



June 2, 2014

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The Honorable Nancy Skinner, Chair,
The Honorable Mark Leno, Vice-Chair, and
Members, Conference Committee on the Budget
State Capitol
Sacramento, CA 95814

Re: **2014-15 State Budget Issues of Concern to Counties**

Dear Honorable Conferees:

On behalf of California's 58 counties, I write to request your positive consideration of county issues as you contemplate a variety of proposals for the 2014-15 state budget. Because we agree that it is imperative for the state and counties to sustain fiscal prudence, these proposals have been carefully vetted to focus only on those that: 1) pay down the wall of debt; 2) secure vital programs needing only single-year investments; or 3) solve problems that will result in a measurable, consistent, net savings to the state and counties.

**Pay Down Local Agency Mandate Debt
Non-98 Loan Repayments, page 29**

Counties strongly support the Governor's May Revision proposal to provide a \$100 million payment to local agencies for mandated services performed prior to 2004. These costs – now totaling \$900 million – stem from long-past obligations to local agencies for providing mandated services and are constitutionally obligated to be paid over a period of years with interest. The Governor's proposal represents a positive first step in addressing this long-standing debt, while having the additional advantage of benefiting local communities.

**Jail Funding - \$500 Million for Treatment/Programming Beds
Budget Item 5227-001-0001, page 12**

CSAC remains in strong support of the Governor's January budget proposal to invest an additional \$500 million for local jail construction projects that emphasize programming and treatment space. This funding recognizes that the implementation of 2011 public safety realignment fundamentally changed the county jail function and that most local detention facilities are wholly inadequate to provide the treatment and rehabilitative services needed to support better community reintegration, improved offender outcomes, and strengthened public safety.

The investment in building the next generation of jail facilities – facilities that can accommodate longer-term jail inmates as well as offer the space for programming, medical or behavioral health treatment, visitation, or exercise needed to safely and compassionately manage the jail population – is a top priority for California's counties. Dedicated funding for building the right jail capacity is but one element of a more comprehensive budget package that will strengthen counties' ability to manage new criminal justice responsibilities over the long term.

Other Jail Management Tools/Best Practices

Cap on county jail terms: Not in conference; Split sentencing presumption: Budget Item 5196-101-3215, page 13

The county jail system was not constructed with long-term stays in mind. Most facilities do not offer either the space for programming and services to appropriately meet the needs of offenders serving long-term in county jail. Two proposals before the Budget Conference Committee would

help counties manage the jail population and ensure best practices for optimal public safety outcomes. CSAC supports the proposal to establish a “bright line” maximum jail term for 1170(h) offenders, with those sentenced to more than 10 years serving the time in state prison. We think this is a reasonable proposal that recognizes the negative implications both for counties and the inmates behind the long sentence. Secondly, we support the proposal to require that county felony jail sentences be “split” whereby an offender is sentenced to a period of custody in jail followed by mandatory supervision in the community, unless the court makes a finding that a straight sentence is more appropriate. We believe that the use of the split sentence option can be an effective tool to manage jail population pressures and as a means to help reduce recidivism through structured supervision and appropriate programming in the community. The presumption still permits a judge to pursue a straight sentence if that option seems to better fit the circumstances of a particular case.

**Court Security Funding for New Courthouses
Budget Item 9285-101-0001, page 12**

CSAC supports the May Revision proposal to provide an allocation for and establish a process by which counties may seek funding to address increased levels of court security services following activation of a new court facility. The 2011 realignment of the court security function – which shifted the financial responsibility for covering court security costs from the state trial court system to the counties while keeping intact the sheriffs’ responsibility to provide the service — did not include a mechanism to address increased costs or service levels necessitated by new court facility construction.

Proposition 30 of 2012 requires the state to provide annual funding for newly required activities (after October 9, 2011) that have the overall effect of increasing a county’s costs in a realigned program. Recognizing that new court facilities built by the state and occupied on or after October 9, 2011 may impose additional court security responsibilities, we believe it is appropriate for the budget to include this funding and application mechanism.

**Investing Cap and Trade Auction Revenues Locally for Cost-Effective GHG Reductions
Budget Item 3900-001-3228, page 1**

The Legislature has dedicated significant time considering options for investment of cap and trade auction proceeds across various programs and the appropriate governance of any resulting programs. CSAC maintains that significant greenhouse gas (GHG) reduction potential exists at the local level, ranging from transportation and land use, renewable energy and energy efficiency, urban greening, and solid waste diversion, just to name a few. As a natural partner to the state, local governments have existing networks, programs and shovel-ready projects to immediately reduce GHGs emissions.

