depth look at the Governor's 2018-19 proposed Budget, its implications for member counties, details of RCRC's advocacy efforts on specific issue items and an insider perspective into the reasoning and rationale behind elements of the proposal. In addition to *The Rural Rundown*, RCRC staff will present further findings and details on various programs of interest to RCRC member counties at the January 17, 2018, Board of Directors Meeting in Sacramento.

Overview

Echoing the messaging from prior years, the Governor's 2018-19 proposed Budget fully funds both the state's Rainy Day Fund and the K-12 Local Control Funding Formula, and includes the first full year of funding for the state's transportation improvement plan (Senate Bill 1).

The volatility of California's progressive tax structure was once again referenced as the need for continued fiscal constraint as we await "the 11th recession since World War II."

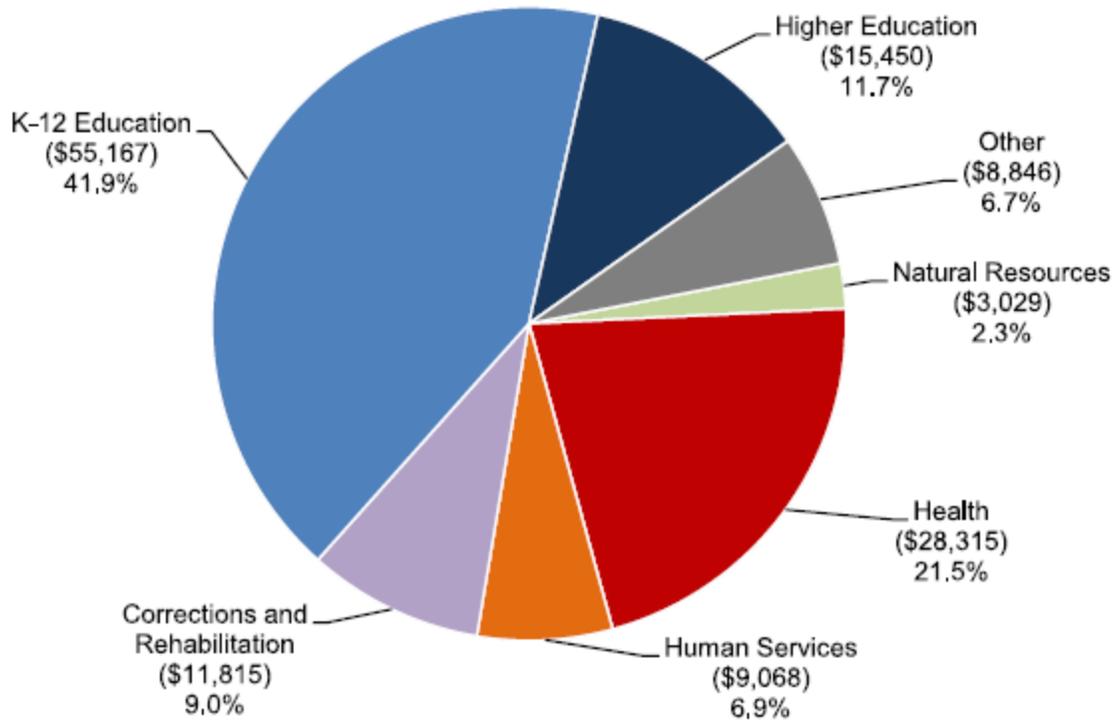
The Governor's 2018-19 proposed \$131.7 billion General Fund Budget reflects a one-time surplus and increases funding for education, health care and other core priorities of the Administration.

Key Issues/Changes for RCRC Member Counties

The Governor's 2018-19 proposed Budget:

- Continues to provide \$644,000 for the State's Payment in Lieu of Taxes (PILT) Program for 2018-19;
- Provides \$134 million in State support for funding a program to modernize county voting systems;
- Includes new funding and creates programs to address a broad spectrum of wildfire response and recovery issues in light of the devastating 2017 wildfire season, including backfill of property tax revenue losses for counties, cities and special districts resulting from the fires; and,
- Maintains the existing funding agreement for IHSS that was created in the 2017-18 State Budget; however, a small increase is being provided by the state to address paid sick leave for IHSS providers.

Figure SUM-03
2018-19
General Fund Expenditures
(Dollars in Millions)



Administration of Justice

2011 Realignment of Public Safety Responsibilities to Counties. In 2011, the Governor and the Legislature enacted the realignment of various state programs to counties. Specifically, a realignment of various criminal justice populations occurred under Assembly Bill 109, known as Public Safety Realignment. The 2011 Realignment fiscal structure ensures continued funding for several local public safety subventions (rural sheriff grants, COPS, etc.). Funding for Public Safety Realignment is made primarily via a dedication of 1.065 percent of the state portion of the sales tax rate, and secondarily through a portion of vehicle license fee revenues. These revenue commitments are now constitutionally protected with the passage of Proposition 30 (Temporary Taxes to Fund Education) in 2012.

AB 109 funding is directed to counties from a state-level Community Corrections Subaccount. Annual funding for the Community Corrections Subaccount is dictated by the 2011 Realignment fiscal structure set forth in statute, and the overall funding level produced by the dedicated state sales tax within a given fiscal year. Actual allocations to counties are made according to a permanent formula developed several years ago by a nine-member County Administrative Officer committee with the assistance of the California State Association of Counties. The Governor's 2018-19 proposed Budget estimates \$1.325 billion statewide for counties in base Community Corrections Subaccount (AB 109) funds, representing an overall annual increase of nearly \$84.2 million.

Additionally, the Governor's 2018-19 proposed Budget projects \$84.3 million in 2017-18 growth funds (expected for receipt in Fall 2018), and an estimated \$81.5 million in 2018-19 growth funds (expected for receipt in Fall 2019). Actual growth amounts typically are not known until just before they are distributed, but the Governor's May Revision will provide an update on revenue estimates.

Assembly Bill 109 Planning Grants. The Governor's 2018-19 proposed Budget includes another one-time \$7.9 million appropriation for counties to revise and update their Community Corrections Partnership (CCP) plans. Each year since the passage of 2011 Realignment, the state has provided funds to support local implementation of Assembly Bill 109, namely, the work in constructing and reviewing a county's CCP plan. Funds are typically allocated to each county as a fixed-dollar amount (\$100,000, \$150,000, or \$200,000) based on population. The Board of State and Community Corrections requires counties to report on the outcomes adopted by a county's CCP, and the ongoing progress in meeting those outcomes in order to receive the planning grant funds.

