



Summary of the 2016-17 State Budget Package

The Rural Rundown

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RCRC'S ANALYSIS OF THE GOVERNOR'S 2016-17 STATE BUDGET PACKAGE

Summary

On June 16, 2016, the California Legislature approved additional items in order to complete a 2016-17 State Budget Package. This builds upon actions taken the day before whereby the Legislature adopted the main spending plan (Senate Bill 826) and a handful of budget trailer bills that assist in implementing the State Budget.

It should be noted that the State Budget Package still remains incomplete – there are currently a number of remaining budget trailer bills awaiting action, including measures pertaining to natural resources, transportation, the “No Place Like Home” homeless housing initiative, and the “By Right” permit streamlining effort for affordable housing projects. Furthermore, yet to be finalized and considered by the Legislature is a final spending plan for Cap-and-Trade proceeds and a ‘fix’ to our State’s beverage container recycling program. Over the next several days and weeks, further State Budget items will be considered and adopted.

Overview

California’s overall budget picture remains healthy; however, there is concern that the State is reaching a mature level with respect to its economic recovery. There is a belief that revenues, particularly associated with the personal income tax, are beginning to flatten. As such, the Governor has called for continued deposits into the State’s budget reserves.

The \$122 billion (plus) General Fund spending plan adopted by the Legislature reflects the amount of money originally proposed by the Governor. Most importantly, the State Budget reflects the placement of \$2 billion into the Rainy Day Fund. These monies are expected to be used during future budget downturns, and also help eliminate other current debt obligations. The Rainy Day Fund placement is in conjunction with additional monies being placed into the Special Fund for Economic Uncertainties. This leaves the State with an \$8.4 billion total reserve.

Key Issues/Changes for RCRC Member Counties

- Provides \$644,000 for the State’s Payment in Lieu of Taxes program for 2016-17;
- Provides funds for tree mortality mitigation activities including grants to counties and other local entities;
- Allocates continued modest funding for state fairs;
- Maintains State Responsibility Area fees as a source of funding for resource-related programs;
- Includes \$270 million for local jail construction; and,
- Provides funding to commence a variety of medical marijuana regulatory functions.

The bills passed by the Legislature to construct a state spending plan include:

- SB 826, the main Budget Bill, which includes the bulk of the appropriations for the coming fiscal year;
- SB 827, the supplemental appropriations trailer bill, which makes additional appropriations connected with two health care-related programs as well as funding for a high-cost homicide trial in Mariposa County;
- SB 828, the K-12/14 education trailer bill, which enacts various education provisions;
- SB 833, the health care omnibus trailer bill, which makes a number of changes primarily to the Medi-Cal program;
- SB 836, the General Government I trailer bill, which addresses a number of state government programs;
- SB 837, the General Government II trailer bill, which addresses a number of state government programs, including a number of revisions to the medical marijuana regulatory structure;
- SB 843, the public safety trailer bill, which makes a number of revisions to several public safety programs and also reduces the number of peremptory challenges in misdemeanor jury trials.
- SB 844, which specifies the process for awarding \$250 million for local jail construction as well as providing \$20 million for the Napa County jail;
- SB 848, the civil service/state labor relations trailer bill, which ratifies an MOU with a state employee union as well as addresses other compensation-related issues for a variety of state employees;
- AB 1602, the higher education trailer bill, which enacts various changes to the University of California, the California State University system, and the community colleges system;
- AB 1603, the human services trailer bill, which makes various changes to a wide variety of social service programs;
- AB 1606, the developmental services trailer bill, which addresses a number of reforms and appropriates federal funding for programs aimed at the developmentally disabled; and,
- AB 1607, the Hospital Quality Assurance Fee trailer bill, which extends the Hospital Quality Assurance Fee until January 1, 2018.

Administration of Justice, Corrections, and Law Enforcement

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. Continued funding for several local public safety subventions (rural sheriff grants, COPS, etc.) is included in the overall scheme. 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 various vehicle license fee revenues. These revenue commitments are now constitutionally protected with the passage of Proposition 30 (Temporary Taxes to Fund Education) in 2012.

One of the primary sources of AB 109 funding to counties is the Community Corrections Subaccount. The base funding for the Community Corrections Subaccount is determined by the Department of Finance (DOF), subject to a permanent allocation schedule as determined three years ago by the California State Association of Counties, in conjunction with selected persons from the County Administrative Officers of California. The State Budget Package accounts for \$1.2 billion for counties in base funds, which represents an overall increase from last year, but a slight decrease from projections earlier in the year. The State Budget Package also projects \$102 million in growth funds; however, the final total in growth funds will not be determined until later in the calendar year when a proper analysis of sales tax collection data has occurred. It should be noted there have been recently-discovered errors in the methodology used by the Board of Equalization in calculating and allocating sales tax allocations for a variety of local government programs. Those discrepancies are being reviewed by the DOF and other local government groups.

Assembly Bill 109 Planning Grants. The State Budget Package includes \$7.9 million for counties to revise and update their Community Corrections Partnership (CCP) plans. Over the last several years, the State has provided funds for the implementation of Assembly Bill 109 (2011), namely the work in constructing and reviewing a county's CCP. Funds are allocated on a per county basis with minimum levels for small counties. 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. **(Senate Bill 826)**

Community Infrastructure Grants. The State Budget Package includes additional one-time General Fund support for local public safety efforts including \$67.5 million for Community Infrastructure Grants. These funds can be used to promote diversion programs and services by increasing and expanding facilities that provide alternatives to jails and divert offenders into facilities that provide mental health, substance abuse, and trauma-centered services, or other treatment programs and victim recovery services. **(Senate Bill 843)**

Facility Siting. The State Budget Package includes \$25 million to cities and counties for incentive payments for siting new facilities that provide disorder treatment, mental health, and reentry programming. **(Senate Bill 826)**

Courthouse Construction Funding. The State Budget Package allocates resources for several courthouse construction projects located within various RCRC member counties including a new El Centro Courthouse in Imperial County, a new Redding Courthouse in Shasta County, and a new Sonora Courthouse in Tuolumne County. A number of other courthouse construction projects continue in their respective construction and funding processes in the State Budget Package including a new Ukiah Courthouse in Mendocino County; a new Willows Courthouse in Glenn County; and a new Placerville Courthouse in El Dorado County. **(Senate Bill 826)**

Homicide Trial Costs. The State Budget Package provides nearly \$7,600 for Mariposa County (*People v. Cary Stayner*) to offset the local costs of this high-profile and expensive

homicide prosecution/trial. These allocation claims have already been approved by the State Controller. **(Assembly Bill 1599)**

Local Jail/Local Rehabilitation Facilities Construction Funding. The State Budget Package includes \$250 million in competitive grants to counties for constructing/rehabilitating local jails. The proposed monies – to be financed via lease-revenue bonds – would build upon the successful jail construction programs associated with Assembly Bill 900 (2007), Senate Bill 1022 (2012), and Senate Bill 863 (2014). While there is no allocation schedule, monies will be prioritized to counties that have applied for previous aforementioned jail construction funding programs and have either not received an award, or only received a partial award. The State Budget Package continues to support a reduced match requirement for small counties that RCRC has supported for each of the jail construction proposals. Also, a provision was included that exempts counties that have previously submitted a needs assessment with an emphasis on programming and treatment space from being required to resubmit documentation. Counties that pursue these grants must include space for in-person visitation, and provide a description of the county's effort on addressing sexual abuse in the jail facilities.