Building Sustainable Communities: Transportation, Land Use and Housing

CSAC supports a robust investment for implementation of state mandated (SB 375, Chapter No.728, Statutes of 2008) Sustainable Community Strategies (SCSs) and other GHG reducing regional transportation plans and programs, including rural blueprints. The integration of transportation, land use, and housing sectors provides opportunity for synergistic and quantifiable GHG emissions reductions, which also provide multiple co-benefits. In order to maximize reductions from the transportation sector, we ask that the Joint Legislative Budget Committee adopt the following aspects in any overall programmatic framework:

1. Provide long-term funding that includes a continuous appropriation of **at least 20%** of total cap and trade revenues for a statewide Sustainable Communities Implementation Program (SCIP). Should the Legislature adopt a one-year appropriation, its critical to provide at least \$200 million in FY 14-15 for a meaningful start of the SCIP program;

2. All projects within an SCS, or other GHG reducing regional plans, shall be eligible for funding under the SCIP, including investment in the local street and road system, which provides as the right-of-way for transit, bicycle and pedestrian mobility; and
3. Regional agencies, as architects of the very plans California is relying on to reduce GHGs from transportation, should be empowered to make competitive grant decisions, with strict state oversight.

CSAC also supports dedicated cap and trade proceeds for affordable housing near transit, consistent with SCSs and other regional plans, through the existing Transit Oriented Development Program. Regions and the state should be required to work together to ensure housing investments are complimentary of regional SCIP efforts.

Make the most of Multiple Sector, Cross-Cutting Projects at the Local Level

California's local governments have been developing climate action plans and other strategies to reduce GHG emissions at the local level for many years. CSAC continues to advocate for the creation of a dedicated program to fund crosscutting programs and projects that also have multiple co-benefits at the local level. At minimum, we respectfully request the Conference Committee appropriate **at least 5%** of ongoing cap and trade auction revenue for this new grant program to be implemented by the Strategic Growth Council similarly to the existing Prop 84 Planning Grant Program (or at least \$50 million if a one-year approach is adopted), but focused on project implementation to maximize real and quantifiable GHGs at the local level funding projects outside of SB 375.

Repaying Transportation Loans Equitably to Support a Multi-Modal and Seamless Statewide Transportation Network

California's counties support the early repayment of various transportation loans, including the early repayment of \$337 million in Highway User Tax Account (HUTA) funds to counties, cities and the State. CSAC is firmly committed to an equitable funding strategy for existing transportation revenues, including repayment of transportation loans that recognizes the importance of each component that provides for a safe and efficient multi-modal transportation network. To this end, CSAC respectfully requests that the Joint Legislative Budget Committee provide an equitable allocation for the repayment of the HUTA loan, similar to actions in the Senate and Assembly Budget Subcommittees, which provides 44% for local street and road maintenance and rehabilitation and 56% to the State Highway System. The funding for local streets and roads should be apportioned according to the formula in existing law which considered registered vehicles and miles of maintained roadways (Streets and Highways §2103). CSAC also supports the one-time appropriation of \$163 million in excess revenue from the State Highway Account for state and local transportation improvements.

**Housing Support in CalWORKs
Budget Item 5180-101-0001, page 1**

CSAC supports the Assembly proposal to provide \$25 million for housing support to families in the CalWORKs program. Homelessness and housing instability are two significant barriers to self-sufficiency. Stable housing is fundamental to the health, well-being and educational attainment of children and to parents' ability to find and keep a job. Research has conclusively demonstrated the impact of housing instability, homelessness and poverty on children and families. In the CalWORKs program today, housing support is minimal and families frequently struggle to find and retain safe, affordable housing. The provision of housing support in the CalWORKs program will help to meet critical need for families working to achieve self-sufficiency.

Mentally Ill Offender Crime Reduction Grants

Budget Item 5225-001-0001, 5225-008-0001 & 5225-001-3259, page 4

CSAC supports the Senate proposal to provide \$50 million in funding for Mentally Ill Offender Crime Reduction (MIOCR) grants. Originally established in 1998 via a collaborative effort between county mental health directors and elected county sheriffs (SB 1485, Chapter 501, Statutes of 1998), the MICOR grant program was designed to assist counties in treating and supervising a burgeoning mentally ill offender population. Now, more than ever, counties are uniquely positioned to serve the offender population by blending the provision of corrections, substance use disorder treatment, mental health services and social services programs to ensure better public safety outcomes. MIOCR is a tool that offers the local flexibility that counties need to combat recidivism, rebuild families, and create safe communities.

Counties recognize that there is a reasonable disagreement between the Legislature and Administration regarding spending priorities and the need to pay down the state's debt and save for a rainy day. We are also mindful of the delicate balance that must be achieved in order to stave off future deficits. To that end, we have endeavored to focus our budget advocacy on those proposals that can be achieved in a fiscally responsible and sustainable way and appreciate your consideration of our requests.

Sincerely,



Matt Cate
Executive Director

cc: The Honorable Jerry Brown, Governor
Nancy McFadden, Executive Secretary, Office of the Governor
Michael Cohen, Director, Department of Finance
Craig Cornett, Office of Senate President pro Tempore Darrell Steinberg
Steve Shea, Office of Senate President pro Tempore Darrell Steinberg
Mark Ibele, Senate Budget and Fiscal Review Committee
Seren Taylor, Senate Republican Fiscal Office
Chris Woods, Office of Assembly Speaker Toni Atkins
Katie Kolitsos, Office of Assembly Speaker Toni Atkins
Christian Griffith, Assembly Budget Committee
Eric Swanson, Assembly Republican Fiscal Office