Additional County Probation Funding. The Governor's 2018-19 proposed Budget includes just over \$106 million in Senate Bill 678 (Leno; 2009) funding for County Probation Departments. SB 678 was enacted to provide counties with a financial incentive to reduce the number of felony probationers returning to state prison.

Proposition 47. Approved by California voters in 2014, Proposition 47 reduces penalties for a variety of specified offenses, and dedicates the 'savings' from prosecuting and housing these offenders into programs that support K-12 truancy and dropout prevention, victim services, and mental health and drug treatment. Proposition 47 requires the Department of Finance to calculate savings associated with the measure. The Governor's 2018-19 proposed Budget estimates a savings of nearly \$64.4 million comparing state correctional system savings in 2017-18 over 2013-14 (the fiscal year prior to Proposition 47 enactment), and subsequently dedicates those savings to the priorities specified in the initiative.

Proposition 57. The Governor's 2018-19 proposed Budget provides \$29 million to county probation departments to supervise a temporary increase in the offender population subject to Post Release Community Supervision. Much of this temporary increase is due to the enactment of Proposition 57 in November 2016. California voters approved Proposition 57 in November 2016, allowing certain non-violent felons serving a sentence in state prison to seek early parole consideration (much of this population will be subject to county responsibility under Post Release Community Supervision). In addition, the Governor's narrative expresses an ongoing commitment to working with counties to evaluate and improve processes associated with the handoff of inmates transitioning from state custody to local supervision.

Courthouse Construction. The Governor's 2018-19 proposed Budget acknowledges the challenges in the court capital outlay program given that funding mechanisms intended to support the state's court facility construction and maintenance program have been largely insufficient to meet ongoing needs. The Governor's 2018-19 proposed Budget assumes a transfer of \$32.2 million from the Immediate and Critical Needs

Account to complete the design of three courthouse projects in Riverside, Sonoma, and Stanislaus Counties. More importantly, the Governor's 2018-19 proposed Budget commits to completing construction for the next ten courthouse projects ready to proceed. Specifically, lease revenue bonds would be dedicated to completing construction projects over the next two years in the following RCRC member counties: Imperial, Shasta, Siskiyou and Tuolumne (in 2018-19) and Glenn County the following year.

Trial Court Security – New Court Facilities. The Governor's 2018-19 proposed Budget includes \$7 million – the same amount in the current year given that no qualifying court facilities are scheduled to open in the fiscal year – to address increased court security costs from new trial court construction.

In 2011, the Legislature realigned California's trial court security funding scheme so the state would pay counties directly, rather than indirectly through the courts. Similar to other criminal justice realignment programs, a fixed percentage of sales tax revenue is allocated to each county to pay for trial court security. A number of recently-constructed courthouses have resulted in increased court security costs since enactment of 2011 Realignment, most notably in Calaveras County and San Benito County. To receive monies, counties must demonstrate to the Department of Finance the need for increased trial court security staff as a result of the post-Realignment (after October 9, 2011) opening of newer (and oftentimes larger) courthouses.

RCRC has been working with the California State Sheriff's Association and the California State Association of Counties to ensure that counties experiencing deficiencies in their trial court security funding are able to properly staff these recently-opened facilities.

California Environmental Protection Agency

Assembly Bill 32 Cap-and-Trade Proceeds. The Governor's 2018-19 proposed Budget estimates \$1.25 billion will be available from the state's Cap-and-Trade auction proceeds for allocation in 2018-19 due to a stabilized market for carbon credits and increased revenues over the past year. The Governor has not yet proposed an expenditure plan for those funds, but will announce the plan later in January as part of his annual State of the State address.

The final 2017-18 Cap-and-Trade Expenditure Plan included significant investments in program areas vital to rural communities, including \$200 million for forest health and restoration projects and \$40 million for waste diversion programs. RCRC will continue to advocate for allocation of auction proceeds to these and other programs and projects that benefit rural communities. RCRC will also continue to pursue a change in the current definition of "disadvantaged communities" to disseminate Cap-and-Trade proceeds, as the current definition excludes most rural communities from receiving these funds. RCRC will also continue seeking targeted rural funds in the various funding programs.

Investment Category	Program	Amount (In Millions)
AB 617 Implementation	Community Action Plans	\$300
	State and Local Implementation Costs	\$45
	Technical Assistance to Community Groups	\$5
Low Carbon Transportation	Clean Vehicle Rebate Project	\$140
	Zero Emission Freight Equipment	\$125
	Enhanced Fleet Modernization Program	\$125
	Clean Truck and Bus Voucher Incentive Project	\$132.5
	Agricultural Diesel Engine Replacement and Upgrades	\$85
Sustainable Agriculture	Methane Reduction	\$99
	Energy Efficiency	\$60
	Renewable Energy	\$6
	Healthy Soils	\$5
Sustainable Forests	Fire Prevention	\$200
	Local Fire Response	\$25
	Backfill SRA Fund	\$80
Waste Diversion	Recycling Infrastructure	\$40
Clean Energy	Black Carbon Woodsmoke	\$5
Energy Efficiency	Low Income Weatherization	\$20
Research and Development	University of California Energy Research	\$2.5
Total		\$1,500

Beverage Container Recycling Program. The Governor's 2018-19 proposed Budget does not include Beverage Container Recycling Program (commonly known as the Bottle Bill) reform. The California Department of Resources Recycling and Recovery (CalRecycle) provided a policy framework to outline key components of reform in the Governor's 2017-18 proposed Budget, with the final work product to be developed throughout the budget process. While the Administration committed to providing a long-term fix for a sustainable program, no final program was proposed. However, under CalRecycle's administrative authority, emergency regulations were adopted providing a short-term fix to temporarily adjust the reasonable financial return applied to the calculation of processing payments for the period of January 1, 2018, to December 31, 2018. This adjustment will provide additional incentives to rural areas and is intended to encourage closed certified centers to reopen.

RCRC will participate in any stakeholder discussions and work to preserve handling fees for certified centers, city/county payments, and programs to increase and improve recycling infrastructure in rural counties.

Office of the Secretary for Environmental Protection/Rural Certified Unified Program Agency Assistance. The Governor's 2018-19 proposed Budget maintains the

same level of funding, \$835,000, for the continued reimbursement of qualified Certified Unified Program Agencies (CUPAs) located in thirteen low-population counties.