The State Budget Package includes \$20 million dedicated for the construction of a new jail facility in Napa County. Much of the Napa County jail was destroyed during an earthquake in 2014, and the \$20 million represents approximately 1/3 of the cost of the new facility. **(Senate Bill 844)**

Proposition 47. The State Budget Package reflects State savings associated with Proposition 47 of \$39.4 million due to reduced levels of adult incarceration. It should be noted that there are also State and local costs associated with Proposition 47. As such, the State Budget Package provides monies to the courts to fund judicial workloads associated with resentencing those offenders subject to Proposition 47.

Approved by 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 schools, victim services, and mental health and drug treatment. Proposition 47 requires the Department of Finance (DOF) to calculate savings associated with the measure, and the 2016-17 fiscal year is the first opportunity for an estimated calculation of the savings. In addition to the \$39.4 million savings for the 2016-17 fiscal year, DOF anticipates that ongoing Proposition 47 savings to be approximately \$62.6 million annually for future years. The Board of State and Community Corrections (BSCC) receives approximately 65 percent of the State savings, estimated to be roughly \$25.6 million in 2016-17, to invest in recidivism reduction grants. The DOF will allocate savings to the BSCC by August 15, 2016. **(Senate Bill 826)**

Transitional Housing. The State Budget Package includes an unspecified amount of funding for cities and counties to provide transitional housing for offenders who are recently released or will be released from State prison or county jails. Jurisdictions that apply for the Community-Based Transitional Services Program will be eligible for up to \$2 million in funding to provide transitional housing and supportive services for no less than

ten years. Grant funding is split 60 percent to the city/county and 40 percent to the operator of the facility for specified activities. **(Senate Bill 837)**

Trial Court Security – New Court Facilities. The State Budget Package includes \$7 million to address increased court security costs resulting from new trial court construction. In 2011 the Legislature realigned trial court security funding so the State would pay counties directly through the courts. Like 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 newly-constructed courthouses have resulted in increased court security costs, most notably in Calaveras County and San Benito County. The 2014-15 State Budget provided \$1 million to assist counties and the State in meeting these obligations, and last year an additional \$2 million was provided. To receive monies, counties must demonstrate to the Department of Finance the need for increased trial court security staff as a result of the recent 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. **(Senate Bill 826)**

California Environmental Protection Agency

Air Resources Board. The State Budget Package includes \$383.2 million for the California Air Resources Board (ARB), excluding any Greenhouse Gas Reduction Fund money. This represents a \$12 million increase over the 2015-16 State Budget, which is primarily from an increase in the Air Quality Improvement Fund to align with the average annual revenue for this program. It also includes \$1.16 million to develop and monitor more stringent regulations to reduce criteria pollutants and greenhouse gas emissions from light duty vehicles, trucks, and buses. While the State Budget Package includes \$3.2 million from the Air Pollution Control Fund for climate change activities, \$1.4 million will not be available to ARB until the Short-Lived Climate Pollutant Strategy is adopted. **(Senate Bill 826)**

Assembly Bill 32 Cap-and-Trade Proceeds. The Assembly and Senate could not reach an agreement on a plan for spending the nearly \$1.9 billion in estimated discretionary funds from the Cap-and-Trade auction proceeds available in the Greenhouse Gas Reduction Fund (GGRF) for the 2016-17 fiscal year. This issue will not be resolved until after the State Budget Package has been adopted, and hopefully, before the end of the legislative session.

While the Assembly approved an expenditure plan largely in line with the Governor's proposed 2016-17 Cap-and-Trade Expenditure Plan, the Senate's proposal differs widely from the Governor's, and disproportionately impacts rural counties (see table). For example, the Senate proposal cuts the funding allocation for the California Department of Forestry and Fire Protection (CAL FIRE) for forest health programs from \$150 million to a mere \$25 million, halves the funding for waste diversion programs under the California Department of Resources Recycling and Recovery (CalRecycle) from \$100 million to \$50 million, and eliminates both the \$40 million wood stove replacement program and the \$35

million dairy digester program proposed by the Governor. The Senate proposal also cuts an additional \$400 million from the Transit and Intercity Rail Capital program and instead adds \$300 million to local climate programs that mostly benefit the most disadvantaged communities (DACs) as defined by California Environmental Protection Agency (CalEPA) using the CalEnviroScreen tool. The CalEPA definition of DACs excludes twenty-nine California counties from qualifying for those funds – the majority of them RCRC member counties.

Members of the Senate also expressed concerns about spending the entirety of the funds because of ongoing legal action against the Cap-and-Trade program. Several industry representatives have filed suit against the California Air Resources Board arguing that the program amounts to an unconstitutional tax on the entities subject to participation. While the lawsuit is currently being heard in lower courts, many believe it will eventually end up before the California Supreme Court. If the State loses, billions of dollars will have to be repaid to entities that were forced to purchase credits under the Cap-and-Trade auction system. Senate members have also expressed concerns about allocating funds to ongoing programs due to the unstable nature of the auction, particularly in light of the unexpectedly low revenues from the most recent Cap-and-Trade auction, which only brought two percent of expected revenues. The Senate proposal would leave \$402 million in GGRF reserves.

RCRC has consistently advocated for the allocation of more funding to natural resource projects such as fuel treatment and forest restoration projects, as well as dedicated funding for rural transportation and infrastructure projects. Since the Governor proposed the 2016-17 Cap-and-Trade Expenditure Plan, RCRC has supported the Governor's proposals for CAL FIRE, CalRecycle, and other agencies that directly benefit RCRC member counties, and will continue to encourage the Legislature to approve these allocations as negotiations continue through the end of the Legislative session. RCRC will also continue to pursue a change in the current definition of "disadvantaged communities" for the purpose of disseminating Cap-and-Trade proceeds, as it excludes most rural communities from receiving these earmarked funds. RCRC continues to seek targeted funds for rural communities in the various funding programs.

Department of Resources Recycling and Recovery. While the State Budget Package includes \$171 million for the Department of Resources Recycling and Recovery (CalRecycle), there is no allocation of General Fund monies. CalRecycle is funded solely through special funding sources including, but not limited to, the California Beverage Container Recycling Fund, Used Oil Recycling Fund, Tire Recycling Management Fund, Waste Discharge Permit Fund, and Integrated Waste Management Fund, specifically funding each of its own programs. **(Senate Bill 826)**

The State Budget Package does not include any Greenhouse Gas Reduction Fund revenues at this time for grants and loans for in-state development of infrastructure to process organic materials and recyclable commodities into new products.

Following the passage of Assembly Bill 1826 (2014), businesses that generate a certain amount of organic waste were required to begin recycling such waste this year. In addition, reducing methane emissions from landfills is targeted as a key component of

the proposed short-lived climate pollutant strategy. There is currently insufficient infrastructure capacity to process the amount of organic waste generated. As many of our member counties will qualify for a five-year exemption from the AB 1826 requirements, most of these monies are likely to be spent in the more urban areas. However, in their 2016-17 GGRF expenditure guidelines, CalRecycle committed to a rural set-aside. RCRC will engage in the allocation process of these funds to ensure accessibility to our member counties.

The State Budget Package also does not include a proposal to address the financial difficulties of the Beverage Container Recycling Program (BCRP). Due to the unprecedented level of beverage container recycling, the BCRP has been operating at a deficit for several years, surviving on repayment of previous loans from the General Fund and program improvements. Coupled with a high rate of recycling is that commodity prices – glass, plastic, and aluminum – are low in the world market. As a result, a number of recycling operators have ceased operations, many of which are located in rural communities. This leaves rural consumers with few options to redeem their containers to recoup the deposit they made on each container at the point of purchase.

