

2010 Realignment: Where We Stand, What We Can Do

Given the magnitude of the state's ongoing budget deficit, is it time to think about potential opportunities for realigning the county-state relationship? At least one of the legislative leaders thinks so, and CSAC leadership has directed staff to begin conversations about a realignment of programs and services from a county perspective. This briefing paper is intended to give a short history of program realignment, the lessons counties have learned, and the potential for new efforts to realign programs and services in 2010.

1991 Realignment (in a nutshell):

- ✓ Carefully crafted deal negotiated over many months between state and counties.
- ✓ Dedicated share of VLF and state sales tax revenues to counties.
- ✓ In exchange, counties assumed responsibility for programs previously funded by state General Fund in:
 - Mental health
 - Health
 - Social services
- ✓ Changed sharing ratios and increased local flexibility.
- ✓ Widely viewed as a success, as many realigned programs would have not survived the peaks and troughs of the state General Fund over the last two decades.

Lessons learned from 1991 Realignment:

- ✓ Ongoing revenues must be adequate for caseload growth expectations.
- ✓ Statewide funding source necessary for certain programs.
- ✓ Program type matters: mixing entitlement/non-entitlement programs is dicey, and the risk of leaving the door open to legislative interest in tinkering with program requirements in some programs remains high.
- ✓ Federal entitlement programs are hard to realign:
 - Federal rules
 - Lack of flexibility
 - Involvement of courts/state
 - Caseload
- ✓ Hard to predict or protect against future changes.

Juvenile offender realignment (2007):

- ✓ SB 81 created Youthful Offender Block Grant.
- ✓ State shifted to counties responsibility for supervision, housing, treatment, and programming of specific juvenile offender population.
- ✓ Provided portion of state savings to cover county costs, plus \$100 million investment in new county juvenile detention construction.

Realignment 2010: What Now?

- ✓ The driving force for realigning programs and services is clearly fiscal in nature , but any attempts should be approached with a strong policy focus.
- ✓ Many unknowns: How big? What programs? What revenues? What is the process?
- ✓ Usual suspects appear to be on the table: public safety (additional juvenile justice, adult parole); increased county shares of existing HHS program costs; alcohol and drug treatment; mental health.
- ✓ CSAC has been thinking about a means to stabilize a variety of programs that, taken together, will help create healthy and safe communities: children's programs, substance abuse treatment, mental health, job training, and other programs that help address recidivism.
- ✓ Potential risks include:
 - Programs today are significantly underfunded and new base amounts would have to be carefully identified.
 - Potential mismatch between revenue source(s) and program(s).
 - Downstream changes to sharing ratios, program responsibilities, or revenue source(s).
 - Local revenue-raising authority is not a viable option for statewide programs.
 - Short timeframe to develop.

This is not the first time counties have examined this issue in depth; attached is the CSAC Realignment Principles, which were developed and adopted in 2005. These principles, as approved by the CSAC Board of Directors, are the foundation on which any realignment framework must be built.