In the 2017-18 State Budget Package, an additional \$1.065 million one-time appropriation was included to expand the rural CUPA support program to an additional 11 rural counties that do not receive the money. This one-time funding was included as a Budget Change Proposal (BCP), and was the precursor to an expected permanent legislative fix. RCRC staff is participating in a rural CUPA working group that expects to see another one-time funding in the way of a BCP later in the budget process and will seek to sponsor/support a bill for a permanent fix in 2018.

Each county CUPA is required to perform a number of hazardous material programs to ensure local environmental health. Under current law, thirteen RCRC member counties receive additional General Fund monies for the operation of their local CUPA, which is calculated based upon population thresholds and other criteria. This funding is important to the counties in order to maintain a reasonable fee structure for their local CUPA programs. RCRC has long advocated for the expansion of the program to those counties that do not receive the funding.

Education

California State Universities, University of California and California Community Colleges. The Governor's 2018-19 proposed Budget includes \$33.7 billion (\$18.5 billion General Fund and local property tax, and \$15.2 billion other funds) for higher education. The Governor's 2018-19 proposed Budget continues to support greater access to higher education and financial stability of the education system.

The Governor's 2018-19 proposed Budget also includes policy changes to better facilitate student upward mobility to institutions of higher learning, focusing primarily on transitioning students from California Community Colleges (CCC's) to the University of California and the California State University system. Additionally, the Administration is expanding dual enrollment opportunities to allow high school students to take college level courses at their high school or local community college.

The Administration is also including \$120 million, with \$20 million ongoing, to establish a fully online community college.

Career Technical Education. The Governor's 2018-2019 proposed Budget includes an ongoing increase of \$200 million to establish a K-12 specific component of the Strong Workforce Program to support Career Technical Education (CTE) programs that are aligned with needed industry skills. The Governor's 2018-2019 proposed Budget also includes \$12 million ongoing to fund local industry experts who will provide technical support to local educational agencies operating CTE programs.

Military Department. The Governor's 2018-2019 proposed Budget includes \$2.4 million to implement the Porterville Military Institution College Preparatory Academy. The California Military Institute is a public charter school located in Tulare County that will serve 500 students beginning in the Fall of 2018. The Governor's 2018-19 proposed Budget also includes resources for the Military Department to dedicate military personnel

to provide students leadership and development training to prepare students for admission into the higher education system.

Rural and Low-Income School Program. The Governor's 2018-19 proposed Budget includes \$3.5 million for the Rural and Low-Income Schools Grant Program, which provides funds to rural, Local Educational Agencies that serve school districts with a high number of children from low-income households. Funds are allocated on a formula basis, and determined by the U.S. Department of Education.

General Government

Cannabis Regulatory Structure. The Governor's 2018-19 proposed Budget maintains the funding for ongoing operations of the state agencies charged with regulating commercial cannabis activities, including the three main licensing agencies (Department of Consumer Affairs, Department of Food and Agriculture and Department of Public Health), and the agencies responsible for regulating ancillary activities (Department of Fish and Wildlife, State Water Resources Control Board, Department of Pesticide Regulation and Department of Tax and Fee Administration). The Governor's 2018-19 proposed Budget projects that cannabis excise taxes are expected to generate \$175 million in 2017-18 and \$643 million in 2018-19. The Governor's 2018-19 proposed Budget allocates \$135 million from these revenues to repay General Fund loans for startup costs of the state regulatory program. Also, the Governor's 2018-19 proposed Budget indicates that additional expenditure proposals will be developed later in the budget process, once more definitive information regarding cannabis excise tax and license fee revenues becomes available. RCRC has been deeply involved in the development of the state's cannabis regulatory structure, and will continue to be engaged as that structure is further developed and implemented going forward.

County Revenues/Basic Aid Districts. The Governor's 2018-19 proposed Budget includes \$181,000 to reimburse Alpine County for funding shortfalls associated with their Sales & Use Tax and Vehicle License Fee Adjustment allocations. This shortfall is triggered by Basic Aid school districts having a strong presence within Alpine County. Recent State Budget Packages have provided monies to Alpine, Amador, and San Mateo Counties, and the cities located within, for shortfalls in their respective allocations to address the full loss occurring in these counties.

Fairs. The Governor's 2018-19 proposed Budget maintains the ongoing commitment of approximately \$2.6 million for the support of local fairs, which is consistent with the last three enacted State Budget Packages. Commencing in the 2015-16 State Budget, \$2.6 million in ongoing monies was to be directed to the Fairs and Expositions Fund for redistribution to improve the financial situation of smaller fairs, as well as provide training for Fair Board members.

Prior to 2009-10, fairs received state support primarily from horse race wagering proceeds. In 2009, the state supplanted horse race wagering with General Fund support. The 2011-12 State Budget Package eliminated the \$32 million General Fund for the support of fairs. Subsequent State Budget Packages did not replace the funding for fairs until the 2015-16 State Budget Package.

Of note, last year the Legislature enacted RCRC-supported Assembly Bill 1499 (Gray), which dedicates the state portion of the Sales and Use Tax collected from transactions at fairgrounds to support the network of fairs.

RCRC will continue to work with the California Department of Food and Agriculture and other stakeholders to ensure long-term viability of fairs in light of the elimination of state funding in prior years. The previous lack of support placed several of the small and medium-sized fairs in jeopardy of closure, and the ongoing funding – both in operations and capital improvements – should provide some relief until a long-term solution is realized.

County Assessor's Operations. The Governor's 2018-19 proposed Budget includes \$5 million annually for the next three years for a new initiative to assist in the maintenance and equalization of the county property tax rolls. Proposed statutory language describes the framework for the program, although it is anticipated the program will be similar to the former State-County Assessor Partnership Program that ended in 2016-17. That program provided \$7.5 million in grants annually for a three-year period to county assessors' offices, including Madera, San Benito, and Tuolumne Counties, to ensure that assessors have the resources to fairly and efficiently administer the county property tax rolls.

State Mandates. The Governor's 2018-19 proposed Budget maintains suspensions of mandates that are not related to law enforcement or property taxes, consistent with the 2017-18 State Budget Package. The Governor's 2017-18 proposed Budget also provides funding for a variety of mandates funded in previous years, including the \$4 million block grant program for the Interagency Child Abuse and Neglect (ICAN) Investigation Reports mandate, which was established in the 2015-16 State Budget Package.