Department of Toxic Substances Control. The State Budget Package includes \$217.5 million to the Department of Toxic Substances Control (DTSC) which includes a one-time augmentation of \$14.3 million to retrofit the Argonaut Mine Dam in Amador County. **(Senate Bill 826)**

While this represents a \$12.5 million decrease from the DTSC 2015-16 expenditures, the DTSC continues to implement reform initiatives to enhance and modernize the State's hazardous waste management programs. The most significant adjustments focus on environmental justice and tribal rights by directing resources to protecting public health in residential areas, and enhanced and streamlined permitting coordination.

Environmental Justice. The State Budget Package enhances Environmental Justice (EJ) efforts by an additional \$5.5 million. The California Air Resources Board (ARB) will receive an increase of \$2.3 million for air quality monitoring near oil and gas facilities and enhanced emergency response capabilities; the Department of Pesticide Regulation and the ARB will receive \$2.3 million in augmented funding for pesticide air monitoring, targeting disadvantaged communities; and the California Environmental Protection Agency will receive an additional \$904,000 to make the pilot EJ Compliance and Enforcement Working Group permanent. **(Senate Bill 826)**

Most RCRC counties will not receive any direct benefit from these enhanced environmental efforts.

Office of the Secretary for Environmental Protection/Rural Certified Unified Program Agency Assistance. The State Budget Package maintains the same level of funding, \$835,000, for the continued reimbursement of qualified Certified Unified Program Agency's (CUPA's) located in low-population counties. Each county CUPA is required to provide a number of hazardous material programs to ensure local environmental health. Under current law, many RCRC member counties receive additional State General Fund monies for the operation of their local CUPA, which is calculated based upon population

thresholds and other criteria. This money is important to those counties in order to maintain a reasonable fee structure for their local CUPA programs. **(Senate Bill 826)**

Education

California State Library. The State Budget Package includes \$2.5 million for public libraries to fund improvements to high-speed internet networks. **(Senate Bill 826)**

California State Universities and University of California. The State Budget Package continues to make several investments aimed at increasing student success, opportunities, and outcomes. The State Budget Package requires both the California State University (CSU) and University of California (UC) systems to meet and adopt specific improvement, enrollment, and graduation rate targets in order to receive the additional funding provided in the State Budget Package. Specifically, the Administration requests, beginning with the 2016-17 academic year, that each CSU/UC system increase the number of California freshmen resident students.

While there are no statutory requirements prohibiting CSUs and UCs from increasing tuition rates, both systems are committed to keeping tuition rates fixed for the 2016-17 academic year.

The State Budget Package includes a one-time allocation of \$4 million to establish the A-G Success Initiative. This Initiative will develop an online curriculum for high school students, within an existing UC outreach program, for the purpose of satisfying the A-G subject requirements including Advanced Placement classes. **(Assembly Bill 1602)**

California Student Aid Commission. The State Budget Package includes \$74 million to fund the Middle Class Scholarship Program (Program) in 2016-17 and \$117 million for 2017-18. The Program, currently in its third year of implementation, provides undergraduate students with annual family incomes of \$100,000 to \$150,000 scholarships grants covering up to 10 percent of their tuition costs. **(Assembly Bill 1602)**

Career Technical Education. The State Budget Package includes \$200 million in ongoing General Fund monies to establish the Strong Workforce Program (Program). The Program provides funding to Community College Districts to expand career technical education programs, workforce development courses, and various degree programs for community college students. Assembly Bill 1602 authorizes 60 percent of the funds to be allocated directly to community colleges, and 40 percent to regional consortiums for projects that meet the needs of local and regional economies. Funding will be based on specific criteria, including unemployment rates, the percentage of full-time career technical education students, projected job openings, and workforce outcomes. **(Assembly Bill 1602/Senate Bill 826)**

Community Colleges. The State Budget Package maintains a number of investments aimed at improving access to education, and student outcomes and success. The State Budget Package includes a \$5 million one-time allocation to establish the Zero-Textbook-Cost Degree Grant Program (Program). The Program provides grants, up to \$200,000, to community colleges to develop and implement degree and career educational training

programs that use alternative instructional materials and eliminate textbooks completely, thereby significantly reducing student costs. **(Assembly Bill 1602)**

The State Budget Package provides \$7 million to support the Telecommunication and Technology Infrastructure Program which will improve student access to online courses and increase broadband services to ensure students have adequate internet access. **(Assembly Bill 1602)**

K-12 Education. The State Budget Package includes \$200 million in one-time Proposition 98 funds for the purpose of establishing the College Readiness Block Grant program to support and prepare disadvantaged students, particularly low income and foster youth, for postsecondary education. Grant funds will be allocated to school districts and County Offices of Education based on the number of low-income, English learning, and foster youth students.

Rural and Low-Income School Program. The State Budget Package provides \$1.4 million for the Rural and Low-Income Schools Grant Program (Program). The Program provides funds to rural, Local Educational Agencies (LEAs) 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. **(Senate Bill 826)**

General Government

County Revenues/Basic Aid Districts. The State Budget Package includes nearly \$400,000 to reimburse Alpine, Amador, and San Mateo Counties, and the cities located within, for funding shortfalls in their Sales and Use Tax and Vehicle License Fee adjustment amounts (Triple Flip and Swap). Funding shortfalls in these counties' Triple Flip and Swap are triggered under a complex formula associated with having Basic Aid school districts within their borders. Over the past several years, RCRC has joined lobbying efforts to secure these monies for all counties that are experiencing shortfalls in property tax allocations. **(Senate Bill 826)**

Debt Service. The State Budget Package includes \$5.4 billion for debt service which includes \$4.8 billion in General Obligation Bond, and \$579 million in lease revenue bond debt service. The General Obligation Bond debt service continues to hover at approximately 6 percent of the proposed State General Fund Budget, which has been noted as an acceptable level of debt by the Legislative Analyst's Office and the State Treasurer.

General Obligation Bond debt service is constitutionally one of the highest priority General Fund expenditures; however, the debt service associated with general obligation bonds is "continuously appropriated" (payments are made without the Legislature's approval in the Budget Act), and not a line-item part of the State Budget Package. This reassures investors that principal and interest are paid on time, and not waiting for legislative action.

Department of Food and Agriculture. The State Budget Package includes \$408 million in funding for the California Department of Food and Agriculture (CDFA), consistent with last year's funding.

The State Budget Package also includes \$116 million for the General Agricultural Activities Program, which is consistent with last year's funding, nearly doubling the 2014-15 State Budget. The program provides communications to California's agricultural industry, including County Agricultural Commissioners' and the statewide Fairgrounds, and also partially reimburses County Agricultural Commissioner Offices for carrying out agricultural programs authorized by the Food and Agricultural Code under the supervision of CDFA.

This year's increased funding has been welcomed in that counties have been absorbing more of the costs of programming, thus making it more difficult to comply with CDFA's contracts. RCRC will continue to work with county Agricultural Commissioners' and other stakeholders to help ensure that adequate resources are provided. **(Senate Bill 826)**

Fairs. The State Budget Package continues the ongoing commitment of funding for the support of local fairs, providing \$2.2 million in ongoing monies 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. In addition to the ongoing monies for operations, the State Budget Package includes \$4 million, as outlined in the *2016 Five Year Infrastructure Plan*, for capital improvements to address fire, life and safety, and other deferred maintenance projects for fairs across the network. **(Senate Bill 826)**

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

RCRC is supporting Assembly Bill 2678 (Gray) which would dedicate the State portion of the sales and use tax collected from transactions at fairgrounds to support the network of fairs. This effort is expected to generate approximately \$10 million annually. AB 2678 is not part of the State Budget Package; however, this measure has been approved by the State Assembly and now awaits consideration in the State Senate.

