

# Warner & Pank, LLC



*Governmental Relations & Legislative Advocacy*

## **Governor's January Budget Update CPPCA**

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Submitted by Nick Warner, Legislative Representative  
[916-443-7318/nick@warnerandpank.com](mailto:nick@warnerandpank.com)

Today the Governor released his January Budget proposal for 2008-09. The full report may be viewed at [www.gov.ca.gov/budget](http://www.gov.ca.gov/budget).

**Summary and Overview** -- The Governor announced a current year spending deficit of \$3.3 billion and projected an 18 month deficit of \$14.5 billion.

Pursuant to the requirements of Proposition 58, which authorizes mid-year spending cuts, the Governor did issue a proclamation declaring a fiscal emergency and calling a special session of the legislature to address the current year \$3.3 billion budget gap. The Legislature has 45 days to send a current year spending reduction plan to the Governor. After 45 days, if no revised plan has been adopted, the Legislature is prohibited from considering non-budget related business.

The Governor announced his [Budget Stabilization Act](#) which, “keeps spending under control, builds savings in prosperous times and bridges the revenue gap in lean times.”

The Governor was essentially true to what we expected to see – 10 percent reductions “across the board.” While there are some exemptions from these cuts and some trickery in how cuts are applied it is generally accurate to say we will start our annual budget dance with a proposed reduction of all programs by 10% percent. “The proposal includes 10 percent reductions to nearly all General Fund departments and programs, boards, commissions and elected offices, except in cases where such a reduction is unconstitutional (examples include Proposition 42 and contributions to public retirement

systems) or impractical (examples include cutting debt service payments or departments that generate significant revenue).”

**Significant Policy Changes**

**Proposed Early Release of State Inmates** – The Governor’s budget proposes early release of 22,159 inmates of non-violent; non-serious; non-sex offenders. In addition there would be a new “summary parole” for similar offenders. There would be savings through the population decrease and accompanying CDCR positions which will include layoffs. According to remarks from CDCR Secretary Jim Tilton at the Governor’s press conference the number of layoffs is unknown, but would likely not be the entire 2,000 positions. Both of these policy proposals would require statutory changes that would need to be passed by the Legislature.

**Analysis and comment:**

- Deficit of early 1990’s was 33% of overall spending; current \$15.5 deficit projection is roughly 13% of overall spending.
- Early release proposal will have negative programmatic and fiscal impact on local law enforcement. CDCR scores savings of \$354.3 from early release and population reduction yet none of that savings is passed on to local law enforcement.
- Early release and summary parole proposal will take legislative action and is likely to face stiff opposition from both parties.
- Fire surcharge puts fire officials in a very tough spot because Republicans will not likely approve of this fee/tax on homeowners.
- Counties are cut in several key social service program areas.
- Legislative Republicans continue to say publicly and privately that they will put public safety as their number one budget priority in the coming months.
- Legislature could pull Proposition 1A trigger to raid local governments since Governor did declare fiscal state of emergency. It would require a 2/3 vote to suspend the protections in the Act and an immediate plan for repayment to local governments. Unlikely but possible.

**Probation Specific items of note:**

| <b>Budget Item</b>                           | <b>2007-08 Appropriation</b> | <b>Governor’s Budget 2008-09</b> | <b>Proposed reduction 2008-09</b> |
|--|------------------------------|----------------------------------|-----------------------------------|
| COPS   | \$119 million                | \$107 million                    | \$11.9 million                    |
| Juvenile Justice Crime Prevention Act        | \$119 million                | \$107 million                    | \$11.9 million                    |
| Standards and Training for Corrections (STC) | \$19.4 million               | \$19.4 million                   | none                              |
| Juvenile Probation Camps Program             | \$201.4 million              | \$181.3 million                  | \$20.1 million                    |
| Youthful Offender Block                      | \$24 million                 | \$66 million                     | \$42 million                      |

| Grant*   |   |                | INCREASE      |
|--|---|----------------|---------------|
| Prop 36  | \$100 million (\$3.3 current year cut)                                    | \$90 million   | \$10 million  |
| Substance Abuse Offender Treatment Program (OTP) | \$20 million (\$667,000 current year cut)                                 | \$18 million   | \$2 million   |
| Mentally Ill Offender Crime Reduction Grants     | \$44.6 million (50 percent for juvenile population; 50 percent for adult) | \$40.1 million | \$4.5 million |

\*YOBG (SB 81) has been officially exempted from cuts in the Governor's budget and 2008-09 budget is the same amount projected from last year. 2009-2010 the budget grows to \$92 million.