Suspending mandates has become a regular part of the State Budget Package as it allows the state to avoid making payments to local agencies by removing their responsibility to perform mandated functions. However, oftentimes a discontinuation of some of these mandates could lead to lawsuits and other county liabilities, making discontinuation of these mandates even less practical.

Voting Systems. The Governor's proposed 2018-19 Budget contains \$134 million in State General Fund support to create a 50 percent match program for the purchase of hardware, software, and initial licensing for the replacement of voting systems. Counties would be required to fulfill the remaining 50 percent match. Since the 2000 General Election, a number of state and local reforms have been made to ensure the integrity of the voting and vote-counting process, and the issue of voting systems has received much attention. Last year, the Legislature considered Assembly Bill 668 (Gonzalez Fletcher), which would have put forth a \$450 million bond measure for the purposes of assisting counties in the purchase of updated voting equipment and technology. The RCRC Board of Directors voted to support this effort; however, the measure did not gain passage. It is expected that AB 668 will not move further in light of the Governor's voting systems proposal.

In addition, with the enactment of Senate Bill 450 (Allen, 2016), counties are undergoing dramatic changes in the way elections are administered. SB 450 authorizes counties to conduct elections as an all-mailed ballot election. SB 450 allows specified counties on or after January 1, 2018 to conduct any election as an all-mailed ballot election at the discretion of the Board of Supervisors, if certain conditions are satisfied. In 2020, all other counties could utilize this option, with the exception of Los Angeles County. The measure requires counties who choose to opt-in to provide ballot drop-off locations, vote centers, and other conditions to ensure the disabled and others can easily vote. The Governor's 2018-19 proposed Budget anticipates that counties with more than 50 precincts will go to a vote center model, and counties with fewer than 50 precincts will continue with the precinct model.

Williamson Act. The Governor's 2018-19 proposed Budget does not provide funding for the Open Space Subvention Program, however it is anticipated that the final budget will include \$1,000 for the program. This is the lowest possible dollar figure that allows the program to remain in the Budget.

The Williamson Act, also known as the California Land Conservation Act of 1965, authorizes cities and counties to enter into agricultural land preservation contracts with landowners who agree to restrict the use of their land for a minimum of 10 years in exchange for lower assessed valuations for property tax purposes.

In the 2003-04 fiscal year, then-Governor Schwarzenegger proposed to save approximately \$39 million by ending the state subventions. The first cuts came in 2008-09 when a Budget trailer bill reduced the state subventions by 10 percent. The Legislature's 2009-10 Budget reduced the subventions to \$27.8 million. However, Governor Schwarzenegger essentially eliminated the subventions by cutting the appropriation to \$1,000.

Given the ongoing reluctance of the Legislature and the Administration to fund Williamson Act subventions, discussions relative to changes to the Williamson Act continue. RCRC will continue to work with agricultural, environmental, and local governmental organizations to explore sources of sustainable funding, as well as potential changes to the program itself.

Health and Human Services

Cal Works Single Allocation Methodology. The Governor's 2018-19 proposed Budget includes a one-time augmentation of \$187 million for the county single allocation until a revised budgeting methodology is adopted to address the cyclical nature of the caseload changes and impacts to county services. The Administration will continue to work with counties to develop recommendations for revising the single allocation budgeting methodology, which is likely to be finalized later in this year's budget process. The service side of the single allocation in Fiscal Year 2018-19 is proposed to be reduced by approximately \$50 million compared to Fiscal Year 2017-18.

Children's Health Insurance Program Reauthorization. The Governor's 2018-19 proposed Budget assumes that the Children's Health Insurance Program (CHIP) federal share will remain at 88 percent through December 31, 2017. Future budget-related

documents are likely to be updated to include savings of approximately \$150 million General Fund to reflect temporary federal funding authorized after the 2017-18 State Budget Package was finalized. If the federal government does not continue CHIP funding, coverage for approximately 32,000 pregnant women and children is at risk because they do not qualify for federally-funded, full-scope Medi-Cal.

Continuum of Care Reform. The Governor's 2018-19 proposed Budget includes \$238.2 million (\$179.7 million General Fund) to continue implementation of Continuum of Care reforms. The Administration revised caseload assumptions related to the transition of youth from group homes to Short-Term Residential Therapeutic Programs. Additional analysis of the funding and caseload data will be necessary through the budget process to determine if the funding is sufficient for the program.

County Medi-Cal Administration Costs. Prior legislation (Senate Bill 28, Chapter 244, Statutes of 2013) required the Department of Health Care Services (DHCS) to develop and implement a new budgeting methodology for Medi-Cal county administration base costs. However, DHCS was unable to procure a qualified vendor due to limited responses to the request for proposal. As an interim methodology, the Governor's 2018-19 proposed Budget includes an increase of \$54.8 million (\$18.5 million General Fund) in 2018-19 based on an adjustment to the existing funding level using the increase in the California Consumer Price Index. A similar increase will be applied for two years as the county eligibility systems move to a single Statewide Automated Welfare System.

In-Home Support Services. As part of the 2017-18 State Budget Package, Senate Bill 90 was enacted into law, eliminating the previous Maintenance of Effort (MOE) within the Coordinated Care Initiative for the In-Home Support Services (IHSS). The primary purpose for elimination of the previous MOE was to reduce the long-term costs of IHSS to the state; however, in reducing those state costs, the Administration proposed dramatic increases to counties for the costs of the program. After much deliberation between the Administration and the California State Association of Counties (CSAC), last year's State Budget Package created a new MOE associated for all 58 counties, and reduced the estimated additional cost to counties.

The new MOE established the statewide IHSS cost base at \$1.769 billion (representing an increase of \$592.2 million over the previous IHSS MOE). The MOE cost will increase by five percent in 2018-19, and in future years the inflation factor will be adjusted on a sliding scale ranging from no annual cost up to a seven percent inflator. In addition to the increased cost of the IHSS MOE, the Administration is underfunding county IHSS administration costs by approximately \$30 million in 2017-18. To offset costs to counties, all Vehicle License Fee (VLF) growth from the Health and the Mental Health Subaccounts, as well as the County Medical Services Program (CMSP) (for three years) were redirected to lower county MOE costs. In years four and five, 50 percent of the VLF growth will be redirected. CMSP growth will be redirected only to the 35 participating counties. Additionally, if a county is experiencing financial hardship due to the increased IHSS costs, it may apply to the Department of Finance for a low-interest loan through 2019-2020. The total statewide loan allocation cannot exceed \$25 million a year.