Medical Marijuana Regulatory Funding. The State Budget Package provides funding to commence activities associated with the regulation of medical marijuana as well as address environmental issues surrounding the cultivation of medical marijuana in the following manner **(Senate Bill 826)**:

Department of Consumer Affairs

\$9.7 million in 2016-17 from the Medical Marijuana Regulation and Safety Act Fund (the special fund that is being established for financing regulatory activities) to create the Bureau of Medical Marijuana Regulation (Bureau) within the Department of Consumer Affairs. The Bureau is the main licensing and regulating entity at the State level with specific focus on the transportation, storage, distribution, product testing, and sale of medical marijuana. It is also charged with coordinating with local governments on various enforcement and regulatory activities.

Department of Public Health

\$3.4 million in 2016-17 from the Medical Marijuana Regulation and Safety Act Fund for the licensing and regulation of medical marijuana manufacturers.

Department of Food and Agriculture

\$5.3 million in 2016-17 from the Medical Marijuana Regulation and Safety Act Fund for a variety of activities including cultivation, licensing, and the conducting of a statewide Environmental Impact Report. The Department of Food and Agriculture will also be working with the Board of Equalization to implement a “track and trace” program that monitors the movement of medical marijuana throughout the entire distribution chain.

Department of Pesticide Regulation

\$700,000 in Pesticide Regulation Fund monies to develop guidelines for the use of pesticides in the cultivation of medical marijuana.

At the end of the 2015 Legislative Session, the Legislature enacted a long-awaited medical marijuana licensing/regulatory framework. The framework provided the authorization to use General Fund monies for regulatory activities; however, it is anticipated that once the regulatory scheme has been in full effect, license fees, fines and penalties will be re-directed to backfill many of the initial General Fund costs.

The State Budget Package provides General Fund monies for environmental impacts associated with medical marijuana cultivation in the following manner:

Department of Fish and Wildlife

\$7.7 million in 2016-17 to expand and make permanent the statewide multi-agency task force established in 2014 to address environmental impacts. Monies would also be utilized for regulatory efforts, which include the State Water Resources Control Board and the Department of Food and Agriculture, to address water diversions.

State Water Resources Control Board

\$5.7 million for the development and implementation of a regulatory program to protect in-stream flows for fish from water diversions related to marijuana cultivation. Monies from the State Water Resources Control Board’s Waste Discharge Permit Fund will contribute to this effort. In the past year, the North Coast Regional Water Quality Control Board and the Central Valley Regional Water Quality Control Board implemented a Waste Discharge Permit program to address the water impacts of marijuana cultivation.

Medical Marijuana Regulatory Structure. The State Budget Package also contains a number of revisions to the regulatory structure for medical marijuana. **(Senate Bill 837)**

These revisions include the following actions:

- Changes the name of the Medical Marijuana Regulation and Safety Act to the Medical Cannabis Regulation and Safety Act;
- Licensee must possess a proof of bond to cover the cost of destroying product that is not in compliance with regulatory scheme;

- Shifts authority to license testing laboratories from the Department of Public Health to the Bureau of Medical Cannabis Regulation;
- Addresses a number of cultivation issues where water access and water quality are impacted, including protection of in-stream flow objectives, limits on diversions, a demonstration of access to water, and reporting on the amount of water used for cannabis cultivation. While not a direct county issue, some in the farm community believe the State Budget Package contains language whose practical effect is to “force” the State Water Resources Control Board to prioritize applications by cannabis growers for a water rights permit in order to meet the 2018 licensing timeline at the expense of applicants who have been waiting to secure a water rights permit, sometimes for years; and,
- Authorizes a licensing authority to promulgate emergency regulations.

Office of Emergency Services. The State Budget Package includes approximately \$1.5 billion for the Governor’s Office of Emergency Services (OES), fairly consistent with the 2015-16 State Budget. The State Budget Package includes \$21 million to support OES’s responsibility for emergency preparedness and response, facilities, technology and other activities for the department; \$10 million to implement the California Earthquake Early Warning System; and \$56.7 million to support local jurisdictions using the California Disaster Assistance Act Program, of which \$26.7 million is allocated to ongoing drought response. The State Budget package also includes \$10 million for grants to community groups providing services for human trafficking victims. **(Senate Bill 826)**

Additionally, the State Budget Package includes approximately \$10 million for the Regional Railroad Accident Preparedness and Immediate Response Fund. The OES will coordinate with local agencies to improve preparation for response emergencies involving hazardous materials transported by railroad tank cars. This funding source will be used to support emergency response activities, purchase specialized equipment, and deliver local response training. A number of RCRC’s northern counties have rail lines that are used to transport hazardous materials, including North Dakota Bakken Crude Oil, which has been the topic of much debate and concern due to several major tank car disasters. **(Senate Bill 826)**

State Mandates. The State Budget Package maintains suspensions of mandates that are not related to law enforcement or property taxes, consistent with the 2015-16 State Budget. The State Budget Package also provides approximately \$46.2 million in funding for a variety of mandates funded in previous years, while also providing funds for a few additional mandates related to the California Public Records Act, local revenue realignments, and post-election manual tally. The mandates funding includes 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. **(Senate Bill 826)**

Suspending mandates has become a regular part of the State Budget 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. A list of funded and suspended mandates in 2016-17 can be found at the end of *The Rural Rundown*.

The State Budget Package also establishes a three-year audit program for reasonable reimbursement methodology proposals, wherein all proposals must use specified cost allowances, allocation formulas, and other approximations of local costs, and must be audited by the California State Controller's Office. The Controller is required to report to the Legislature on the program by October 1, 2018. **(Senate Bill 836)**

Veterans Affairs. The State Budget Package includes \$5.6 million to fund the operation of County Veterans Services Offices (CVSOs). RCRC supported Assembly Bill 1596 (Mathis), which would have appropriated \$3 million to the California Department of Veterans Affairs (CalVet) for the purpose of providing grants to veteran service organizations (VSOs). The measure was held in the Assembly Appropriations Committee. **(Senate Bill 826)**

Additionally, the State Budget Package provides \$348 million for CalVet to operate Veterans Homes in Barstow, Chula Vista, Fresno, West Los Angeles, Lancaster, Ventura, Redding, and Yountville. **(Senate Bill 826)**

Williamson Act. The State Budget Package includes \$2.5 million for agricultural land protection. Senator Jim Nielsen made a request for funding to the Department of Conservation from Williamson Act contract cancellation payments for agricultural land protections in light of no funding for the traditional Williamson Act program. The Department of Conservation has yet to develop a program for the one-time \$2.5 million funding; however, it is considering a local grant program through Resource Conservation Districts.

The State Budget Package continues to only include \$1,000 for the Williamson Act program. This is the lowest possible dollar figure that allows the program to remain in the State Budget. **(Senate Bill 826)**

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.

Workforce Innovation and Opportunity Act. The State Budget Package includes \$463 million in federal Workforce Investment and Opportunity Act funding for the California Workforce Development Board and Local Workforce Investment Boards to support investments in local and regional education, employment, and job training programs. Additionally, the State Budget Package includes roughly \$200 million for the California Community College system's Strong Workforce Program, which seeks to align career technical education curriculum between educational and workforce systems to advance California's critical and emerging industry sectors. **(Senate Bill 826)**

Health and Human Services

Adult Protective Services. The State Budget Package includes a \$3 million one-time allocation to enhance statewide training resources for county Adult Protective Services (APS) staff. California's APS programs provide 24/7 emergency response to reports of abuse and neglect of seniors and dependent adults. The APS program was primarily a state-funded program until 2011, when the program was realigned and financial responsibility for the program was shifted to counties. Currently, only \$88,000 is allocated for APS training, and this funding has not been increased in more than a decade. **(Senate Bill 826)**

Bringing Families Home Program. The State Budget Package includes \$10 million for the Bringing Families Home Program, a matching county grant program intended to reduce homelessness. **(Senate Bill 826)**

The Bringing Families Home Program provides funds to counties to assist eligible families with housing-related services. Funds will be awarded based on specific criteria developed by the Department of Social Services. Counties that receive funds under this program will match that funding on a dollar-by-dollar basis. **(Assembly Bill 1603)**

CalWORKs. The State Budget Package repeals the CalWORKs Maximum Family Grant (MFG) rule, effective January 1, 2017. The MFG denied basic assistance to any child born into a family already receiving public assistance. The repeal will provide support to approximately 130,000 children currently not provided CalWORKs benefits, and increase the family grant by \$136 per child, effective July 1, 2016.