**Other items of note:**

| Budget Item                                     | 2007-08 Amount   | Governor's Budget  | Proposed reduction |
|---|--|--|--------------------|
| Rural and Small County Sheriffs' funding        | \$18.5 million   | \$16.6 million* would reduce grants to each agency from \$500,000 to \$450,000 | \$1.9 million      |
| Jail Efficiency Funds (was booking fees)        | \$35.5 million   | \$32 million**   | \$3.5 million      |
| CAL-MMET for methamphetamine interdictions      | \$29.5 million   | Proposed to be Made permanent program.   | \$3 million        |
| Cal Gang  | \$300,000  | Unchanged  |                    |
| Rural Crime Prevention                          | \$ 4.1 million   | Unallocated reduction***   |                    |
| High Tech Theft                                 | \$13.3 million   | Unallocated reduction***   |                    |
| SAFE Teams to apprehend sex offenders           | \$ 5.7 million   | Unallocated reduction***   |                    |
| Internet Crimes against Children                | \$ 1 million (SB 77)                                       |  |                    |
| Corrections and local assistance reimbursements | Daily Jail Rate increased from \$71.57 to \$77.17 per day. | Not mentioned as it is generally adjusted in May.                              |                    |
| Court Security                                  | No change to current funding or law                        | No increases proposed (see trial courts below)                                 |                    |

\*OES is proposed to be cut \$3.1 million and 2 positions in 2007-08 and \$8.1 million and 4.5 position in 2008-09. These cuts are proposed to the OES local criminal justice grant programs such as, "War on Methamphetamine, Vertical Prosecution Block Grant Program, High-Tech Theft Apprehension, Rural Crime Prevention, and Sexual Assault Felony Enforcement (SAFE)."

\*\*Booking fee reduction proposal, if passed, would trigger an increase in the jail access fee (formerly booking fee) that counties can charge cities.

\*\*\* = Represents 10% reduction from 2007-08

### **Other related matters:**

- **Child Welfare Services** – \$83.7 million reduction in 2008-09 leaving it as an unallocated cut to the counties.
- **Foster Care and Adoptions** -- \$6.8 million current year reduction and \$81.5 million 2008-09. The proposal would also reduce rates for Foster Family Agencies, foster family homes, group homes, Adoptions Assistance, and Kin-GAP recipients.
- **Reverse 9-1-1** – OES will make grant funding available to ensure that reverse 9-1-1 is available to all counties.
- **Fire surcharge** – The Governor proposes a surcharge of 1.25 percent on all residential and commercial property insurance to raise \$104.9 million for CAL Fire, OES and the National Guard.
- **Williamson Act** – \$3.9 million proposed reduction.
- **Proposition 1A** – The Governor did not propose to raid local government's coffers.
- **Trial Courts** - \$126.2 million General Fund for the Trial Courts based on the year over-year change in the State Appropriations Limit (SAL).
- **OES-CHP radio systems** - \$3 million General Fund for OES radios that are at least 5 years old; \$18.5 million in additional funding, for a total of \$116.3 million in 2008-09, to replace and upgrade CHP's radio system
- **CHP** – Add 120 uniformed positions and 44 support position with \$21.6 from the Motor Vehicle Account.
- **Gangs** – DOJ (\$5.3 million for gang enforcement teams); \$1.3 million for new Office of Gang and Youth Violence Policy (AB 1381, 2007).
- **AB 900 implementation** -- \$2.5 million proposed for 2007-08 and \$35.4 million in 2008-09 to implement the rehabilitation programs in AB 900. These "resources are provided to expand substance abuse treatment capacity, conduct inmate risk and needs assessments, provide day treatment and crisis care for mentally ill parolees and to create an administrative structure for the rehabilitative adult programs, and to train CDCR staff on effective rehabilitation principles and programs."
- **SCAAP** – California is projected to spend \$906.6 more than we receive in federal reimbursement under this program to reimburse state and local governments for the cost of housing incarcerated undocumented immigrants. "The Administration will continue to aggressively pursue all strategies designed to maximize federal funding for the incarceration of undocumented felons."

- **Homicide Trials** - \$250,000 proposed reduction from Payment to Counties for Homicide Trials Program.
- **Mandates** – Pursuant to Proposition 1A repayment requirements, the budget proposes to re appropriate \$41 million for 2007-08 and \$139 million in the 2008-09 fiscal year. (Page 237 has details of what items are slated for repayment).