In line with the agreement reached by CSAC and the Administration last year, the Governor's 2018-19 proposed Budget includes an increase in the upcoming fiscal year of \$27.8 million General Fund for county IHSS administrative costs to reflect revised workload and budget assumptions. However, year-over-year funding is relatively flat. The new budgeting methodology estimates the average number of cases a social worker can manage for statutorily-required activities, including the federal Fair Labor Standards Act overtime regulations. The workload and budget assumptions will be reexamined as part of the 2020-21 State Budget Package.

The Governor's 2018-19 proposed Budget also includes \$29.9 million General Fund to reflect implementation of eight paid sick leave hours for IHSS providers beginning on July 1, 2018.

Housing

In 2017, Governor Brown signed a fifteen-bill package designed to address California's affordable housing crisis. These bills included numerous measures to streamline local housing development approvals and promote long-range planning for affordable housing, a new fee on recorded documents to fund housing programs Senate Bill 2 (Atkins) and a \$4 billion housing bond package for the November 2018 ballot Senate Bill 3 (Beall).

The Governor's 2018-19 proposed Budget would implement the package without substantive policy changes. The package vests the Department of Housing and Community Development (HCD) with substantial additional responsibilities, including greater oversight of local planning and development activities. The Governor's 2018-19 proposed Budget correspondingly provides \$538.3 million and 81 new positions to HCD to carry out these responsibilities (projected to increase to 145 positions by 2022-23). The SB 2 recording fee is projected to generate \$129 million in 2017-18 and \$258 million in 2018-19, approximately \$250 million of which is proposed to be allocated to state and local affordable housing programs in accordance with the formula set forth in SB 2. Assuming the SB 3 housing bond is approved by the voters, the Governor's 2018-19 proposed Budget would further allocate \$277 million of these revenues to the Multifamily Housing Program during 2018-19. Even with these provisions, the Governor's 2018-19 proposed Budget materials note that housing permits issued by local authorities are expected to remain well below levels needed to account for the state's population growth, and consequently, there may be additional proposals addressing housing issues later in the budget process.

Veterans Housing. The 2018 *Five Year Infrastructure Plan* includes \$15.7 million for the preliminary plans phase of the new California Department of Veterans Affairs Skilled Nursing Facility in Yountville (Napa County). This is in addition to funding provided in 2017-2018 to renovate the steam distribution and chilled water system and upgrade the central power plant at the facility.

Resources

California Conservation Corps. The Governor's 2018-19 proposed Budget includes \$14.1 million for the construction of four additional California Conservation Corps (CCC)

residential center projects, two in RCRC Counties (Napa and El Dorado) and two in urban counties (Orange and Fresno). The four new centers are expected to add capacity for an additional 390 corpsmembers. In addition, \$1.1 million is included to augment corpsmember counseling and case management services to strengthen career pathways of corpsmembers.

The CCC currently operates eight residential and 18 non-residential facilities in both rural and urban areas to provide employment, training, and education opportunities to young men and women. The CCC assists federal, state, and local agencies with the conservation of California's natural resources, and has been a great resource to RCRC member counties.

California Drought, Water, Parks, Climate, Coastal Protection and Outdoor Access for All (Senate Bill 5). The Governor's 2018-19 proposed Budget addresses potential revenue originating from the expected passage of Senate Bill 5 (De León), which would authorize \$4 billion in general obligation bonds for a variety of the state's natural resources needs. Proceeds from the bond are to be allocated for parks, water and flood control, ocean and coastal protection, safe drinking water, groundwater management, and climate resiliency and preparedness.

The Governor's 2018-19 proposed Budget includes funding for many of these programs at approximately \$1 billion for the first year of implementation. Of this amount, \$123 million is directed to climate resiliency, including coastal protection. Projects funded by SB 5 in 2018-19 will be prioritized to support existing, "shovel ready" projects. For newly established programs, a phased-in approach is proposed.

Additional SB 5 funds are proposed to be expended through either the California Water Action Plan or are incorporated into the Governor's 2018-19 proposed Budget for the Department of Parks and Recreation.

Department of Fish and Wildlife. The Governor's 2018-19 proposed Budget provides \$609.7 million for the Department of Fish and Wildlife, including \$50.6 million of ongoing funding (\$6.6 million General Fund, \$18 million Motor Vehicle Account, and \$26 million Tire Recycling Management Fund) to support programs that protect fish and wildlife. This sustainable funding provides \$19.6 million to address the non-dedicated Fish and Game Preservation Fund imbalance, and an additional \$31 million to implement specific priorities identified in the 2017 stakeholder process to expand conservation efforts, improve and increase hunting and fishing participation and enhance enforcement.

Department of Parks and Recreation. The Governor's proposed 2018-19 Budget includes additional funding for state and local parks and outdoor recreation from two primary sources: Senate Bill 1 (Beall), motor vehicle fuel tax revenues (which the state is already receiving), and Senate Bill 5 (De Leon), bond proceeds which are contingent upon passage in June.

Senate Bill 1 Funds: The California Department of Parks and Recreation receives a portion of the motor vehicle fuel tax revenues based upon historical transportation allocations, and the Governor proposes to use these funds to address historic deficits and

balance the budget in the State Parks system. Specifically, the Governor's 2018-19 proposed Budget includes \$80 million of SB 1 revenues for State Parks, in the following areas:

- \$42 million in funding to increase services, improve access, and address deferred maintenance at State Parks;
- \$26.6 million in permanent funding to address the structural imbalance of the State Parks and Recreation Fund;
- An additional \$8.5 million to establish a reserve balance in the State Parks and Recreation Fund;
- \$1 million in permanent funding for enhanced State Parks staff recruitment and training;
- \$1 million for increased law enforcement, environmental monitoring, and maintenance grants supporting federal off-highway vehicle recreation; and,
- \$1 million for abatement of abandoned watercraft in California's waterways.

Senate Bill 5 Funds: Assuming passage in June, SB 5 includes over \$1 billion for multiple programs that improve and rehabilitate local park facilities. The Governor's 2018-19 proposed Budget includes \$464 million to begin implementation of these programs in two distinct areas:

- \$277 million to provide grants under the "safe neighborhood parks" initiative which focuses on critically underserved communities. This includes the creation of new parks and recreation facilities as well as the rehabilitation of existing local parks; and,
- \$186 million to provide per capita grants for the acquisition and development of neighborhood, community and regional parks, and recreation lands and facilities in urban and rural areas.