Additionally, the State Budget Package increases CalWORKs grants by 1.4 percent, effective October 1, 2016, for all households. Grants will increase to a maximum of \$714 a month, which is 42.5 percent of the federal poverty level. **(Assembly Bill 1603)**

Continuum of Care Reform Resources. The State Budget Package includes \$127.3 million for county child welfare, probation, and mental health agencies for implementation and ongoing workload required by Assembly Bill 403 (2015), which established the Continuum of Care Reform. AB 403 is a comprehensive reform package that restructures placement and treatment options for foster youth. AB 403 is scheduled for implementation January 1, 2017. **(Senate Bill 826)**

The State Budget Package provides an additional \$2.4 million to assist counties with the implementation of the Resource Family Approval (RFA) Initiative. The RFA is the method used to ensure that caregivers are approved to foster, adopt, or provide legal guardianship to care for and supervise children in the child welfare and probation systems. **(Assembly Bill 1603)**

County Medical Services Program. The State Budget Package includes \$4.85 million for the Office of Statewide Health Planning and Development to expand physician loan repayment programs for medical professionals working in rural and underserved areas. The program will focus on counties that participate in the County Medical Services Program (CMSP). Currently, thirty-one of RCRC's member counties participate in the CMSP. **(Senate Bill 826)**

Department of Public Health. The State Budget Package includes a one-time \$500,000 allocation to support and participate in a national study examining the health risks associated with the use of marijuana for medical and recreational purposes. **(Senate Bill 826)**

Department of State Hospitals. The State Budget Package includes \$12.9 million to support Napa State Hospital, and directs the Department of State Hospitals to activate 60 new beds and create 114 new positions to assist with workload and in decreasing the waiting list of Incompetent to Stand Trial patients. **(Senate Bill 843)**

Emergency Medical Services Authority. The State Budget Package includes \$36.1 million to fund the Emergency Medical Services Authority (EMSA), which is charged with administering and coordinating emergency medical and disaster services throughout California.

The State Budget Package does not include funding to redesign the Mobile Field Hospital (MFH) Program within the Office of Emergency Services.

RCRC supports Assembly Bill 1578 (Rodriguez/Kim), which would appropriate \$2 million to restore three MFHs to ready use condition, and make them available for immediate deployment should a disaster strike. The 2011-12 State Budget eliminated all funding for the MFHs staffing and maintenance, and MFH vehicles are now warehoused in Sacramento and cannot be mobilized in the event of a disaster. AB 1578 is currently pending in the Senate Budget & Fiscal Review Committee. **(Senate Bill 826)**

Hospital Quality Assurance Fee. The State Budget Package extends the Hospital Quality Assurance Fee (QAF) until January 1, 2018 (it currently sunsets on January 1, 2017). The QAF was created in 2009 requiring certain California hospitals to pay a fee to help the State draw-down available federal Medicaid funds. Since its inception, the QAF has generated nearly \$2 billion annually in additional federal funding payments to California hospitals.

Since the QAF is used to pay for Medi-Cal services, the federal government must approve any extension of the fee. Contingent on the timing of federal approval, the General Fund Savings is estimated at \$845 million.

In March, the RCRC Board of Directors adopted a support position on the Medi-Cal Funding and Accountability Act, which would address a number of issues with the QAF and help to preserve funding for a variety of healthcare services, including services provided in rural areas. The hospital fee ballot measure is slated for the November ballot. **(Senate Bill 826 /Assembly Bill 1607)**

In-Home Supportive Services. The State Budget Package includes \$266 million for the continued restoration of the seven percent across the board cut to In-Home Supportive Services (IHSS) hours.

The State Budget Package suspends the seven percent across the board reduction in hours of service to each IHSS recipient until July 1, 2019, on condition that the Managed Care Organization (MCO) Tax remains operative. Should the MCO tax be ceased for any reason, the seven percent reduction would be restored. **(Assembly Bill 1603)**

The State Budget Package includes \$39.6 million to fund the increased costs associated with Senate Bill 3 (2016), which increases the state minimum wage from \$10.00 to \$10.50 per hour, effective January 1, 2017.

Medi-Cal. The State Budget Package includes \$169.9 million for county administration of the Medi-Cal program. This funding is consistent with the Governor's January proposed Budget.

Senate Bill 833 suspends the Cost-of-Living Adjustment (COLA) to counties for administration of the Medi-Cal program in 2016-17. The Administration maintains that the COLA is not necessary given the \$169.9 million allocation already provided to counties to administer the Medi-Cal program. **(Senate Bill 833)**

Supplemental Security Income/State Supplementary Payment. The State Budget Package includes \$36.5 million to provide a 2.76 percent Cost of Living Adjustment (COLA) increase to the State portion of the Supplemental Security Income/State Supplementary Payment (SSI/SSP) grant program. This increase will become effective January 1, 2017, and will result in an increase of \$4.32 per month for individuals and \$10.94 for couples. To be eligible for SSI/SSP, an individual must be at least 65 years old, blind, or disabled. **(Senate Bill 826)**

The SSI/SSP program provides a monthly cash benefit to enable aged, blind, and disabled people to meet their basic living expenses for food, clothing, and shelter.

The State Budget Package also includes a \$45 million one-time allocation to create a SSI Housing and Disability Income Advocacy Program which will provide State matching grant funds to counties to increase outreach, case management, advocacy, and housing assistance to homeless persons with disabilities. **(Senate Bill 826/Assembly Bill 1603)**

Housing and Land-Use

The State Budget Package takes a piecemeal approach at addressing various housing priorities, including veterans and homeless housing, efforts to support low and moderate-income first-time homebuyers, and incentives to secure future legislation to streamline permitting to advance affordable housing development. Notably, the Legislature has not yet reached an agreement on the No Place Like Home initiative.

Affordable Housing Programs. The State Budget Package includes roughly \$400 million in funding for various affordable housing and housing tax credit programs and activities tied to passage of Budget Trailer Bill Language to implement the Governor's "By Right" proposal. Under this proposal, multifamily infill or transit dense development projects that have a specified level of affordable housing units would be eligible for an expedited "by-right" ministerial approval process. **(Senate Bill 826)**

Down-Payment Assistance. The State Budget Package consolidates various down payment assistance programs available through the California Housing Finance Agency (CalHFA) and establishes them under the Home Purchase Assistance Program, referred to as the MyHOME Program in the Governor's May Revision. While similar to the MyHOME Program, the Home Purchase Assistance Program provides CalHFA the flexibility to develop home purchase assistance programs and/or home purchase assistance products for low and moderate income first-time homebuyers. **(Senate Bill 837)**

Emergency Solutions Grants. The State Budget Package includes \$45 million in funding to establish the California Emergency Solutions Grant Program (ESGP) within the California Housing and Community Development Department. The ESGP provides grant funding to any entity that applies for funding to address the needs of homeless individuals and families, and to assist them with transitioning to permanent housing. These monies are separate and distinct from the No Place Like Home homeless housing bond initiative currently pending before the Legislature. **(Senate Bill 837)**

No Place Like Home. While the No Place Like Home (NPLH) initiative is still pending before the Legislature, the State Budget Package sets up some of the budget mechanics to support implementation, and includes roughly \$267 million tied to adoption of the NPLH proposal. **(Senate Bill 826)**

Resources

California Conservation Corps. The State Budget Package includes \$91 million for the California Conservation Corps' (CCC) Training and Work Program, representing a decrease of \$20 million from the Governor's January proposed Budget. The Training and Work Program focuses on four areas: natural resource work (such as fire hazard reduction and meadow restoration); emergency response (such as fire and flood support); corpsmember education to advance member academic skills; and, development and training in the areas of teamwork, leadership, and firefighting certification.

