



August 25, 2011

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327-7500

Facsimile
916.441.5507

To: County Administrative Officers
County Auditor Controllers

From: Paul McIntosh
CSAC Executive Director

Re: **County Local Revenue Fund 2011**

On June 30, 2011, Governor Jerry Brown signed AB 118, the legislative vehicle that establishes the fiscal structure of 2011 Realignment. This structure, in place for the 2011-12 fiscal year only, directs funding to the realigned programs, some of which are capped and some of which receive a dedicated percentage of revenue collected. This memo is intended to outline the realignment fiscal structure for the 2011-12 fiscal year, as realignment revenues have already begun to flow to counties.

AB 118 establishes a **state-level** Local Revenue Fund 2011 in the state treasury and establishes the Trial Court Security Account, the Local Community Corrections Account, the Local Law Enforcement Services Account, the Mental Health Account, the District Attorney and Public Defender Account, the Juvenile Justice Account, the Health and Human Services Account, and the Reserve Account within the Local Revenue Fund 2011. A number of program-specific subaccounts are also established to which funds are directed per statute. These accounts and subaccounts are continuously appropriated.

AB 118 directs **counties** to create a County Local Revenue Fund 2011. Further, counties are directed to create a Local Community Corrections Account, the Trial Court Security Account, the District Attorney and Public Defender Account, the Juvenile Justice Account, the Health and Human Services Account, and the Supplemental Law Enforcement Services Account within the County Local Revenue Fund 2011. Funds directed to the County Local Revenue Fund 2011, as well as to the other seven accounts, are to be used exclusively to fund realigned programs as per statute.

Of these accounts, the Supplemental Law Enforcement Services Account is the only one identified as an interest-bearing account. (This account, as you may be aware, previously called the Supplemental Law Enforcement Services Fund (Government Code Section 30061), predates 2011 Realignment and was established as interest-bearing.) We recognize that this creates a challenge for counties, given that the County Local Revenue Fund 2011 is not obligated by law to be an interest-bearing fund. We have raised this issue as a clean-up matter to the Administration and will keep counties apprised of the outcome.

Finally, please note that the Supplemental Law Enforcement Services Account is to receive funds that are to be allocated to local law enforcement agencies for a variety of programs, including Citizens Options for Public Safety (COPS), Juvenile Justice Crime Prevention Act grants, booking fee reimbursement, and others. This account is to receive funds from the redirection of an estimated \$453 million in Vehicle License Fee (VLF) revenue and an estimated \$36.5 million from redirected state sales tax revenues, but is capped at \$489.9 million. In addition, SB 89 directs VLF revenues associated with the old 0.15 rate but received after June 30, 2011, in part to the Supplemental Law Enforcement Services Account. However, these revenues are distinct from 2011 Realignment revenues and are deemed to have been received during the 2010-11 fiscal year. We are working with the Administration and State Controller's Office to ensure that counties are able to distinguish between revenues allocated pursuant to 2011 Realignment and those allocated pursuant to the old VLF rate to ensure counties are able to appropriately track each revenue source.

Finally, counties should now be in receipt of a two-month (July and August 2011) payment for trial court security services, which is intended to resolve a cashflow issue as counties transition to a new funding source for court security. Those funds must be directed to each county's Trial Court Security Account. Future months' court security payments will come to counties directly from the 2011 Realignment Fund starting in September. Please note that AB 118 contains other specific provisions relative to court security payments, which are intended to ensure that funds made available for court security are directed dollar-for-dollar to support court security. No administrative costs may be charged against that account. On a separate track, CSAC is working with the courts and state sheriffs' association to resolve some jurisdiction-specific issues regarding court security allocation in 2011-12 and will provide more details as those matters are addressed.

We are committed to working through implementation issues with counties as they arise and will keep counties apprised of clean-up activities. Please do not hesitate to contact our staff with your questions or concerns. We have identified key CSAC staff contacts by subject-matter area below.

Revenue	Jean Kinney Hurst 916/327-7500 x515 or jhurst@counties.org
Health and Human Services	Kelly Brooks-Lindsey 916/327-7500 x531 or kbrooks@counties.org
Public Safety	Elizabeth Howard Espinosa 916/327-7500 x537 or eespinosa@counties.org