Department of Water Resources. The Governor's 2018-2019 proposed Budget includes \$3.4 billion to fund a variety of the Department of Water Resources (DWR) programs. Approximately \$119.4 million is anticipated to come from the General Fund, a slight reduction from the 2017-18 State Budget Package. DWR operates the State Water Project, which is supported primarily by fees generated from the State Water Project contractors.

Completing the Lake Oroville Spillways Emergency Recovery Project: DWR is also responsible for flood management and the dam safety program. It is this latter program which continues to be DWR's priority for 2018-19, largely as a result of the February 2017 failure at the Oroville Dam and Spillway Complex. Repairing and reconstructing the main flood control spillway in time for the 2017-18 flood control season is a priority. Referred to as the "Lake Oroville Spillways Recovery Project," the first phase was completed by the November 1, 2017 target date and focused on rebuilding and strengthening the 3,000-foot long main spillway to a level that can handle flows of 100,000 cubic feet per second.

Construction in 2018 will focus on reconstructing the main spillway and adding structural concrete to the middle portion of the spillway. In addition, DWR and partner agencies will conduct a comprehensive needs assessment of the Oroville Dam complex. That assessment is scheduled for completion by the end of 2019.

Enhancing the Safety of California Dams: The February 2017 spillway emergency at the Oroville Dam focused DWR's attention on dam safety, flood protection, and emergency preparedness. DWR is carrying out a comprehensive evaluation of dam structures and spillways throughout the state. Several actions in 2017 were taken to implement this initiative throughout the Summer, and in September 2017 DWR released the updated status of all jurisdictional dams. The Administration's plan to bolster dam safety, approved as part of the 2017 Budget Act, added \$3.5 million for DWR to review inundation maps and emergency action plans, as well as \$3 million ongoing for focused re-evaluation of spillways and related structures.

State Payment in Lieu of Taxes. The Governor's 2018-19 proposed Budget includes \$644,000 in funding to pay State Payment in Lieu of Taxes (PILT) to local governments, which is consistent with the last two State Budget Packages.

The 2015-16 State Budget Package included \$1.77 million to Department of Fish and Wildlife (DFW) for the Management of Department Lands and Facilities. This funding included \$644,000 to pay the State PILT obligation to 36 counties. While the initial legislative agreement in the 2015-16 State Budget Package included an additional \$8 million to fund the State's previous annual commitments to State PILT counties, the final State Budget Package eliminated the \$8 million intended for arrearages.

Additionally, the 2015-16 State Budget Package included language making State PILT payments permissive by changing Fish & Game Code Section 1504 from "*shall*" to "*may*." In 2017, RCRC sponsored Senate Bill 58 (McGuire), which would have changed the language back to "*shall*." However, SB 58 was held in the Senate Appropriations Committee, essentially making it a two-year measure.

California's State PILT was established in 1949 to offset adverse impacts to county property tax revenues that result when the state acquires private property for wildlife management areas. However, DFW, prior to 2017, had not made annual State PILT payments in more than a decade, resulting in arrearages of approximately \$8 million to 36 counties.

RCRC will continue to advocate in the budget process for the arrears in State PILT funding owed to counties, as well as reversing the language that makes State PILT payments permissive.

Wildfire Response and Recovery. The Governor's 2018-19 proposed Budget contains several allocations arising from the devastating wildfires in October 2017 in Northern California and the similarly destructive wildfires in Southern California in December 2017. The state estimates costs related to the fires will ultimately be in the billions of dollars, with a \$469.3 million augmentation to the California Department of Forestry and Fire Protection (CAL FIRE) 2017-18 budget already provided through the E-Fund, and \$43.4

million from the State Fund for Economic Uncertainties for various departments related to unexpected equipment, personnel, and other disaster assistance costs incurred in response to the Governor's State of Emergency Proclamations related to the wildfires. Most of these costs were associated with the removal of hazardous waste and debris that were immediate public health threats.

The Governor expects to outline the total impact from the 2017 wildfires later in the budget process. The Governor's 2018-19 proposed Budget contains the following wildfire response and recovery allocations:

Property Tax Backfill: The Governor's 2018-19 proposed Budget includes \$23.7 million General Fund to backfill property tax revenue losses that cities, counties, and special districts will incur in 2017-18 and 2018-19 due to the 2017 wildfires. The state did not have reliable estimates for the property tax losses from the wildfires at the time of release, which will likely mean an adjustment of the proposed allocation later in the budget process. Wildfire related property tax losses for K-14 schools are automatically backfilled under Proposition 98, and the Governor's 2018-19 proposed Budget estimates a \$24.5 million cumulative tax loss statewide for K-14 schools due to the Northern California wildfires.

Public Safety Communications: The Governor's 2018-19 proposed Budget includes \$11.5 million State Emergency Telephone Number Account (SETNA) to modernize the state's current antiquated 9-1-1 system with a Next Generation 9-1-1 system, and improve public safety during emergency events. To implement this system, the state would revise the SETNA fee structure, which is currently charged on intrastate voice plans as a percentage fee on total intrastate calls, to a per-subscription flat rate on all voice and data plans similar to other states. The Administration will also opt into the federal FirstNet program that will provide dedicated telecommunication spectrum to law enforcement and first responders.

Firefighter Training and Certification Program: The Governor's 2018-19 proposed Budget includes \$26.6 million General Fund to establish a Firefighter Training and Certification Program for ex-offenders to provide education and training to become a firefighter. The California Conservation Corps (Corps) will be the employer of record and provide base wages and benefits consistent with other corpsmembers. CAL FIRE will be responsible for the administration of the facility at the Ventura Conservation Camp, fire training and certification, and will jointly select participants in the program with the California Department of Corrections and Rehabilitation. The Corps will also receive \$3.6 million General Fund to facilitate corpsmember participation in the program.

California Board of Forestry and Fire Protection: The Governor's 2018-19 proposed Budget includes investments in CAL FIRE to enhance the agency's ability to protect California residents during wildfire events. Those investments include \$97.6 million General Fund to replace four of CAL FIRE's Vietnam-era helicopters with modern, state-of-the-art helicopters, and \$4 million General Fund to staff and operate the McClellan Reload Base for the rapid deployment of firefighting aircraft.

CAL FIRE/Corps Fire Crews: The Governor's 2018-19 proposed Budget includes \$2.3 million General Fund to support five CAL FIRE/Corps fire crews wildland fire suppression, emergency incident mitigation, and fire prevention and resource management work.