The State Budget Package includes an increase of \$2.6 million to open a residential center in the Magalia Conservation Camp in Butte County, which will house three fire crews totaling 47 corpsmembers. The State Budget Package also provides an increase of \$400,000 to initiate a site selection process for residential centers in Pomona, Napa, and Ukiah to allow the CCC to transition from non-residential facilities in Napa and Pomona to facilities giving corpsmembers the opportunity to live onsite.

The State Budget Package indicates that \$5 million from the Department of Forestry and Fire Protection will be allocated to the CCC for forest health improvement projects in the highest fire risk areas in the state. **(Senate Bill 826)**

California Endangered Species Act Permit Fee. The State Budget Package includes a long-term plan to balance the Environmental License Plate Fund to maintain funding for environmental programs in the 2016-17 fiscal year. A major part of the plan is the imposition of a new fee on California Endangered Species Act (CESA) permit applications, with initial fees ranging from \$6,000 to \$30,000 based on the cost of the project, as well as whether the project uses an approved conservation or mitigation bank

to fulfill mitigation obligations. The fee structure also allows the Department of Fish and Wildlife (DFW) to levy additional fees up to \$35,000 on permit holders for permit amendments and other additional work by DFW staff to process the permits.

The language does include three specific exemptions from the fee:

- Activities associated with timber harvest operations in accordance with Assembly Bill 1492 (2012);
- Permits or memoranda of understanding authorizing import, export, possession, or take of endangered species for scientific, educational, or management purposes; and,
- Permits for voluntary habitat restoration projects.

RCRC worked in concert with CSAC and various county representatives in an attempt to negotiate amendments to the fee structure with DFW. However, the fee remains costly for local agency projects, particularly in small rural communities. **(Assembly Bill 1611/Senate Bill 839)**

Delta Protection Commission. The State Budget Package includes \$1.57 million for the Delta Protection Commission to protect, maintain, and restore the overall quality of the Delta environment consistent with the Delta Protection Act, and the Land Use and Resource Management Plan for the Primary Zone. This is consistent with last year's funding. **(Senate Bill 826)**

Delta Stewardship Council. The State Budget Package includes \$26.7 million in funding for the Delta Stewardship Council to achieve the coequal goals of providing a more reliable water supply for California, and protecting, restoring, and enhancing the Delta ecosystem. In order to achieve the coequal goals required by the 2009 Delta Reform Act, a long-term management plan for the Delta was created. This is consistent with last year's funding. **(Senate Bill 826)**

Department of Fish and Wildlife. The State Budget Package includes \$525 million in funding for the Department of Fish and Wildlife (DFW), representing a decrease of approximately \$60 million from the Governor's January proposed Budget.

The State Budget Package includes \$7.6 million to make permanent the statewide multi-agency task force established in 2014 to address the negative environmental impacts of medical marijuana cultivation. The DFW will work with the State Water Resources Control Board and the Department of Food and Agriculture to regulate water diversions under this proposal.

The Governor's *2016 Five Year Infrastructure Plan* includes \$15 million for deferred maintenance needs statewide, with recognition that many of the hatcheries (30-100 years old) need to be replaced or completely renovated. There is also \$108,000 for a wetland project at the Gray Lodge Wildlife Area in Butte County. **(Senate Bill 826)**

Department of Forestry and Fire Protection. The State Budget Package includes an increase of \$24.6 million to improve the Department of Forestry and Fire Protection's

(CAL FIRE) emergency response capabilities. This funding would increase staffing levels at CAL FIRE's twenty-one Emergency Command Centers to address the increased volume of emergency calls during expected periods of increased fire activity, as well as fund the acquisition, installation, and support of Automated Vehicle Location and Mobile Data Computer devices in all CAL FIRE emergency response equipment. **(Senate Bill 826)**

The funding of CAL FIRE is of key importance to rural counties. The core mission of CAL FIRE is to protect and defend the vital natural resources of California, often found within RCRC's member counties. Ensuring the continued fiscal health of CAL FIRE, the primary disaster management manpower in the state, is critical to all Californians.

Department of Parks and Recreation. The State Budget Package includes \$589 million for the Department of Parks and Recreation (State Parks). The funding includes \$436.25 million for State Parks, \$27.7 million for the Division of Boating and Waterways, and \$125.4 million for Local Assistance Grants.

The State Budget Package includes a one-time transfer of \$31 million of fuel tax revenues currently in the Off Highway Vehicle Trust Fund to the State Parks fund in order to maintain service levels across the State Parks system.

The Governor's *2016 Five Year Infrastructure Plan* includes \$124.4 million over the next five years from a variety of funding sources including bond funds, special funds and reimbursement for State Parks. Of this total, \$18.1 million is allocated for the 2016-17 Budget year for the plans and construction phases of 12 projects that address critical health and safety issues and restore the state's resources at existing parks. Projects include \$1 million for the Heber Dunes State Vehicular Recreation Area Water System Upgrade project in Imperial County, and \$618,000 for the McArthur-Burney Falls Memorial State Park Ramp and Boarding Float in Shasta County.

The State Budget Package includes \$60 million to address deferred maintenance. The 2015-16 State Budget provided \$20 million, and the 2014-15 State Budget provided \$40 million for deferred maintenance in parks, but it should be noted that deferred maintenance needs remain close to \$1 billion. **(Senate Bill 826)**

Sacramento-San Joaquin Delta Conservancy. The State Budget Package includes \$12.4 million in funding for the Sacramento-San Joaquin Delta Conservancy to implement ecosystem restoration in the Delta, and to support efforts that advance environmental protection and the economic well-being of the Delta residents. The 2015-16 State Budget included \$10 million in Proposition 1 funding, and the State Budget Package includes another \$10 million in Proposition 1 funding. **(Senate Bill 826)**

Proposition 1 allocates a total of \$50 million to the Sacramento-San Joaquin Delta Conservancy for multi-benefit water quality, water supply, and watershed protection and restoration projects.

San Joaquin River Conservancy. The State Budget Package includes \$676,000 in funding for the San Joaquin River Conservancy to acquire, preserve, manage, and

promote access to lands within the flood plain on both sides of the San Joaquin River from Friant Dam to Highway 99. **(Senate Bill 826)**

Proposition 1 allocates a total of \$10 million to the San Joaquin River Conservancy for multi-benefit water quality, water supply, and watershed protection and restoration projects.

Sierra Nevada Conservancy. The State Budget Package includes \$4.9 million in funding for the Sierra Nevada Conservancy. This represents a decrease of \$10 million over the 2015-16 State Budget due to \$10.2 million in funding from Proposition 1 in last year's budget. **(Senate Bill 826)**

Proposition 1 allocates a total of \$25 million to the Sierra Nevada Conservancy for multi-benefit water quality, water supply, and watershed protection and restoration projects.

State Payment in Lieu of Taxes. The State Budget Package provides \$6.3 million for the management of Department of Fish and Wildlife (DFW) lands and facilities which includes \$644,000 in funding to pay State Payment in Lieu of Taxes (State PILT) to local governments. **(Senate Bill 826)**

The 2015-16 State Budget included \$1.77 million to DFW for the management of DFW 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 included an additional \$8 million to fund the State's previous years' commitments to the counties, the final 2015-16 State Budget eliminated the \$8 million intended for arrearages. Additionally, the 2015-16 State Budget included language making State PILT payments permissive by changing Fish & Game Code Section 1504 from "shall" to "may."

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, prior to last year, DFW had not made annual State PILT payments in more than a decade, resulting in arrearages of approximately \$8 million to 36 counties.

RCRC is the sponsor of Senate Bill 1188 authored by Senator McGuire and other key leaders that would reverse the language that makes State PILT payments permissive. RCRC will continue to advocate in both the legislative and budget processes for the arrears in State PILT funding owed to counties.

State Responsibility Area Fees. The State Budget Package allocates \$85.9 million to the Department of Forestry and Fire Protection from the State Responsibility Area Fund, with \$73.8 million slated for general fire protection programs. From those funds slated for fire protection programs, \$10 million has been specified for fire prevention activities including \$5 million for tree mortality mitigation efforts in high hazard areas and \$5 million for general local fire prevention grants. The remainder is allocated to administrative costs and Department of Justice legal services **(Senate Bill 826)**

Tahoe Conservancy. The State Budget Package includes \$6.6 million in funding for the Tahoe Conservancy to protect and sustain the natural resources and recreational opportunities in the Lake Tahoe Basin. This represents a decrease of more than \$13 million over the 2015-16 State Budget due to \$14.1 million in funding from Proposition 1 last year's Budget. **(Senate Bill 826)**

Proposition 1 allocates a total of \$15 million to the Tahoe Conservancy for multi-benefit water quality, water supply, and watershed protection and restoration projects.

Valley Fire (Lake County) and Butte Fire (Calaveras County). The State Budget Package includes \$1.9 million in General Fund revenues to offset the loss of property tax, sales and use tax, and transient occupancy tax monies experienced by Calaveras County and Lake County (and jurisdictions within) as a result of the devastating wildfires last year. The Legislature traditionally funds these local losses in the event of devastating natural catastrophes. **(Senate Bill 826)**

Transportation

The State Budget Package does not contain any efforts to secure additional funding for the State and local transportation systems. In both the Governor's January proposed Budget and the Governor's May Revision the Governor requested an increase in taxes and fees to raise approximately \$3.6 billion annually over the next ten years for state highways and local streets and roads. An important provision contained in these proposals was an even split between the State and local transportation systems with a strong focus on strategies to ensure that funding is invested in maintenance.

While the State Budget Package does not contain any additional revenues for these programs, the Legislature continues to evaluate funding proposals, and various stakeholder groups continue to advocate for significant new resources to address the estimated annual \$6 billion State and \$8 billion local transportation maintenance backlogs. In addition to the Governor's proposal, Senate Transportation and Housing Committee Chairman Jim Beall (D-San Jose) and Assembly Transportation Committee Chairman Jim Frazier (D-Oakley) have both introduced separate proposals that would result in several billion dollars in new/additional revenues for the State and local transportation systems; however, it is unclear whether any of these proposals will be able to secure the required 2/3rds vote threshold. RCRC continues to engage in discussions with stakeholder groups over new revenues and educating members of the importance to maintain current transportation funding formulas, particularly as they relate to rural counties.

Active Transportation Program. The State Budget Package includes approximately \$165.5 million in funding for the Active Transportation Program (ATP). The ATP was established by Senate Bill 99 (2013) by consolidating several State and federal transportation programs that support active transportation, including the Transportation Alternatives Program, Recreational Trails, and Safe Routes to Schools programs. RCRC has actively participated in the development and updates of the ATP guidelines and criteria, and works in conjunction with local transportation stakeholder groups to ensure that rural communities have access to these critical funds. **(Senate Bill 826)**

Water

California Water Action Plan. The California Water Action Plan (Plan) is the Brown Administration's blueprint to address California's water and ecosystem needs. The State Budget Package includes the following appropriations to continue implementation of the Plan:

State Obligations – An increase of \$385 million for multiple agencies to meet the State's commitments under the Klamath Agreements (\$250 million), the Central Valley Improvement Act (\$90 million), and the San Joaquin River Settlements (\$45 million). **(Senate Bill 826)**.

Flood Protection – An increase of \$100 million for the Department of Water Resources to enhance flood protection in the Central Valley by repairing levees. **(Senate Bill 826)**

Salton Sea Restoration – An increase of \$80 million for the Department of Water Resources to design and implement projects that expand habitat and suppress dust at the Salton Sea. **(Senate Bill 826)**

Delta Plan – An increase of \$3.6 million for the Delta Stewardship Council to implement the Delta Science Plan and incorporate the California WaterFix Delta Conveyance projects into the Delta Plan. **(Senate Bill 826)**

Prepare for Dry Periods – An increase of \$3 million for the Department of Water Resources to identify water delivery operational improvements and evaluate long-term climate change impacts on statewide water supplies. **(Senate Bill 826)**

Groundwater Management – An increase of \$2.5 million for the Department of Water Resources to update data and fix safety hazards at monitoring sites that are part of the federal National Hydrography Dataset, a surface water mapping system. **(Senate Bill 826)**

Investment Strategy – An increase of \$1.2 million for the Department of Water Resources for coordination across state and regional agencies, and to develop a long-term investment and financing strategy for the California Water Action Plan. **(Senate Bill 826)**

California Water Plan. The State Budget Package includes \$259 million to the Department of Water Resources for the continuing formulation of the California Water Plan. The California Water Plan is the State's strategic plan for the efficient use, management, and development of the state's water resources. This represents a reduction of \$477 million from the 2015-2016 State Budget. **(Senate Bill 826)**

Central Valley Flood Protection Board. The State Budget Package includes \$13 million for the Central Valley Flood Protection Board, a \$6.5 million reduction from the 2015-2016 State Budget. The Central Valley Flood Protection Board has regulatory authority over the State Plan of Flood Control facilities in the Central Valley, and serves as the non-federal sponsor to the U.S Army Corps of Engineers on large joint state-federal levee improvement projects. **(Senate Bill 826)**

Public Safety and Prevention of Damage. The State Budget Package includes \$150 million for public safety and prevention of damage, a reduction of \$1.5 billion from the 2015-16 State Budget. This reduction is primarily a result of the exhaustion of Proposition 1E bond funds. Public safety and prevention of damage ensures proper construction and maintenance of jurisdictional dams and levees, and provides loans for construction. Additionally, the program is responsible for the operation of flood control facilities and annual levee and flood channel maintenance and inspection in cooperation with other local, state, and federal agency partners. **(Senate Bill 826)**

Emergency Drought Response. The State Budget Package includes \$334.5 million for various agencies and programs including the California Board of Forestry and Fire Protection, the Department of Water Resources, the State Water Resources Control Board, and the California Department of Fish and Wildlife, among others, for emergency drought response. **(Senate Bill 826)**

Many of the following programs with appropriations contained in the State Budget Package, such as tree mortality mitigation, emergency drinking water for small communities, and enhanced fire protection, will assist small, rural counties in addressing myriad issues that have arisen as a result of successive years of drought.