Transportation

The Governor's 2018-19 proposed budget provides \$4.6 billion in transportation funding, primarily from the enactment of Senate Bill 1 (Beall). Enacted early in 2017, SB 1 increased motor vehicle fuel taxes and registration fees to better fund the maintenance of the existing streets and highways infrastructure. Proceeds amount to nearly \$2 billion being forward to cities and counties pursuant to the formulas set forth in the statute. The Governor's 2018-19 proposed Budget and oral comments clearly demonstrate his commitment to maintaining SB 1 and opposing any effort to repeal or reduce these revenues. The RCRC Board of Directors adopted a "support" position on SB 1 in 2017.

Water

California Water Action Plan. The California Water Action Plan (Plan) continues to serve as the Administration's blueprint to address California's water and ecosystem needs. The Governor's 2018-2019 proposed Budget builds upon investments made in previous years and its original ten actions. The Governor's 2018-19 proposed Budget includes the following additional appropriations to continue implementation of the Plan:

Groundwater Sustainability: An increase of \$61.8 million from Senate Bill 5 (De León) to support three key efforts: (1) providing technical assistant to aid in the development of groundwater sustainability plans; (2) supplementing existing planning grants to support groundwater sustainability agency efforts to achieve sustainable groundwater management; and, (3) grants to support implementation of groundwater projects.

Another \$84 million from SB 5 is proposed for the State Water Board to support regional groundwater treatment and remediation activities that prevent and/or reduce contamination of groundwater used for drinking water. Included in this allocation is \$10 million for technical assistance for drought and groundwater investments.

Flood Protection: An increase of \$98.5 million from SB 5 for: (1) multi-benefit flood control projects that achieve public safety and fish and wildlife improvements; and, (2) a new floodplain management program. This funding, together with Proposition 1 and 1E funds, support the work done by the Central Valley Flood Protection Plan.

Salton Sea Restoration: An increase of \$30 million from SB 5 to the California Natural Resources Agency to fund Phase I of the ten-year plan.

Safe and Affordable Drinking Water: Establishes a new special fund for the State Water Board to assist communities, particularly disadvantaged communities, in paying for the short-term and longer-term costs of obtaining access to safe and affordable drinking water. The Administration is proposing statutory language, consistent with the policy framework of Senate Bill 623 (Monning), introduced in the 2017-18 Legislative Session. SB 623 would establish a program to provide funding to assist eligible communities in securing safe and affordable drinking water.

The Governor's 2018-19 proposed Budget proposes \$4.7 million for the State Water Board and the Department of Food and Agriculture to take initial steps toward implementation for this new program, including: (1) developing and implementing fee

collection systems; (2) conducting an assessment to estimate the level of funding needed to assist water systems in the state to ensure the delivery of safe and affordable drinking water; and, (3) developing and making available a map of high-risk aquifers used as drinking water sources.

Another \$63 million from SB 5 is proposed for the State Water Board to provide grants to public water systems in disadvantaged communities for infrastructure improvement to meet safe and affordable drinking water standards. These monies are proposed to fund both drinking water and wastewater treatment projects. Of this amount, \$27 million is available to improve regional water supply within the San Joaquin River watershed.

Accounting for Local Revenue Realignments (Ch. 162, Stats. 2003; Ch. 211, Stats. 2004; Ch. 610, Stats. 2004) (05-TC-01)
Allocation of Property Tax Revenues (Ch. 697, Stats. 1992) (CSM-4448)
California Public Records Act (Ch. 463, Stats. 1992; Ch. 982, Stats. 2000; Ch. 355, Stats. 2001) (02-TC-10 and 02-TC-51)
Crime Victims' Domestic Violence Incident Reports (Ch. 1022, Stats. 1999) (99-TC-08)
Custody of Minors-Child Abduction and Recovery (Ch. 1399, Stats. 1976; Ch. 162, Stats. 1992; and Ch. 988, Stats. 1996) (CSM-4237)
Domestic Violence Arrest Policies (Ch. 246, Stats. 1995) (CSM-96-362-02)
Domestic Violence Arrests and Victims Assistance (Chs. 698 and 702 , Stats. 1998) (98-TC-14)
Domestic Violence Treatment Services (Ch. 183, Stats. 1992) (CSM-96-281-01)
Health Benefits for Survivors of Peace Officers and Firefighters (Ch. 1120, Stats. 1996) (97-TC-25)
Local Agency Ethics (Ch. 700, Stats. 2005) (07-TC-04)
Medi-Cal Beneficiary Death Notices (Chs. 102 and 1163, Stats. 1981) (CSM- 4032)
Medi-Cal Eligibility of Juvenile Offenders (Ch. 657, Stats. 2006) (08-TC-04)
Peace Officer Personnel Records: Unfounded Complaints and Discovery (Ch. 630, Stats. 1978; Ch. 741, Stats. 1994) (00-TC-24)
Post Election Manual Tally (2 Cal. Code Regs., 20120 to 20127, incl.) (10-TC-08)
Rape Victim Counseling (Ch. 999, Stats. 1991) (CSM-4426)
Sexually Violent Predators (Chs. 762 and 763)
State Authorized Risk Assessment Tool for Sex Offenders (Chs. 336, 337, 886, Stats. 2006; Ch. 579, Stats. 2007) (08-TC-03)
Threats Against Peace Officers (Ch. 1249, Stats. 1992; Ch. 666, Stats. 1995) (CSM-96-365-02)
Tuberculosis Control (Ch. 676, Stats. 1993; Ch. 685, Stats. 1994; Ch. 116, Stats. 1997; and Ch. 763, Stats. 2002) (03-TC-14)
Unitary Countywide Tax Rates (Ch. 921, Stats. 1987) (CSM-4317 and CSM-4355) Sheriffs Court Security Services (Ch. 22, Stats. 2009) (09-TC-02)

2018-19 Proposed Suspended Mandates

Absentee Ballots (Ch. 77, Stats. 1978) (CSM-3713)
Absentee Ballots-Tabulation by Precinct (Ch. 697, Stats. 1999) (00-TC-08)
Adult Felony Restitution (Ch. 1123, Stats. 1977) (04-LM-08)
AIDS/Search Warrant (Ch. 1088, Stats. 1988) (CSM-4392)
Airport Land Use Commission/Plans (Ch. 644, Stats. 1994) (CSM-4507)
Animal Adoption (Ch. 752, Stats. 1998) (04-PGA-01, 98-TC-11)
Brendon Maguire Act (Ch. 391, Stats. 1988) (CSM-4357)
Conservatorship: Developmentally Disabled Adults (Ch. 1304, Stats. 1980) (04-LM-13)
Coroners' Costs (Ch. 498, Stats. 1977) (04-LM-07)
Crime Statistics Reports for the Department of Justice (Ch. 1172, Stats. 1989, Ch. 1338, Stats. 1992, Ch. 1230, Stats. 1993, Ch. 933, Stats. 1998, Ch. 571, Stats. 1999, Ch. 626, Stats. 2000) (02-TC-04 and, 02- TC-11) and Crime Statistics Reports for the Department of Justice Amended (Ch. 700, Stats. 2004) (07-TC-10)
Crime Victims' Domestic Violence Incident Reports II (Ch. 901, Stats. 1984) (02-TC-18)
Deaf Teletype Equipment (Ch. 502, Stats. 1980) (04-LM-11)
Developmentally Disabled Attorneys' Services (Ch. 694, Stats. 1975) (04-LM-03)
DNA Database & Amendments to Postmortem Examinations: Unidentified Bodies (Ch. 822, Stats. 2000; Ch. 467, Stats. 2001) (00-TC-27, 02-TC-39)
Domestic Violence Background Checks (Ch. 713, Stats. 2001) (01-TC-29)
Domestic Violence Information (Ch. 1609, Stats. 1984) (CSM-4222)
Elder Abuse, Law Enforcement Training (Ch. 444, Stats. 1997) (98-TC-12)
Extended Commitment, Youth Authority (Ch. 267, Stats. 1998) (98-TC-13)
False Reports of Police Misconduct (Ch. 590, Stats. 1995) (00-TC-26)
Fifteen-Day Close of Voter Registration (Ch. 899, Stats. 2000) (01-TC-15)
Firearm Hearings for Discharged Inpatients (Chs. 9 and 177, Stats. 1990) (99-TC-11)
Grand Jury Proceedings (Ch. 1170, Stats. 1996) (98-TC-27)

Handicapped Voter Access Information (Ch. 494, Stats. 1979) (CSM-4363)
Identity Theft (Ch. 956, Stats. 2000) (03-TC-08)
In-Home Supportive Services II (Ch. 445, Stats. 2000; Ch. 90, Stats. 1999) (00-TC-23)
Inmate AIDS Testing (Ch. 1579, Stats. 1988; Ch. 768, Stats. 1991) (CSM-4369 and CSM-4429)
Interagency Child Abuse and Neglect Investigation Reports Mandate (Ch. 958, Stats. 1977) (00-TC-22)
Judiciary Proceedings (Ch. 644, Stats. 1980) (CSM-4366)
Law Enforcement Sexual Harassment Training (Ch. 126, Stats. 1993) (97-TC-07)
Local Coastal Plans (Ch. 1330, Stats. 1976) (CSM-4431)
Mandate Reimbursement Process (Ch. 486, Stats. 1975) (CSM-4204 and CSM-4485)
Mandate Reimbursement Process II (Ch. 890, Stats. 2004) (05-TC-05)
Mentally Disordered Offenders' Extended Commitments Proceedings (Ch. 435, Stats. 1991) (98-TC-09)
Mentally Disordered Offenders: Treatment as a Condition of Parole (Ch. 228, Stats. 1989; Ch. 706, Stats. 1994) (00-TC-28, 05-TC-06)
Mentally Disordered Sex Offenders' Recommitments (Ch. 1036, Stats. 1978) (04-LM-09)
Mentally Retarded Defendants Representation (Ch. 1253, Stats. 1980) (04-LM-12)
Missing Persons Report (Ch. 1456, Stats. 1988; Ch. 59, Stats. 1993) (CSM-4255, CSM-4368, and CSM-4484)
Modified Primary Election (Ch. 898, Stats. 2000) (01-TC-13)
Not Guilty by Reason of Insanity (Ch. 1114, Stats. 1979) (CSM-2753)
Open Meetings Act/Brown Act Reform (Ch. 641, Stats. 1986) (CSM-4257 and CSM-4469)
Pacific Beach Safety: Water Quality and Closures (Ch. 961, Stats. 1992) (CSM- 4432)
Perinatal Services (Ch. 1603, Stats. 1990) (CSM-4397)

Permanent Absent Voters II (Ch. 922, Stats. 2001, Ch. 664, Stats. 2002, and Ch. 347, Stats. 2003) (03-TC-11)
Personal Safety Alarm Devices (8 Cal. Code Regs. 3401 (c)) (CSM-4087)
Photographic Record of Evidence (Ch. 875, Stats. 1985) (98-TC-07)
Pocket Masks (Ch. 1334, Stats. 1987) (CSM-4291)
Post Conviction: DNA Court Proceedings (Ch. 943, Stats. 2001) (00-TC-21, 01-TC-08)
Postmortem Examinations : Unidentified Bodies, Human Remains (Ch. 284, Stats. 2000) (00-TC-18)
Prisoner Parental Rights (Ch. 820, Stats. 1991) (CSM-4427)
Senior Citizens Property Tax Postponement (Ch. 1242, Stats. 1977; Ch. 43, Stats. 1978) (CSM-4359)
Sex Crime Confidentiality (Ch. 502, Stats. 1992; Ch. 36, 1993-94 1st Ex. Sess.) (98-TC-21)
Sex Offenders: Disclosure by Law Enforcement Officers (Chs. 908 and 909, Stats. 1996) (97-TC-15)
SIDS Autopsies (Ch. 955, Stats. 1989) (CSM-4393)
SIDS Contacts by Local Health Officers (Ch. 268, Stats. 1991) (CSM-4424)
SIDS Training for Firefighters (Ch. 1111, Stats. 1989) (CSM-4412)
Stolen Vehicle Notification (Ch. 337, Stats. 1990) (CSM-4403)
Structural and Wildland Firefighter Safety Clothing and Equipment (8 Cal. Code Regs., 3401 to 3410, incl.) (CSM-4261-4281)
Very High Fire Hazard Severity Zones (Ch. 1188, Stats. 1992) (97-TC-13)
Victims' Statements-Minors (Ch. 332, Stats. 1981) (04-LM-14)
Voter Identification Procedures (Ch. 260, Stats. 2000) (03-TC-23)
Voter Registration Procedures (Ch. 704, Stats. 1975) (04-LM-04)