Tree Mortality Mitigation

The State Budget Package includes \$11 million to the California Department of Forestry and Fire Protection (CAL FIRE) for the removal and disposal of dead and dying trees due to drought-induced pest infestation in State designated high hazard areas. This includes \$6 million in grant funding for county governments, special districts, fire safe councils, and other local entities, as well as funding for the California Conservation Corps to provide support for local efforts to remove dead and dying trees that pose a threat to public health and safety. The remaining \$5 million will be used to support additional equipment and personnel needs for hazardous tree removal and fuels reduction efforts. **(Senate Bill 826)**

The State Budget Package includes \$30 million to the California Office of Emergency Services (OES) to provide assistance to counties through the California Disaster Assistance Act (CDAA). While these funds can be accessed by counties for a number of disaster situations, counties that have declared tree mortality emergencies have already been applying for and receiving CDAA funds to help with hazardous tree removal efforts. **(Senate Bill 826)**

RCRC continues to participate on every front in the State's efforts to mitigate the impacts from the massive tree die-off occurring in California due to a pervasive, drought-induced bark beetle infestation. RCRC and members of RCRC's Board of Directors have been active participants in the California Tree Mortality Task Force (TMTF), which has brought together State, federal, and local governments, as well as representatives from utilities and non-governmental organizations, to help the most impacted counties in the state quickly start tree removal activities. RCRC has also advocated at both the State and federal levels for increased funding for tree mortality mitigation in advance of this year's wildfire season.

Governor Brown issued an Emergency Proclamation in October 2015 to address the urgent tree mortality problem in California. The Proclamation has had numerous positive implications for counties that are struggling with removing the impacted trees, including the formation of the TMTF, however, the Proclamation did not come with any funding to help local governments tackle the issue.

Department of Water Resources

The State Budget Package includes \$50 million for multiple statewide drought response efforts, including **(Senate Bill 826)**:

- Eliminates the \$42 million General Fund for installation and removal of a temporary rock barrier in the Sacramento-San Joaquin Delta to address salinity encroachment that will not be needed, and includes \$31 million extension to install the barriers in the Spring of 2017 if needed;
- Provides \$10 million to provide emergency drinking water support for small communities – including addressing private wells;
- Provides \$2 million to the Save Our Water campaign. Save Our Water is the State's public education campaign aimed to help Californian's reduce water use;
- Includes an increase of \$4.5 million for a joint effort by the Department of Water Resources (DWR) and the State Water Board to update local water shortage contingency plans, develop new water efficiency goals, and establish a data tracking system for urban water use efficiency;
- Includes an increase of \$1 million for DWR to support local agencies with facilitation services for the development of their Groundwater Sustainability Agencies as part of the implementation of the Sustainable Groundwater Management Act; and,
- Includes an increase of \$1 million to support the use of remote sensing technology to establish statewide agricultural land use data which will assist in the development of water budgets for agriculture.

State Water Resources Control Board

The State Budget Package includes \$21.4 million to continue enforcement of drought-related water rights and water curtailment actions, and to provide grants for emergency drinking water projects. **(Senate Bill 826)**

Department of Social Services

The State Budget Package includes \$18.4 million to continue the Drought Food Assistance Program, which delivers food to communities most impacted by the drought. **(Senate Bill 826)**

Department of Community Services and Development

The State Budget Package includes \$7.5 million to provide emergency assistance to unemployed farmworkers, including housing, utility, and job training assistance. **(Senate Bill 826)**

Office of Emergency Services

The State Budget Package includes \$26.7 million to continue to provide technical guidance and disaster recovery support related to the drought. **(Senate Bill 826)**

Department of Fish and Wildlife

The State Budget Package includes \$13.5 to continue fish rescue and stressor monitoring, water efficiency projects on department lands, law enforcement activities, and to provide infrastructure to protect salmon. The remaining \$4.2 million will go on a one-time basis to benefit Delta Smelt, \$2 million for an adaptive management pilot project, and \$1.8 million for Delta wide mapping of aquatic weeds and boating waterways, and \$400,000 to support monitoring and studies. **(Senate Bill 826)**

Department of Forestry and Fire Protection

The State Budget Package includes \$74.5 million from the General Fund, and \$2.9 million from the State Responsibility Area Fire Prevention Fund to the Department of Forestry and Fire Protection (CAL FIRE) to continue firefighter surge capacity, retain seasonal firefighters beyond the normal budgeted fire season, provide additional defensible space inspectors, and enhance air attack capabilities to suppress wildfires during the 2016 fire season as part of the State's Emergency Drought Response activities. The State Budget Package also increases the General Fund allocation to CAL FIRE by \$10.4 million to contract for additional helicopters and helicopter crews during peak fire season. This is largely due to the increased fire risk posed by dead and dying trees as a result of drought-induced insect tree mortality. **(Senate Bill 826)**

Emergency Drought Response

<i>Investment Category</i>	<i>Department</i>	<i>Program</i>	<i>Amount (in Millions)</i>
Protecting Water Supplies	Department of Water Resources	Local Assistance for Small Communities	\$10.0
	Water Board	Water Curtailment	\$5.4
	Water Board	Emergency Drinking Water Projects	\$16.0
Water Conservation	Department of Water Resources	Urban Water Conservation & Save Our Water Campaign	\$12.0
	Energy Commission	Rebates for Appliances	\$30.0
	Energy Commission	Water and Energy Technology Program	\$30.0
	Department of Food and Agriculture	Agricultural Water Conservation	\$20.0
Emergency Response	Department of Forestry and Fire Protection	Enhanced Fire Protection	\$87.8
	Department of Forestry and Fire Protection	Tree Mortality	\$11.0
	Department of Water Resources	Drought Management and Response	\$12.0
	Department of Fish and Wildlife	Protection of Fish and Wildlife	\$13.5
	Department of Fish and Wildlife	Delta Smelt Management Strategy	\$4.2
	Department of Social Services	Drought Food Assistance	\$18.4
	Office of Emergency Services	California Disaster Assistance Act	\$52.7
	Office of Emergency Services	State Operations Center	\$4.0
	Department of Community Services and Development	Farmworker Assistance	\$7.5
Total			\$334.5

Proposed 2016-17 Cap-and-Trade Expenditures

(In Millions)	Governor/ Assembly	Senate	Difference
Continuous Appropriations	1,200	1,200	—
High-speed rail	500	500	—
Affordable housing and sustainable communities	400	400	—
Transit and intercity rail capital	200	200	—
State transit assistance	100	100	—
Transportation	1,025	520	-505
Low carbon vehicles	460	460	—
Transit and intercity rail capital	400	—	-400
Low carbon road program	100	—	-100
Biofuel production subsidies	40	40	—
Biofuel facilities capital support	25	20	-5
Carbon Sequestration	280	235	-45
Healthy forests	150	25	-125
Wetland and watershed restoration	60	60	—
Urban forestry	30	30	—
Green infrastructure	20	100	80
Carbon sequestration in soils	20	20	—
Energy Efficiency and Renewable Energy	200	230	30
Low-income energy efficiency and solar	75	75	—
UC and CSU energy efficiency	60	60	—
Energy efficiency for state buildings	30	30	—
I-Bank energy financing program	20	50	30
Conservation Corps energy efficiency	15	15	—
Short-Lived Climate Pollutants	195	50	-145
Waste diversion	100	50	-50
Wood stove replacement	40	—	-40
Dairy digesters	35	—	-35
Refrigeration unit replacements	20	—	-20
Local Climate Programs	100	400	300
Water Efficiency	90	50	-40
Community Outreach to Disadvantaged Communities	—	3	3
Totals	\$3,090	\$2,688	-\$402

2016-17 Funded Mandates

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)

2016-17 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. 197 8) (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)